



**West-Wide Governance Pathways Initiative**

**Regional Organization for Western Energy Formation Board Meeting**

Thursday, February 12

3:00-4:00pm PT/4:00-5:00pm MT/5:00-6:00 CT

**Agenda:**

1. Call to Order and Confirmation of Quorum
2. Action Items
  - a. Election of Officers
  - b. Adoption of Organizational Resolution
  - c. Adoption of Board Selection Policy Resolution
3. Informational Items
4. Public Comment
5. Adjournment

**Meeting Participation:**

Join Zoom Meeting

<https://zoom.us/j/98298078739?pwd=tGZGqSIHvhWQZVb9YU3lrJTduiXgX2.1>

Meeting ID: 982 9807 8739

Passcode: 295555

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**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**RESOLUTION OF THE  
BOARD OF DIRECTORS**

The undersigned, being all the members of the Board of Directors of Regional Organization for Western Energy, Inc., a Delaware nonstock corporation (the “Corporation”), acting in accordance with the Corporation’s Bylaws and applicable law, do hereby adopt the following resolutions:

WHEREAS, the Launch Committee of the West-wide Governance Pathways Initiative Association (the “Association”) was tasked with the implementation and formation of a new regional organization to provide independent governance for the western day-ahead and real-time markets;

WHEREAS, in connection with such tasks, on December 12, 2025, the Association approved a form Certificate of Incorporation for the Corporation to be filed with the Secretary of the State of Delaware and a form Bylaws of the Corporation;

WHEREAS, the Conflict of Interest Policy presented to the Board of Directors is consistent with Delaware corporate law and good governance practices applicable to tax-exempt organizations;

WHEREAS, the proposed Conflict of Interest Policy is not intended to address the Corporation’s compliance with Federal Energy Regulatory Commission (“FERC”) regulations and orders related to maintaining financial independence from market participants that apply to employees and directors of Independent System Operators and Regional Transmission Organizations; compliance with such FERC requirements will be addressed in future policies which will be adopted by the Board of Directors consistent with Sections 5.5 and 9.12 of the Corporation’s Bylaws; and

WHEREAS, the Corporation intends to adopt independence requirements for directors and employees that are generally consistent with those applicable to the California ISO (“CAISO”), including those set forth in the CAISO’s Code of Conduct and Ethical Principles.

NOW, THEREFORE, BE IT RESOLVED, that the Certificate of Incorporation for the Corporation filed with the Secretary of the State of Delaware hereby is approved and adopted as the Certificate of Incorporation of the Corporation, and that the filing of such Certificate of Incorporation with the Secretary of the State of Delaware is hereby ratified and confirmed and a copy of such Certificate of Incorporation is attached hereto as Exhibit A;

RESOLVED, that the Bylaws of the Corporation in the form attached hereto as Exhibit B hereby are adopted and approved as the Bylaws of the Corporation;

RESOLVED, that the conflict of interest policy in the form attached hereto as Exhibit C hereby is adopted and approved as the conflict of interest policy of the Corporation;

RESOLVED, that the following persons hereby are elected to the offices of the Corporation set forth opposite their respective names, to serve for the term provided in the Bylaws:

Kathleen Staks	President
_____	Vice President
Lisa Hickey	Secretary
_____	Treasurer

RESOLVED, that the officers of the Corporation are authorized to submit to the Internal Revenue Service an application to have the Corporation recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and in connection therewith such officers are authorized to execute all documents and take all actions necessary or appropriate to secure a ruling from the Internal Revenue Service as to the Corporation's tax-exempt status;

RESOLVED, that the President, or such other individual or individuals as may be designated by the President, shall designate a bank as depository of securities, funds and other assets of the Corporation, that the officers of the Corporation (or any one of them) are authorized and directed to take such action as may be required to open one or more accounts for the Corporation with such bank; and that the President, Treasurer, and Secretary are each authorized to sign checks, drafts and other similar instruments on behalf of the Corporation;

RESOLVED, that the fiscal year of the Corporation shall begin on the first day of January and end on the last day of December each year;

RESOLVED, that the Corporation and its officers are authorized to take appropriate action to engage in activities to accomplish those purposes set forth in the Certificate of Incorporation and the Bylaws; and

RESOLVED, that this consent may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

*[Signature Page to Follow]*

## CERTIFICATION

The undersigned hereby certifies that the foregoing resolutions were duly adopted by the Board of Directors of Regional Organization for Western Energy, Inc. on **February 12, 2026**, and remain in full force and effect.

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Name: \_\_\_\_\_

Title: Secretary (or Acting Secretary)

Date: \_\_\_\_\_

**Exhibit A**

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**CERTIFICATE OF INCORPORATION**

# Delaware

The First State

Page 1

*I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE  
STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND  
CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "REGIONAL  
ORGANIZATION WESTERN ENERGY, INC.", FILED IN THIS OFFICE ON THE  
TWENTIETH DAY OF JANUARY, A.D. 2026, AT 6:43 O`CLOCK P.M.*



*C. P. Sanchez*

Charuni Patibanda-Sanchez, Secretary of State

10479532 8100  
SR# 20260223172

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 202878861  
Date: 01-21-26

## **CERTIFICATE OF INCORPORATION**

**OF**

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**(A Delaware Nonstock Corporation)**

### **ARTICLE I NAME**

The name of the corporation is Regional Organization for Western Energy, Inc. (the "*Corporation*").

### **ARTICLE II REGISTERED OFFICE AND AGENT**

The address of the registered office of the Corporation in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at that address is Corporation Service Company.

### **ARTICLE III PURPOSES**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware. The Corporation shall be a nonstock nonprofit corporation.

The specific purposes for which the Corporation is organized are to apply its income or property, or both, exclusively for charitable, scientific, or educational purposes and to engage in such other activities which are exclusively in furtherance of these purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

### **ARTICLE IV POWERS**

In general, and subject to such limitations and conditions as are or may be prescribed by law or in this Certificate or the Corporation's Bylaws, the Corporation shall have all powers which now or hereafter are conferred by law upon a corporation organized for the purpose set forth above, or are necessary or incidental to the powers so conferred, or are conducive to the attainment of the Corporation's purpose.

### **ARTICLE V INCORPORATOR**

The incorporator of the Corporation is Kathleen Staks. The address of the incorporator is:

P.O. Box 150666  
Lakewood, CO 80215

## **ARTICLE VI LIMITATIONS**

### **VI.1 Nonprofit Status**

(a) The Corporation shall not have or issue shares of capital stock.

(b) The Corporation is not organized for profit and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.

### **VI.2 Prohibited Activity**

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision herein, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

### **VI.3 Distributions; Dissolution**

In the event of the dissolution of the Corporation, the board of directors, after paying or making provision for payment of all of the liabilities of the Corporation, shall distribute all of the remaining assets of the Corporation to such organizations organized and operated exclusively for charitable, scientific, or educational purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code. Any such assets not so disposed of shall be disposed of by the circuit court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine which are organized and operated exclusively for such purposes.

## **ARTICLE VII LIMITATION OF DIRECTOR AND OFFICER LIABILITY**

To the fullest extent permitted by the General Corporation Law of Delaware, as the same may be amended from time to time, a director or officer of the Corporation shall not be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director or officer. If the General Corporation Law of Delaware is hereafter amended to authorize further reductions in the liability of the Corporation's directors or officers for breach of fiduciary duty, then a director or officer of the Corporation shall not be liable for any such breach to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.



Any repeal or modification of any of the foregoing provisions of this Article VII, by amendment of this Article VII or by operation of law, shall not adversely affect any right or protection of a director or officer of the Corporation with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

## **ARTICLE VIII INDEMNIFICATION**

To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees, and other agents of the Corporation (and any other persons to which Delaware law permits the Corporation to provide indemnification or advancement of expenses), through Bylaw provisions, agreements with any such director, officer, employee, or other agent, or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law of Delaware, subject only to limits created by applicable Delaware law (statutory or nonstatutory), with respect to actions for breach of duty to a corporation and others.

Any repeal or modification of any of the foregoing provisions of this Article VIII, by amendment of this Article VIII or by operation of law, shall not adversely affect any right or protection of a director, officer, employee, or other agent of the Corporation or any such other person existing at the time of, or increase the liability of any such director, officer, employee, agent, or other person with respect to any acts or omissions thereof occurring prior to such repeal or modification.

## **ARTICLE IX EXISTENCE**

The Corporation is to have perpetual existence.

## **ARTICLE X RIGHT TO AMEND CERTIFICATE OF INCORPORATION AND BYLAWS**

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors of the Corporation is expressly authorized to adopt, amend, or repeal the Bylaws of the Corporation and to amend or restate this Certificate of Incorporation.

## **ARTICLE XI DIRECTORS**

The number of directors that shall constitute the whole Board of Directors shall be designated in the Bylaws of the Corporation. Vacancies created by the resignation of one or more members of the Board of Directors and new directorships created in accordance with the Bylaws of the Corporation, may be filled by the vote of a majority excluding the resigning director, although less than a quorum of the directors then in office or by a sole remaining director. Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation.

The Board of Directors consists of the following persons:

Kathleen Staks  
P.O. Box 150666  
Lakewood, CO 80215

Evelyn Kahl  
1121 L Street, Suite 400  
Sacramento, CA 95814

Jim Shetler  
6001 S Street, MS D-109  
Sacramento, CA 95852-1830

Michele Beck  
P.O. Box 146782  
Salt Lake City, Utah 84114

Scott Ranzal  
300 Lakeside Drive  
Oakland, CA 94612

Lisa Tormoen Hickey  
400 Gold Ave. SW Suite 700  
Albuquerque, NM 87102

## ARTICLE XII CORPORATE RECORDS

The books of the Corporation may be kept (subject to any statutory provision) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors in the Bylaws of the Corporation.

\*\*\*\*\*

The undersigned hereby further declares and certifies under penalty of perjury that the facts set forth in the foregoing certificate are true and correct to the knowledge of the undersigned, and that this certificate is the act and deed of the undersigned.

Executed as of January 20, 2026.

By:



Name: Kathleen Staks

Title: Sole Incorporator

**Exhibit B**

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**BYLAWS**

**BYLAWS**

**OF**

**Regional Organization for Western Energy, Inc.**

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## **ARTICLE I OFFICES**

The principal executive office of the Regional Organization for Western Energy (the “Corporation”) and any other additional offices shall be established and maintained at such location(s) as the Board of Directors may designate from time to time.

## **ARTICLE II PURPOSE**

The purpose of the Corporation is to provide independent regional governance over certain voluntary energy markets, services, and functions to be operated in the western United States, including, but not limited to the Western Energy Day-Ahead Market and the Western Energy Imbalance Market (collectively “Markets”), which it is authorized to provide from time to time pursuant to the Tariff and other applicable statutes, tariffs, rules, and regulations. The independent governance shall be provided to and for entities and persons operating within the markets, consumers, and affected stakeholders while acting in the public interest, including consideration of the policies of all Participating States.

## **ARTICLE III DEFINITIONS**

**Section 3.1** **“Body of State Regulators”** means the group of state regulators, consisting of representatives from each Participating State, which will participate in the Corporation’s processes for policymaking and Tariff modifications. The Body of State Regulators shall not be deemed a committee of the Board of Directors under these Bylaws but rather shall be advisory in nature.

**Section 3.2** **“CAISO”** means the California Independent System Operator, which operates the Western Energy Markets governed by the Corporation.

**Section 3.3** **“FERC”** means the Federal Energy Regulatory Commission or any successor entity.

**Section 3.4** **“Nominating Committee”** means a committee that is created and operates pursuant to the Selection Policy and that consists of representatives from various designated market sectors as defined by the Stakeholder Representatives Committee in accordance with these Bylaws. The Nominating Committee shall nominate candidates to serve on the Board, all pursuant to the Selection Policy defined herein. The Nominating Committee shall not be deemed a committee of the Board of Directors under these Bylaws but rather shall be advisory in nature.

**Section 3.5** **“Open Meetings and Records Policies”** means the policies adopted by the Board of Directors from time to time, consistent with FERC requirements and these Bylaws to govern notice and public access to meetings and availability and management of public and confidential and privileged materials and records to comply with applicable statutes, rules, and board policies.

**Section 3.6** **“Participating State”** means any state with one or more balancing authorities participating in the Western Energy Markets.

**Section 3.7** **“Selection Policy”** means the process adopted by the Board of Directors pursuant to Section 5.4.1 of these Bylaws for selection and presentation of a slate of nominees to serve as members of the Board of Directors from time to time.

**Section 3.8** **“Stakeholder Representatives Committee”** means the body of stakeholders regularly convened to advise the Corporation and present solutions on issues requiring changes to the Tariff. Members of the Stakeholder Representatives Committee shall be determined within and by designated market sectors. The Stakeholder Representatives Committee shall not be deemed a committee of the Board of Directors under these Bylaws but rather shall be advisory in nature.

**Section 3.9** **“Tariff”** means the FERC tariff(s) overseen by the Corporation, as amended from time to time, governed by the Corporation.

**Section 3.10** **“Western Energy Day-Ahead Market” or “WEDAM”** means the day-ahead market governed by the Corporation.

**Section 3.11** **“Western Energy Imbalance Market” or “WEIM”** means the market and method for resolving imbalance of supply and demand in real time governed by the Corporation.

**Section 3.12** **“Western Energy Markets” or “Markets”** means the Western Energy Day-Ahead Market and the Western Energy Imbalance Market, or successor or additional energy markets that may be authorized by the FERC, collectively.

## **ARTICLE IV PUBLIC INTEREST**

**Section 4.1** **Public Interest.** Consistent with its status as a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), the Corporation shall establish a structure that will enable the Corporation to receive, acknowledge, and consider input from affected stakeholders and the general public in the assessment and adoption of policy initiatives and Tariff revisions to improve the delivery of the services it provides for the benefit of its participants and the general public. In establishing this structure, the Corporation shall:

4.1.1 Recognize and establish funding for a Body of State Regulators to participate in the nomination of the Board of Directors and develop and maintain a process for the Board of Directors to receive and respond to information or recommendations by the Body of State Regulators representation in a public process.

4.1.2 Establish and support a Stakeholder Representatives Committee with representatives from various sectors designated by the Board of Directors to propose and review policy initiatives and Tariff revisions and make recommendations to the Board of Directors.



4.1.3 Establish and maintain a public policy committee consisting of members of the Board of Directors, which shall engage with Participating States and their designated representatives, local power authorities, federal power marketing administrations, the consumer advocate organization, and other stakeholders about potential impacts of policy initiatives and Tariff revisions on state, local, or federal policies and advise the Board of Directors of these impacts before the Corporation approves Tariff changes for filing at the FERC.

4.1.4 Support the creation of and make funding available for a consumer advocate organization that represents the interests of one or more consumer advocate offices authorized by state law in any Participating State and facilitate the engagement by the consumer advocate organization with the Corporation in the stakeholder engagement process developed for policy decisions to be made by the Board.

4.1.5 Establish and maintain an office of public participation of the Corporation to provide information and education to members of the public about the Corporation's activities and initiatives and to facilitate engagement in its processes.

4.1.6 Establish and maintain an independent market expert to provide analysis to the Board of Directors on the impacts of market dynamics and Tariff rule or policy changes on end-use consumers so that overall costs to end-use consumers may be minimized. The market expert shall also provide advice on any additional matters included by the Board of Directors in the market expert scope of work.

4.1.7 Adopt policies that reduce, to the extent possible, the overall economic cost to customers within Participating States.

**Section 4.2 State Policies.** The Board shall consistently acknowledge and, where practicable, approve tariff changes, rules, or business practices that respect, accommodate, and do not unduly burden Participating States' achievement of state or local policy objectives, including procurement, resource adequacy, environment, reliability, and other consumer interests. The Board shall minimize any adverse impacts of revisions to its Tariffs, rules, and business practices on Participating States' policy objectives.

## **ARTICLE V BOARD OF DIRECTORS**

**Section 5.1 Powers.** The business and affairs of the Corporation shall be managed by, and all corporate powers shall be exercised by or under the direction of the Board of Directors.

**Section 5.2 Formation Board of Directors.** The Board of Directors named in the Certificate of Incorporation shall be referred to as the formation Board of Directors and shall serve until replaced by the initial Board of Directors through the procedures adopted consistent with Section 5.3. This transition is expected to occur not later than nine (9) months prior to the planned commencement of the Corporation's governance of the Western Energy Markets. The formation Board of Directors shall have no authority to approve any tariff, business practice, or agreement with the CAISO, and these decisions shall be made by the initial and any future Board of Directors.

**Section 5.3    Initial Board of Directors.** The Nominating Committee shall nominate individuals to serve on the initial Board of Directors pursuant to the Selection Policy. The Pathways Launch Committee (a body of individuals entrusted with the founding of the Corporation) shall approve and propose to the formation Board a slate of candidates consisting of up to five individuals to serve as the initial Board of Directors commencing on the date of termination of the formation Board of Directors. The formation Board of Directors shall appoint the initial Board of Directors, giving all due consideration to the slate proposed by the Pathways Launch Committee. In addition to those directors whose terms commence upon the termination of the formation Board of Directors, it is anticipated that two additional individuals shall be nominated by the Nominating Committee and elected by the initial Board of Directors at the first annual meeting conducted after the Tariff changes are approved by FERC and implemented to authorize independent governance of the Markets by the Corporation. Thereafter, the directors shall be elected, consistent with the Selection Policy and the procedures and processes set forth in Section 5.4.2.

**Section 5.4    Election of Board of Directors.**

5.4.1    Selection Policy. The Board of Directors shall establish a Selection Policy to govern the procedures for selection of members of the Board of Directors and shall conduct the board selection process consistent with the Selection Policy as amended from time to time. The Selection Policy shall ensure an independent, representative Board of Directors that includes directors from multiple Participating States.

5.4.2    Election Procedures. Following the election of the initial Board of Directors, the Nominating Committee shall nominate individuals to succeed those directors who resign, are removed from office, or when their terms are expiring. Based on the results of this process, the Board of Directors shall elect directors to fill vacancies and expiring terms at each annual meeting of the Board of Directors. Each director, including a director elected to fill a vacancy, shall hold office throughout the term for which the director was elected until the election and seating of a successor director or until the death, resignation, or removal of such director. Elections of directors need not be by written ballot.

**Section 5.5    Qualification of Directors.** Directors shall have such qualifications as may be prescribed by policies adopted by the Board of Directors, the Selection Policy, or by these Bylaws, and any other independence requirements adopted by the Board of Directors.

**Section 5.6    Number of Directors.** The number of directors of the Corporation shall be set by the Board of Directors by resolution, from time to time, between three (3) and eleven (11), following the replacement of the formation Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

**Section 5.7    Term of Office of Directors.** The terms of directors elected to the initial Board of Directors as set forth herein shall be staggered in classes of approximately equal numbers for periods from one to three years to ensure a balanced rotation of terms on the Board of Directors once the Corporation assumes governance over the Western Energy Markets. As terms of the initial Board of Directors expire, terms of successor directors shall be three (3) years and shall be staggered. Directors may serve a maximum of three (3) full three-year terms. The terms on the

initial Board of Directors that are less than three years in length shall not be counted towards the maximum number of terms.

**Section 5.8    Resignation and Removal of Directors and Filling Vacancies.**

5.8.1    Resignation. Any director may resign at any time upon written notice given in writing or by electronic transmission to the Corporation. Any such resignation shall be effective upon delivery, unless the notice of resignation specifies a future effective date, and unless otherwise specified, the acceptance of such resignation shall not be a precondition to its effectiveness. Vacancies created by the resignation or removal of one or more members of the Board of Directors and new directorships created in accordance with the Bylaws of the Corporation, may be filled by the vote of a majority of the Board of Directors excluding the resigning director based on a slate of nominations presented by the Nominating Committee consistent with the Selection Policy, even if there remains less than a quorum of the directors then in office or by a sole remaining director.

5.8.2    Removal of a Director. Unless otherwise restricted by statute, by the Certificate of Incorporation or by these Bylaws, any director may be removed, with or without cause, by the Board of Directors. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office. When one or more directors are removed, replacement of such director(s) shall be governed by the Selection Policy.

**ARTICLE VI  
MEETINGS OF THE BOARD OF DIRECTORS**

**Section 6.1    Meetings.**

6.1.1    Annual Meeting. The annual meeting of the Board shall be held on a date chosen by the President or the Board for the purposes of electing directors and officers and transacting such business as may properly come before the meeting. If the annual meeting is not held on the date designated therefore, the Board shall cause the meeting to be held as soon thereafter as may be convenient.

6.1.2    Regular Quarterly Meetings. The Board of Directors shall meet at least once during each quarter of the fiscal year at such dates, times, and locations, as the Board of Directors determines. At least two meetings each year shall be held at a location in a Participating State other than the Participating State where the principal place of business of the Corporation is located. The regularly scheduled meetings of the Board of Directors shall be established for each fiscal year in advance. Such regularly scheduled meetings may be held without further notice to the directors.

6.1.3    Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or any two (2) directors consistent with policies adopted by the Board of Directors. The purpose of any such special meeting shall be limited to those circumstances that require the Board of Directors to take prompt action and that cannot be deferred to a regular meeting of the Board of Directors.

6.1.4 Executive Sessions. The Board of Directors may hold closed executive sessions for discussion of matters consistent with the open meeting policy. Directors and certain officers and employees of the Corporation, as designated or otherwise permitted by the directors, may be present during any executive session; provided, however, that to the extent deemed necessary by the Chair of the Board of Directors, any other person or persons having business before the Board of Directors that relates specifically to the matter or matters to be discussed during any portion of an executive session may be present during such portion of an executive session. The Board of Directors may, at any time during any meeting, vote to adjourn the open meeting and reconvene in an executive session if consistent with the Open Meeting and Records Policies and at least a majority of the directors present at such meeting vote in favor of such adjournment and reconvening.

## **Section 6.2 Notice of Meetings.**

6.2.1 General Notice. Except as provided in Section 6.2.2, public notice of the date for each annual and regular quarterly meeting of the Board of Directors shall be set in the last meeting of a calendar year for the following calendar year, and the dates shall be placed on the Corporation's website within 30 days. A further notice of each meeting shall be placed on the Corporation's website at least four (4) business days before such meeting. The notice shall include an agenda that makes clear which items are for purposes of discussion, which are for purposes of taking action, which items are to be considered in an executive session and the purposes of such executive session(s), to the extent practicable, and instructions for remote participation. Failure to give the required notice of any item on which action is taken during the meeting shall void such action.

6.2.2 Notice of Special Meetings. Notice of a special meeting or special executive session shall be given to the Board of Directors at least two (2) days prior to the meeting and the public as soon as practicable and before the meeting is to be held. Such notice to the directors shall be delivered personally, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, by facsimile, or by electronic transmission. The notice requirements of this section may be waived in writing by any director with respect to that director, either before or after the meeting. The attendance of any director at a special meeting without protesting the lack of notice of such meeting, made as soon as reasonably practicable, shall constitute a waiver of notice by that director. All waivers shall be made part of the minutes of a special meeting.

6.2.3 Waivers of Notice to Director. Whenever notice is required to be given to a director under any provision of the General Corporation Law of Delaware or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Such waiver shall be deemed delivered if made by electronic transmission. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting, at the beginning of the meeting or upon the director's arrival, to the transaction of any business because the meeting is not lawfully called or convened.

**Section 6.3 Place of Meetings; Telephonic Meetings.** The Board of Directors may hold meetings, both regular and special, consistent with Section 6.2. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, and consistent with the Open Meetings and Records Policies, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or other electronic communications by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

**Section 6.4 Transparency and Public Participation.**

6.4.1 Attendance. Any member of the public may attend and observe meetings of the Board of Directors, except as provided in Section 6.1.4, and attendance will be available to remote participants. Decisions rendered by the Corporation shall be transparent and supported by documented materials, subject to the Open Meetings and Records Policies and other procedures established for executive sessions.

6.4.2 Public Comment. Consistent with the Open Meetings and Records Policies, at each meeting, the Board of Directors shall provide an opportunity for members of the public to comment on matters being considered by the Board of Directors at such time as the Board of Directors shall specify on the agenda. Members of the Board of Directors shall engage in informal public outreach from time to time to support reasonable public access to directors by representatives from Participating States.

**ARTICLE VII  
VOTING**

**Section 7.1 Quorum and General Voting Requirements.** At all meetings of the Board of Directors, two-thirds (2/3) of the directors then in office shall constitute a quorum for the transaction of business. The approval or action by a majority of the directors then in office at any meeting at which there is a quorum present shall be the act of the Board of Directors, except as may otherwise be specifically provided by the General Corporation Law of Delaware, by the Certificate of Incorporation, or as set forth below in Section 7.2 of these Bylaws. A director of the Corporation who is present at a board or committee meeting at which any action is taken shall be deemed to have assented to the action taken unless (i) the director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting any business at such meeting, (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation within a reasonable time after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

**Section 7.2 Major Decisions.** Notwithstanding the provisions of Section 7.1, the action or approval of a two-thirds majority of the directors then in office shall be required to approve major decisions as follows:

7.2.1 Remove a director from the Board of Directors;

7.2.2 Amend, alter, or repeal these Bylaws;

7.2.3 Amend the Certificate of Incorporation;

7.2.4 Adopt a plan of merger or consolidation with another corporation;

7.2.5 Authorize the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation not in the ordinary course of business;

7.2.6 Authorize the voluntary dissolution of the Corporation or revoke proceedings therefore; or

7.2.7 Adopt a plan for the distribution of all or substantially all assets of the Corporation.

**Section 7.3 Adjourned Meeting.** If a quorum is not present at any meeting of the Board of Directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

**Section 7.4 Standard of Care.**

7.4.1 General. A director shall perform the duties of a director, including duties as a member of any committee of the Board of Directors on which the director may serve, in good faith, in a manner that such director believes to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

7.4.2 Reliance. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters that the director believes to be within such person's professional or expert competence; or

(c) A committee of the Board of Directors upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any such case, the director acts in good faith, makes any reasonable inquiry when the need therefor is indicated by the circumstances and acts without knowledge that would cause such reliance to be unwarranted.

7.4.3 Ethical Conduct. The members of the Board of Directors shall on a periodic basis certify their review and understanding of a Directors' Code of Conduct and Ethical Principles adopted by the Board of Directors consistent with the General Corporation Law of Delaware.

**Section 7.5    Loans and Self-Dealing Transactions.**

7.5.1 Loans. The Corporation shall not make any loan of money or property to, or guarantee the obligation of, any individual director, officer or employee; provided, however, that the Corporation may advance money to a director, officer or employee of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such director, officer or employee so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

7.5.2 Self-Dealing Transactions. The Board of Directors shall not approve a transaction to which the Corporation is a party and in which one or more of the directors or their employers has a material financial interest and that does not meet the requirements of Section 7.5.3 below.

7.5.3 Exempt Transactions. The following transactions are exempted from the prohibition of Sections 7.5.1 and 7.5.2 above; provided, however, that any transaction described in paragraph (d) below must be included on the agenda of a Board of Directors meeting:

(a) A transaction that is part of a public or charitable program approved by the Board of Directors and that results in a benefit to one or more directors or their families only because they are members of a substantial class of unrelated persons intended to be benefited by the program.

(b) A transaction of which the director with a material financial interest has no actual knowledge of the financial interest, and that does not exceed the lesser of one (1) percent of the gross receipts of the Corporation for the preceding fiscal year or one hundred thousand dollars. However, a series of related transactions aggregating more than one hundred thousand dollars during a fiscal year will not be exempted pursuant to this provision.

(c) A transaction that has been approved in writing by the offices of the Attorney General in the Participating State with jurisdiction, in which the transaction will occur, before or after it was consummated.

(d) A transaction that the Board of Directors, having knowledge of the material facts concerning the transaction and the director's interest in the transaction, authorizes (by a vote of a majority of the directors then in office without counting the vote of the interested director) after considering and in good faith determining, upon reasonable investigation under the circumstances, that (i) the transaction will be entered into by the Corporation for its own benefit, (ii) the transaction is fair and reasonable as to the Corporation and (iii) the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

**Section 7.6    Inspection Rights.** To the extent provided in the Delaware General Corporation Law, each director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of the Corporation. No director shall use or disseminate any non-public information obtained as a result of any such inspection, or otherwise in his or her capacity as a director, for his or her own personal gain, to the detriment of the Corporation or to the detriment of any competitors of any entity with which the

director is affiliated except in connection with the enforcement of a tariff, contract or applicable law and consistent with the Corporation's policy regarding confidential information.

**Section 7.7    Compensation.**

7.7.1    Retainers and Fees. Directors shall receive compensation, which may take the form of an annual retainer and/or fees for attending each meeting of the Board or of Committees of the Board, as determined by the Board of Directors, in order to ensure the fullest participation in the decisions of the Corporation and to avoid hardship on the part of the directors. Such determination may establish compensation that differs for the Chair of the Board of Directors, chairs of committees, and other Board members.

7.7.2    Expense Reimbursement. Subject to approval by the Board of Directors, directors shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of his or her office and in attending meetings of the Board of Directors and meetings of committees of the Board of Directors on which they are a member.

**ARTICLE VIII  
CHAIR AND COMMITTEES**

**Section 8.1    Chair and Vice-Chairs.** The Board of Directors may, by resolution adopted by two-thirds of the directors then in office, appoint a Chair of the Board of Directors. At the discretion of the Board of Directors, one or more vice-chairs may also be appointed by the Board of Directors to assist the Chair.

**Section 8.2    Committees of Directors.** The Board of Directors may, by resolution adopted by two-thirds of the directors then in office, designate one or more committees, including an Executive Committee, each consisting of two or more directors, to serve at the pleasure of the Board of Directors. Appointments to such committees shall be made annually by a two-thirds vote of the directors then in office. Any such committee, to the extent delegated in the resolution or in these Bylaws, shall have and may exercise all the powers and all of the authority of the Board of Directors in the management and affairs of the Corporation, except that no committee, regardless of the Board of Directors resolution, may:

8.2.1    Fill vacancies on the Board of Directors or on any committee;

8.2.2    Fix compensation of directors for serving on the Board of Directors or any committee;

8.2.3    Amend, repeal, or modify these bylaws or adopt new bylaws;

8.2.4    Amend, repeal, or modify any resolution of the Board of Directors that by its express terms is not so amendable, repealable, or modifiable;

8.2.5    Appoint any other committees of the Board of Directors or the members of these committees; or



8.2.6 Approve any self-dealing transaction as referred to in Section 7.5.2.

**Section 8.3 Advisory Committees.** Advisory committees may be appointed from time to time by two-thirds of the directors then in office. Advisory committees' membership may consist of both directors and non-directors or non-directors only. Advisory committees have no legal or expressed authority to act for the Corporation but shall report their findings and recommendations to the Board of Directors or a committee of the Board of Directors.

**Section 8.4 Audit & Finance Committee.** The Board of Directors shall appoint an Audit Committee of the Board of Directors consisting of two or more directors elected by the Board of Directors. The Audit Committee shall have no powers of the Board of Directors but shall serve in an advisory capacity by reviewing the Corporation's annual independent audit and preparing a report for the Board of Directors. In addition, the Audit Committee shall monitor compliance with the Employees' and Directors' Code of Conduct and Ethical Principles to ensure the independence of the Corporation and shall make regular reports to the Board of Directors regarding such compliance. The Audit Committee shall make recommendations from time to time to the Board of Directors as to the implementation of procedures to oversee compliance with the Code of Conduct and Ethical Principles. The Audit Committee shall also have any other duties that are assigned by the Board of Directors.

**Section 8.5 Public Policy Committee.** The Board of Directors shall appoint a Public Policy Committee of the Board of Directors consisting of two or more directors elected by the Board of Directors. The Public Policy Committee shall be responsible for conducting outreach at key points in the stakeholder process to Participating States and their designated representatives, local power authorities, federal power marketing administrations and stakeholders to collect input about the potential for adverse impacts on a state, local, or federal policy by an initiative. The input collected by the Public Policy Committee will be incorporated in the stakeholder process and presented to the Board of Directors before it votes on a final Tariff change.

**Section 8.6 Committee Meetings.** Meetings of committees of the Board of Directors, notices of such meetings and the actions of such committees shall be governed by and held and taken in accordance with the provisions of Article VI of these bylaws concerning meetings of the Board of Directors. For the purposes of the application of Article IV to the meetings of Board of Directors committees, references in Article IV to the Board of Directors shall be read as references to the relevant committee of the Board of Directors. Minutes shall be kept of each meeting of any committee. The Board of Directors may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws.

## **ARTICLE IX OFFICERS AND STAFF**

**Section 9.1 Officers.** The officers of the Corporation shall include a President, a Secretary, a Chief Financial Officer, and a Treasurer. At the discretion of the Board of Directors the Corporation may also have one or more vice presidents, assistant vice presidents, assistant secretaries, assistant treasurers and any such other officers as may be appointed in accordance with these Bylaws. Any number of offices may be held by the same person. Each officer shall hold office until such officer's successor is elected and qualified or until such officer's earlier

resignation or removal. Board members shall not be eligible to serve as officers during their board term.

**Section 9.2 Appointment; Vacancies.** The Board of Directors shall appoint all officers of the Corporation for such terms as the Board of Directors shall specify. Any vacancy occurring in any office shall be filled by the Board of Directors in accordance with this Section.

**Section 9.3 Removal.** Subject to the rights, if any, of the officer under any contract of employment, any officer of the Corporation may be removed at any time with or without cause by the Board of Directors.

**Section 9.4 Resignation.** Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract of employment with the officer.

**Section 9.5 President.** The President shall be the chief executive officer of the Corporation and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Board of Directors. He or she shall have such additional powers and duties as may be prescribed by the Board of Directors.

**Section 9.6 Secretary.** The Secretary shall serve notice of and act as Secretary at all meetings of the Board of Directors, shall prepare agendas for the Board of Directors, shall record the proceedings of all meetings in the minute books and shall keep or cause to be kept a book of minutes of all meetings and activities of directors and committees of directors. The Secretary shall have such additional powers and duties as shall be prescribed by the Board of Directors.

**Section 9.7 Chief Financial Officer.** The Chief Financial Officer of the Corporation shall be responsible for maintaining books and records of the Corporation and shall prepare and submit such accounting and tax forms as may be required by local, state, and federal law. The Chief Financial Officer shall have such additional powers and duties as shall be prescribed by the Board of Directors.

**Section 9.8 Treasurer.** The Treasurer of the Corporation shall have charge and custody of and shall receive, safeguard, disburse and account for all funds of the Corporation, and shall deposit and invest them in such banks, other depositories or investments as may be designated by the Board of Directors. The Treasurer shall have such additional powers and duties as shall be prescribed by the Board of Directors.

**Section 9.9 Compensation.** The reasonable salaries of the officers shall be fixed from time to time by the Board of Directors, or by any committee or officer to which or whom, as the case may be, the Board of Directors has delegated such authority.

**Section 9.10 Authority and Duties of Officers.** In addition to the foregoing authority and duties, all officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board of Directors.

**Section 9.11 Execution of Instruments.** The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount. Notwithstanding the foregoing, President shall have the authority to execute legal instruments on behalf of the Corporation, subject to any restrictions or limitations that the Board of Directors may impose. The President's authority to execute legal instruments on behalf of the Corporation may be delegated by the President to officers and employees of the Corporation on a general or limited basis with the prior approval of the Board of Directors.

**Section 9.12 Employees Code of Conduct and Ethical Principles.** The Board of Directors shall oversee the design and implementation of and shall adopt the Corporation's Compliance and Ethics Program, including the Employee's Code of Conduct and Ethical Principles, and the Corporation's procedures for employees and others to report suspected misconduct. The Board of Directors shall approve any material modifications to the foregoing policies.

## **ARTICLE X RECORDS**

**Section 10.1 Minute Book.** The Corporation shall keep or cause to be kept a minute book that shall be available for public inspection during the Corporation's normal business hours and shall contain:

10.1.1 The record of all meetings of the Board of Directors including the date, place, those attending the proceedings thereof (other than members of the public), a copy of the notice of the meeting and when and how given, waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting and similarly as to meetings of committees of the Board of Directors and as to meetings or written consents of the Incorporator of the Corporation prior to the appointment of the initial Board of Directors.

10.1.2 A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State.

10.1.3 A copy of these bylaws, as amended, duly certified by the Secretary.

**Section 10.2 Availability of Information.** Access to records, confidentiality protections, and all handling of requests for records and data related to the activities of the Board of Directors and operations of the Markets shall be governed by the Open Meetings and Records Policies adopted by the Board of Directors from time to time, which, when adopted, shall be consistent with applicable FERC requirements. The Open Meetings and Records policies shall generally acknowledge that information regarding the Corporation and its operations, other than information that the Board of Directors has determined must be kept confidential in order to protect the interests of the Corporation according to standards adopted in the Open Meetings and Records Policies or

information received by the Corporation that is subject to a confidentiality obligation, shall be publicly available, provided that the Corporation may require any recipient of such information comply with processes adopted in the Open Meetings and Records Policies and to pay the reasonable costs of providing such information.

10.2.1 The Open Meetings and Records Policies shall be published and shall establish the types of records that are presumed confidential, the process in which the public can access non-confidential information, the time in which the Corporation must respond to a records request, and other matters to facilitate access consistent with the duties of the Corporation.

10.2.2 Subject to the Open Meetings and Records Policies, the Board of Directors shall make confidential market data available to state energy regulatory commissions, and any consumer advocacy organizations designated by state statute or regulation in any Participating State to advocate on behalf of the public related to electricity market issues.

**Section 10.3 Records Retention.** The Board of Directors shall oversee the implementation of a records retention program complying with FERC requirements and any other applicable laws.

## **ARTICLE XI INDEMNIFICATION**

**Section 11.1 Indemnification of Officers and Directors.** To the fullest extent permitted by applicable law as it presently exists or may hereafter be amended (provided, that in the case of such an amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), the Corporation shall indemnify and hold harmless each person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”) by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity (including service with respect to an employee benefit plan), against all liability, loss and reasonable expense incurred by such person, including attorneys’ fees, judgments, fines, penalties, Employee Retirement Income Security Act (ERISA) excise taxes and amounts paid in settlement of proceedings. Except as set forth in Section 11.2 below, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification under this Article shall be construed as a contractual right of the indemnitees and shall inure to the benefit of an indemnitee’s heirs, executors, and administrators.

**Section 11.2 Prepayment of Expenses; Undertaking to Repay.** The Corporation shall pay the expenses (including attorneys’ fees) expected to be incurred in defending any proceeding in advance of its final disposition; provided, however that if the General Corporation Law of Delaware then so requires, the payment of expenses incurred in advance of the final disposition of the proceeding by a director or officer in such person’s capacity as such (and not in any other capacity in which service is or was rendered by such person such as service with respect to an employee benefit plan) shall be made only upon receipt of an undertaking by the director or officer

to repay all amounts advanced if it is determined by a final judicial determination from which there is no further possibility of appeal that the director or officer is not entitled to be indemnified under this Article or otherwise and provided, further that the Corporation shall not be required to prepay any expenses to a person against whom the Corporation directly brings a claim alleging that such person has (i) breached such person's duty of loyalty to the Corporation, or committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or (ii) derived an improper personal benefit from a transaction.

**Section 11.3 Claims by Indemnitee; Presumption of Validity.** If a claim for indemnification or payment of expenses under this Article not paid in full within 60 days after a written claim therefor has been presented to the Corporation (except in the case of a claim for prepayment of expenses in accordance with Section 11.2 above, in which case the applicable period shall be 20 days) the indemnitee may file suit to recover the unpaid amount of such claim. If successful in whole or in part in any such suit, the indemnitee shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law. The indemnitee shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for prepayment of expenses, where the required undertaking, if any is required, has been tendered to the Corporation), and thereafter the Corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled. Neither the failure of the Corporation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors or independent legal counsel) that the indemnitee is not entitled to indemnification shall be a defense to the suit or create a presumption that the indemnitee is not so entitled.

**Section 11.4 Non-Exclusivity of Rights.** The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or may hereafter acquire under any statute, provision of the Certificate of Incorporation or these Bylaws, contractual agreement, or disinterested directors or otherwise. Additionally, nothing in this Article shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article.

**Section 11.5 Set-off Against Other Indemnification.** The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount that such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

**Section 11.6 Effect of Amendment or Repeal.** No repeal or modification of this Article shall adversely affect any right or protection afforded hereunder to any person in respect of an act or omission occurring prior to the time of such repeal or modification.

**Section 11.7 Indemnification of Employees and Agents.** The Corporation may, by action of the Board of Directors, extend the rights described in this Article to individual employees or agents, or groups of employees or agents of the Corporation with the same scope and effect as

the provisions of this Article; provided, however, that an undertaking of the sort described in Section 11.2 shall be required only if specifically requested by the Board of Directors.

**Section 11.8 Insurance; Indemnification Agreements.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or nonprofit entity against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the General Corporation Law of Delaware. The Corporation may enter into contracts with any person who is or was a director, officer, employee or agent, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or nonprofit entity, in furtherance of the provisions of this Article. The Corporation may also create a trust fund or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided herein.

**Section 11.9 Reliance Upon Books, Reports and Records.** Each director, each member of any committee designated by the Board of Directors and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

**Section 11.10 Certain Definitions.** For purposes of this Article, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or nonprofit entity, shall stand in the same position under this Article with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

## **ARTICLE XII MISCELLANEOUS**

**Section 12.1 Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

**Section 12.2 Corporation Seal.** The Corporation shall have a seal that shall be specified by resolution of the Board of Directors. The seal shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of the instrument.

**Section 12.3 Amendment of Bylaws.** These bylaws may be amended by the vote of at least two-thirds of the directors then in office. All directors must receive at least thirty days' prior written notice of any vote on amending these bylaws.

**Section 12.4 Reimbursement of Expenses of the Corporation.** The Corporation shall provide full reimbursement for monies reasonably and necessarily expended on behalf of the Corporation by its directors, officers, and employees.

**Section 12.5 Checks.** From time to time, the Board of Directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidence of indebtedness that are issued in the name of or payable to the Corporation, and only the persons so authorized shall sign or endorse those instruments.

**Section 12.6 Posting.** These bylaws, the certificate of incorporation, a code of conduct and ethical principles, and the specific policies referenced herein shall be made available to the public on the Corporation's website.

**Exhibit C**

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**CONFLICT OF INTEREST POLICY**



REGIONAL ORGANIZATION FOR  
WESTERN ENERGY, INC.

Conflict of Interest Policy

## 1.0 PURPOSE

The purpose of this Conflict of Interest Policy (the “Policy”) is to protect the interests of Regional Organization for Western Energy, Inc. (the “ROWE” or “Corporation”) in connection with any transaction or arrangement that might benefit the private interests of any Covered Person, as defined below. This Policy provides (i) a systematic mechanism for disclosing and evaluating potential and actual conflicts as defined under Delaware law and related to any possible excess benefit transactions; and (ii) procedures for the Board of Directors or a committee with Board-delegated authority in considering any transaction or arrangement where a conflict may exist. This Policy is also intended to apply to “related organizations” of the Corporation, as defined in the Internal Revenue Service’s Instructions for Form 990, as modified from time to time. This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit corporations.

## 2.0 PERSONS COVERED BY THE POLICY

This Policy addresses transactions and arrangements involving the Corporation’s directors, officers, members of any committee of the Corporation’s Board of Directors with authority to act on behalf of the Board of Directors, and the Corporation’s executive employees (e.g., Executive Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer) and any other manager or supervisor identified by the Board of Directors or the President as exercising substantial influence over the operations of the Corporation (“Covered Persons”). Every Covered Person shall sign a statement that affirms that he or she has received a copy of this Policy, has read and understands it, and has agreed to comply with it, and shall complete the questionnaire attached hereto disclosing his or her actual and potential conflicts of interest on an annual basis.

## 3.0 DUTIES OF COVERED PERSONS

- 3.1. Duty of Care.** Every Covered Person shall perform his or her duties for the Corporation in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.
- 3.2. Duty of Loyalty.** Every Covered Person must act with loyalty to the Corporation, meaning that no Covered Person may use his or her position with the Corporation to make personal profit or gain other personal advantage. No Covered Person may personally take advantage of a business opportunity that is offered to the Corporation unless the Board of Directors determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.
- 3.3. Conflicts of Interest.** No Covered Person may engage in any transaction or arrangement or undertake positions with other organizations that involve a conflict of interest, except in compliance with this Policy. Covered Persons should avoid both actual conflicts and the appearance of conflicts of interest. Every Covered Person shall:

- (a) Disclose all actual and potential conflicts as set out below in Section 5; and
- (b) Recuse himself or herself from voting on any transaction or arrangement in which he or she has a potential or actual conflict of interest, and shall not be present when any such vote is taken.

## 4.0 CONFLICT OF INTEREST

**4.1. Identifying a Potential Conflict.** A Covered Person may have a conflict of interest with respect to a transaction or arrangement involving the Corporation whenever he or she, or any of his or her family members:

- (a) **Compensation.** Receives compensation directly or indirectly from the Corporation and the transaction or arrangement involves such compensation (e.g., an employee has a conflict of interest with respect to the determination of his or her own compensation). Compensation for purposes of this Policy includes direct and indirect remuneration, as well as gifts or favors that are substantial in nature;
- (b) **Financial Interest.** Has or anticipates having any financial interest, including an ownership interest, investment interest, or compensation arrangement, in or with any entity or individual that (i) sells goods or services to, or purchases services from, the Corporation; or (ii) has any other transaction or arrangement with the Corporation (e.g., a director who owns stock in a corporation that sells goods or services to the Corporation may have a conflict of interest with regard to such sales transactions); or
- (c) **Management Role.** Has or anticipates serving as a director, trustee or officer, employee or consultant of any entity or individual that (i) sells goods or services to, or purchases services from, the Corporation; or (ii) has any other transaction or arrangement with the Corporation.

Upon the appointment of the Initial Board of Directors (as defined in the Corporation's bylaws) and thereafter, any Board Member who has a prohibited relationship or financial interest as described in this Section 4.1 must commit to terminating any prohibited relationship after being appointed and before exercising the duties of the office, and to dispose of any prohibited financial interests within six months after his or her installation as a Board Member.

**4.2. No Conflict.** A Covered Person does not have a conflict of interest if:

- (a) The Covered Person owns securities or voting interests of a non-publicly traded business enterprise with which the Corporation has a transaction or arrangement, if:
  - (i) Such securities or voting interests are less than 2% of the voting interests and value of a non-publicly traded business enterprise; and

- (ii) The fair market value of such securities does not represent a material part of the person's overall net worth.
- (b) The Covered Person owns securities or voting interests of a publicly traded company with which the Corporation has a transaction or arrangement if such voting interests are less than 5% of the voting interests of a publicly traded company.

## **5.0 DISCLOSURE AND EVALUATION OF CONFLICTS**

### **5.1. Disclosure.**

Each Covered Person shall promptly and fully disclose all material facts of every actual or potential conflict of interest:

- (a) Existing at the time when he/she becomes a Covered Person;
- (b) That arises while he/she is a Covered Person, at the time such actual or potential conflict arises; and
- (c) Annually through the annual Conflict of Interest Questionnaire, a copy of which is attached hereto.

All disclosures involving a transaction or arrangement being considered at a meeting of the Board of Directors or a committee shall be made to all members present at such meeting. All other disclosures shall be made to the President (who shall disclose his or her conflicts to the Board of Directors). A Covered Person who is in doubt as to the existence of a conflict of interest is encouraged to disclose all facts pertaining to the transaction or arrangement before undertaking the transaction or arrangement or making any decision in the matter.

### **5.2. Evaluation.**

- (a) The President or chairman of any committee established by the Board of Directors for purposes of implementation of this Policy shall disclose to the Board of Directors all conflicts of interest reported to him or her under this Policy. The Board of Directors will evaluate the disclosures and the material facts relating to the transaction or arrangement giving rise to the potential conflict of interest to determine whether they involve actual conflicts of interest and may attempt to develop alternatives to remove the conflict from the transaction or arrangement. The Board of Directors may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (b) A Covered Person who has an actual or potential conflict of interest shall not be present for or shall leave any portion of a meeting at which the Board of Directors or a committee is voting to determine whether a conflict exists,

but may be present prior to the vote to make a presentation to the Board or committee, to disclose additional facts, or to respond to questions.

## **6.0 PROCEDURES FOR ACTING ON CONFLICT OF INTEREST TRANSACTIONS**

**6.1. Formal Approval.** The Corporation may enter into a transaction or arrangement in which a Covered Person has a conflict of interest if:

- (a) The Covered Person has disclosed the conflict of interest in accordance with this Policy;
- (b) A majority of directors who have no interest in the transaction or arrangement approve the transaction or arrangement at a Board or committee meeting after determining in good faith and after reasonable investigation, that the transaction or arrangement is fair and reasonable to the Corporation and is in the Corporation's best interest;
- (c) Any Covered Person who has an actual or potential conflict with respect to the transaction or arrangement does not participate in and is not present for the vote regarding any such transaction or arrangement (provided, however, that any such Covered Person may appear at a meeting to answer questions concerning the transaction or arrangement); and
- (d) In any arrangement or transaction involving compensation, remuneration or other economic or financial benefit to the Covered Person, the Board of Directors relies upon appropriate comparability data, such as an independent appraisal or an independent compensation study, in reaching its determination as to the fairness and reasonableness of the transaction or arrangement to the Corporation.

**6.2. Transaction Fair to the Corporation.** It shall not be a violation of this Policy if all the requirements for formal approval, outlined above, are not satisfied, so long as the transaction or arrangement does not violate any applicable rules and regulations related to conflicts of interest and ethical conduct effective as to board members, and also is in fact fair to the Corporation, furthers its tax-exempt purposes, and does not result in private inurement, impermissible private benefit, or an excess benefit transaction under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as amended (the "*Code*").

## **7.0 RECORDS OF PROCEEDINGS**

**7.1. Content of Minutes.** The minutes of the Board of Directors or any committee of the Board for any meetings described above shall contain:

- (a) The names of the persons who disclosed an actual or potential conflict of interest or otherwise were found to have a conflict of interest;
- (b) The nature of the conflict of interest;
- (c) Any action taken to determine whether a conflict of interest was present;
- (d) The Board's or committee's decision as to whether a conflict of interest in fact existed;
- (e) The names of the persons who were present for discussions and votes relating to the transaction or arrangement;
- (f) The content of the discussion, including any alternatives to the proposed transaction or arrangement considered and any comparability data relied upon; and
- (g) A record of any votes taken in connection with the issue, transaction or arrangement.

**7.2. Timing.** The minutes of any meeting described above shall be prepared by the later of the next succeeding meeting of the Board of Directors or committee, or sixty (60) days after the final action on the matter is taken by the Board of Directors or committee.

## **8.0 ENFORCEMENT**

Each Covered Person shall sign a statement acknowledging that he or she has received a copy of this Policy, has read and understands it, and agrees to comply with it. If the Board of Directors has reasonable cause to believe that a Covered Person has failed to comply with this Policy, the Board may counsel the Covered Person regarding such failure and, if the issue is not resolved to the Board's satisfaction, may consider additional corrective action as appropriate.

## **9.0 TRANSACTIONS WITH PAST COVERED PERSONS AND OTHER DISQUALIFIED PERSONS**

This section applies to Disqualified Persons, as defined below, including without limitation, persons who once were, but no longer are, Covered Persons. Section 4958 of the Code imposes excise taxes on (a) Disqualified Persons who engage in excess benefit transactions with charities and (b) Corporation Managers who knowingly approve such transactions.

To protect Disqualified Persons and Corporation Managers from excise taxes, it is the Corporation's policy that all transactions between Disqualified Persons and the Corporation be approved by the Board (or designated committee thereof) after taking into consideration data sufficient to demonstrate that the consideration proposed to be paid or received by the Corporation represents the fair market value of the goods or services to be obtained or provided by the

Corporation, as the case may be. Appropriate evidence might include, compensation surveys, opinions of experts, bids or other similar data. A Disqualified Person is any person who, during the five-year period ending on the date of the transaction, had substantial influence over the charity. Voting directors, officers and many key employees are presumed to be Disqualified Persons. Other persons (including contributors) are evaluated on a case-by-case basis. Corporation Managers include officers, directors and trustees (and persons with similar powers) and employees having authority or responsibility with respect to the expenditure in question.

## **CERTIFICATE OF ADOPTION**

The foregoing Conflict of Interest Policy was adopted by the Board of Directors of the ROWE as of the Effective Date first set forth herein.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Secretary \_\_\_\_\_



[CORPORATION]

CONFLICT OF INTEREST QUESTIONNAIRE

This Questionnaire is to be completed annually by all Corporation officers, directors, members of committees of the Board of Directors authorized to act on behalf of the Board, executive employees, and any other manager or supervisor identified by the Board of Directors or the President as exercising substantial influence over the operations of the Corporation.

NAME AND BACKGROUND INFORMATION

Name \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Position with the Corporation: \_\_\_\_\_

CONFLICT OF INTEREST INFORMATION

**Investments.** Identify any investments\* that you or a member of your family has or had during the last two (2) years in any organization that has, does, or is likely to provide goods or services to the Corporation or which engages in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electric Coordinating Council:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

// None

\* "Investments" for purposes of this disclosure do not include securities or voting interests of a non-publicly traded company if (a) such securities or voting interests are less than 2% of the voting interests and value of a non-publicly traded business enterprise; and (b) the fair market value of such securities does not represent a material part of the person's overall net worth. It also does not include securities or voting interests of a publicly traded company with which the Corporation has

a transaction or arrangement if such voting interests are less than 5% of the voting interests of a publicly traded company.

**Director or Other Services.** Identify any services that you or a member of your family provides or provided with the last five (5) years as a director, partner, principal, manager, employee or consultant to any organization that does, has, or is likely to provide goods or services to the Corporation or which engages in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electric Coordinating Council:

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// None

**Interests in Transactions.** Identify any interest that you or a member of your family or any organization in which you have an interest (e.g., a corporation or partnership) has had in any transaction during the last five (5) years, to which the Corporation or any related organization, was a party (e.g., loans, sales of goods or services, guarantees), or which engages in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electric Coordinating Council:

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// None

**Other.** Identify any other circumstances affecting you or members of your family that might appear to involve a conflict of interest, actual or potential, and any circumstances that could be viewed as use of information relating to the Corporation's business for personal profit or advantage:

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// None

## **ACKNOWLEDGMENT AND SIGNATURE**

To the best of my knowledge and belief, the above information is true and accurate. I have received a copy of the Corporation's Conflict of Interest Policy, which I have read and understand, and I hereby agree to comply with it.

Executed as of \_\_\_\_\_.

By: \_\_\_\_\_  
Name: [Officer/ director name]  
Title: [Title]

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**INTERNAL REVENUE SERVICE FORM 1023**

**SEEKING TAX-EXEMPT STATUS**

Use the "?" buttons throughout this form for help in completing this application. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500.

If you cannot complete required responses within the textbox limits throughout this form, upload your additional narratives with the other required documents.

Part I

Identification of Applicant

1a Full Name of Organization (exactly as it appears in your organizing document)				b Care of Name (if applicable)	
c Mailing Address (Number, street and room/suite)		d City		e Country	
f State		g Zip Code + 4	h Foreign Province (or State)		i Foreign Postal Code
2 Employer Identification Number		3 Month Tax Year Ends		4 Person to Contact if More Information is Needed (officer, director, trustee, or authorized representative)	
5 Contact Telephone Number		6 Fax Number (optional)			7 User Fee Submitted
8 Organization's Website (if available):					
9 List the names, titles, and mailing addresses of your officers, directors, and/or trustees.					
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):		Zip Code (or Foreign Postal Code):			
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):		Zip Code (or Foreign Postal Code):			
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):		Zip Code (or Foreign Postal Code):			
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):		Zip Code (or Foreign Postal Code):			
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):		Zip Code (or Foreign Postal Code):			

☐ Check here to add more officers, directors, and/or trustees.

**Part II** **Organizational Structure**

- 1** You must be a corporation, limited liability company (LLC), unincorporated association, or trust to be tax exempt.

Select your type of organization.

☐ Corporation

At the end of this form, you must upload a copy of your articles of incorporation (and any amendments) that shows proof of filing with the appropriate state agency.

☐ Limited Liability Company (LLC)

At the end of this form, you must upload a copy of your articles of organization (and any amendments) that shows proof of filing with the appropriate state agency. Also, if you adopted an operating agreement, upload a copy, along with any amendments.

☐ Unincorporated Association

At the end of this form, you must upload a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.

☐ Trust

At the end of this form, you must upload a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.

- 2** Enter the date you formed. (MM/DD/YYYY)

- 3** Select your state (or U.S. territory) of incorporation or other formation. If you were formed under the laws of a foreign country, select Foreign Country.

- 4** Have you adopted bylaws? If "Yes," at the end of this form, upload a current copy showing the date of adoption. If "No," explain how you select your officers, directors, or trustees.

☐ Yes

☐ No

- 5** Are you a successor to another organization?

☐ Yes

☐ No

Answer "Yes" if you have taken or will take over the activities of another organization, you took over 25% or more of the fair market value of the net assets of another organization, or you were established upon the conversion of an organization from for-profit to nonprofit status. If "Yes," complete Schedule G.

**Part III Required Provisions in Your Organizing Document**

Part III helps ensure that, when you submit this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3).

If you cannot check "Yes" in both Lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Remember to upload your original and amended organizing documents at the end of this form.

- 1** Section 501(c)(3) requires that your organizing document limit your purposes to one or more exempt purposes within section 501(c)(3), such as charitable, religious, educational, and/or scientific purposes.

*The following is an example of an acceptable purpose clause: The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.*

Does your organizing document meet this requirement?

☐ Yes ☐ No

- 1a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph):

- 2** Section 501(c)(3) requires that your organizing document provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.

*The following is an example of an acceptable dissolution clause: Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.*

Does your organizing document meet this requirement?

☐ Yes ☐ No

- 2a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or indicate that you rely on state law.

**Part IV**   **Your Activities**

- 1** Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document. For each past, present, or planned activity, include information that answers the following questions:

- a. What is the activity?
- b. Who conducts the activity?
- c. Where is the activity conducted?
- d. What percentage of your total time is allocated to the activity?
- e. How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?
- f. How does the activity further your exempt purposes?



**Part IV** **Your Activities** (continued)

- 2** Enter the 3-character NTEE Code that best describes your activities.

Or check here if you want the IRS to select the NTEE Code that best describes your activities.

☐

- 3** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes" if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.

☐ Yes☐ No

- 4** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors? If "Yes," explain how these related individuals are eligible for goods, services, or funds.

☐ Yes☐ No

- 5** Do you or will you support or oppose candidates in political campaigns in any way? If "Yes," explain.

☐ Yes☐ No

- 6** Do you or will you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation.

☐ Yes☐ No

**Part IV** **Your Activities** *(continued)*

- 6a** Did you or will you make an election to have your legislative activities measured by expenditures by filing Form 5768? If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. ☐ Yes ☐ No

- 7** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. ☐ Yes ☐ No

- 8** Do you or will you provide educational information to the general public on budgeting, personal finance, financial literacy, saving and spending practices, the sound use of consumer credit, and/or assist individuals and families with financial problems such as credit card debt and foreclosure by providing them with counseling? If "Yes," explain. ☐ Yes ☐ No

- 9** Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If "No," continue to Line 10. ☐ Yes ☐ No

**Part IV** **Your Activities** (continued)

- 9a** Do you or will you make grants, loans, or other distributions to organizations that are not recognized by the IRS as tax exempt under section 501(c)(3)? If "Yes," name and/or describe the non-section 501(c)(3) organizations to whom you do or will make distributions and explain how these distributions further your exempt purposes. ☐ Yes ☐ No

- 9b** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," name each foreign organization (if not already provided), the country and region within each country in which each foreign organization operates, any relationship you have with each foreign organization, and whether the foreign organization accepts contributions earmarked for a specific country or organization (if so, specify which countries or organizations). If "No," continue to Line 10. ☐ Yes ☐ No

- 9c** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. ☐ Yes ☐ No

- 9d** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. ☐ Yes ☐ No

- 9e** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including periodic reporting requirements, auditing grantees, site visits by your employees or compliance checks by impartial experts, etc., to verify that grant funds are being used appropriately. ☐ Yes ☐ No

**Part IV** **Your Activities** (continued)

**9f** Do you share board members or other key personnel with the recipient organization(s)? If "Yes," identify the relationships. ☐ Yes ☐ No

**9g** When you make grants, loans, or other distributions to foreign organizations, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ☐ Yes ☐ No

**9h** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ☐ Yes ☐ No

**9i** Will you acquire from OFAC the appropriate license and registration where necessary? ☐ Yes ☐ No

**10** Do you or will you operate in a foreign country or countries? If "Yes," name each foreign country and region within each country in which you do or will operate and describe your operations in each one. If "No," continue to Line 11. ☐ Yes ☐ No

**10a** When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ☐ Yes ☐ No

**10b** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ☐ Yes ☐ No

**10c** Will you acquire from OFAC the appropriate license and registration where necessary? ☐ Yes ☐ No

**Part IV****Your Activities** *(continued)*

- 11** Are you a sponsoring organization that maintains one or more donor advised funds? If yes, please provide a complete description of your program, including the specific advice that such donors may provide. Describe in detail the control you maintain (or will maintain) over the use of the funds. ☐ Yes ☐ No

- 12** Do you or will you operate a school? ☐ Yes ☐ No  
If "Yes," complete Schedule B.

- 13** Is your principal purpose or function to provide hospital or medical care? ☐ Yes ☐ No  
If "Yes," complete Schedule C.

- 14** Do you or will you provide low-income housing? ☐ Yes ☐ No  
If "Yes," complete Schedule F.

- 15** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? ☐ Yes ☐ No  
If "Yes," complete Schedule H - Section I.

- 16** Check any of the following fundraising activities that you will undertake (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Website, mail, email, personal, and/or phone solicitations | <input type="checkbox"/> Foundation grant solicitations      |
| <input type="checkbox"/> Receive donations from another organization's website      | <input type="checkbox"/> Government grant solicitations      |
| <input type="checkbox"/> Bingo  | <input type="checkbox"/> Other (non-bingo) gaming activities |
| <input type="checkbox"/> Other (describe)   |  |

- ☐ We will not engage in fundraising activities.

- 17** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements, including the names or descriptions of the organizations for which you raise funds. ☐ Yes ☐ No

**Part V Compensation and Other Financial Arrangements**

- 1** Do you or will you compensate officers, directors, or trustees, or do or will you have highest compensated employees, or highest compensated independent contractors? If "No," continue to Line 2. ☐ Yes ☐ No

In establishing compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors:

- 1a** Do or will the individuals that approve compensation arrangements follow a conflict of interest policy? ☐ Yes ☐ No
- 1b** Do or will you approve compensation arrangements in advance of paying compensation? ☐ Yes ☐ No
- 1c** Do or will you document in writing the date and terms of approved compensation arrangements? ☐ Yes ☐ No
- 1d** Do or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? ☐ Yes ☐ No
- 1e** Do or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? ☐ Yes ☐ No
- 1f** Do or will you record in writing both the information on which you relied to base your decision and its source? ☐ Yes ☐ No
- 1g** Do or will you have any other practices you use to set reasonable compensation? If "Yes," describe these practices. ☐ Yes ☐ No

- 2** Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If you are a hospital, answer "Yes" if your conflict of interest policy includes provisions consistent with the additional healthcare related provisions in the sample document. If "No," describe the procedures you will follow to ensure that persons who have a conflict of interest will not have influence over setting their own compensation or regarding business deals with themselves. ☐ Yes ☐ No

- 3** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. ☐ Yes ☐ No

**Part V Compensation and Other Financial Arrangements** *(continued)*

- 4** Do you or will you purchase or sell any goods, services, or assets from or to: (i) any of your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any such transactions that you made or intend to make, with whom you make or will make such transactions, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ☐ Yes ☐ No

- 5** Do you or will you have any leases, contracts, loans, or other agreements with: (i) your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any written or oral arrangements that you made or intend to make, with whom you have or will have such arrangements, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ☐ Yes ☐ No

- 6** Do you or will you contract with another organization to develop, build, market, or finance your facilities? ☐ Yes ☐ No  
If "Yes," describe each facility, the role of the other organization, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how that entity is selected, how the terms of any contract(s) are negotiated at arm's length, and how you determine you will pay no more than fair market value for services.

**Part V Compensation and Other Financial Arrangements** *(continued)*

- 7** Does or will someone other than your own employees or volunteers manage your activities or facilities? ☐ Yes ☐ No  
If "Yes," describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.

- 8** Do you participate in any joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. ☐ Yes ☐ No

**Part VI Financial Data**

- 1** Select the option that best describes you to determine the years of revenues and expenses you need to provide.
- ☐ You completed less than one tax year.  
Provide a total of three years of financial information (including the current year and two future years of reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- ☐ You completed at least one tax year but fewer than five.  
Provide a total of four years financial information (including the current year and three years of actual financial information or reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- ☐ You completed five or more tax years.  
Provide financial information for your five most recent tax years (including the current year) in the following Statement of Revenues and Expenses.



**Part VI** Financial Data (continued)**A. Statement of Revenues and Expenses**

Type of revenue	Current tax year	4 prior tax years or 2 succeeding tax years			
	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____
<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)					
<b>2</b> Membership fees received					
<b>3</b> Gross investment income					
<b>4</b> Net unrelated business income					
<b>5</b> Taxes levied for your benefit					
<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
<b>7</b> Any revenue not otherwise listed above or in lines 9 - 12 below (provide an itemized list below)					
<b>8</b> Total of lines 1 through 7					
<b>9</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (provide an itemized list below)					
<b>10</b> Total of lines 8 and 9					
<b>11</b> Net gain or loss on sale of capital assets (provide an itemized list below)					
<b>12</b> Unusual grants (provide an itemized list below)					
<b>13</b> Total Revenue (add lines 10 through 12)					
Type of expense	Current tax year	4 prior tax years or 2 succeeding tax years			
<b>14</b> Fundraising expenses					
<b>15</b> Contributions, gifts, grants, and similar amounts paid out (provide an itemized list below)					
<b>16</b> Disbursements to or for the benefit of members (provide an itemized list below)					
<b>17</b> Compensation of officers, directors, and trustees					
<b>18</b> Other salaries and wages					
<b>19</b> Interest expense					
<b>20</b> Occupancy (rent, utilities, etc.)					
<b>21</b> Depreciation and depletion					
<b>22</b> Professional fees					
<b>23</b> Any expense not otherwise classified, such as program services (provide an itemized list below)					
<b>24</b> Total Expenses (add lines 14 through 23)					

**25** Itemized financial data

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Part VI

Financial Data (continued)

B. Balance Sheet (for your most recently completed tax year)		Year End: 01/30/2026
Assets		
1	Cash	
2	Accounts receivable, net	
3	Inventories	
4	Bonds and notes receivable (provide an itemized list below)	
5	Corporate stocks (provide an itemized list below)	
6	Loans receivable (provide an itemized list below)	
7	Other investments (provide an itemized list below)	
8	Depreciable assets (provide an itemized list below)	
9	Land	
10	Other assets (provide an itemized list below)	
11	Total Assets (add lines 1 through 10)	
Liabilities		
12	Accounts payable	
13	Contributions, gifts, grants, etc. payable	
14	Mortgages and notes payable (provide an itemized list below)	
15	Other liabilities (provide an itemized list below)	
16	Total Liabilities (add lines 12 through 15)	
Fund Balances or Net Assets		
17	Total fund balances or net assets	
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	

19 Itemized financial data

**Part VII Foundation Classification**

Part VII is designed to classify you as an organization that is either a private foundation or a public charity. Public charity classification is a more favorable tax status than private foundation classification. If you are a private foundation, this part will further determine whether you are a private operating foundation.

**1** Select the foundation classification you are requesting from the list below.

- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(vi) as an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- ☐ You are described in 509(a)(2) as an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(i) as a church or a convention or association of churches. Complete Schedule A.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ii) as a school. Complete Schedule B.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iii) as a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete Schedule C.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iv) as an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ix) as an agricultural research organization directly engaged in the continuous active conduct of agricultural research in conjunction with a college or university.
- ☐ You are described in 509(a)(3) as an organization supporting either one or more organizations described in 509(a)(1) or 509(a)(2) or a publicly supported section 501(c)(4), (5), or (6) organization. Complete Schedule D.
- ☐ You are described in 509(a)(4) as an organization organized and operated exclusively for testing for public safety.
- ☐ You are a publicly supported organization and would like the IRS to decide your correct classification.
- ☐ You are a private foundation.

**1a** As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check this box to confirm that your organizing document includes these provisions or you rely on state law. ☐

State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or state that you rely on state law.

**1b** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? ☐ Yes ☐ No  
If "Yes," complete Schedule H - Section II.

**1c** Are you a private operating foundation? ☐ Yes ☐ No

To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations.

**Part VII** Foundation Classification (continued)

- 1d** Describe how you meet the requirements for private operating foundation status, including how you meet the income test and either the assets test, the endowment test, or the support test. If you've been in existence for less than one year, describe how you are likely to satisfy the requirements for private operating foundation status.

- 2** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(1) and 170(b)(1)(A)(vi) in existence for five or more tax years, you must have received one-third or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or 10% or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities and the facts and circumstances indicate you are a publicly supported organization. Calculate whether you meet this support test for your most recent five-year period.

- i.** Did you receive contributions from any person, company, or organization whose gifts totaled more than the 2% amount of line 8 in Part VI-A? ☐ Yes ☐ No

If "Yes," identify each person, company, or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii.** Based on your calculations, did you receive at least one-third of your support from public sources or did you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization? ☐ Yes ☐ No

- 2a** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(2) in existence for five or more tax years, you must have normally received more than one-third of your support from contributions, membership fees, and gross receipts from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from gross investment income and net unrelated business income. Calculate whether you meet this support test for your most recent five-year period.

- i.** Did you receive amounts from any disqualified persons? ☐ Yes ☐ No

If "Yes," identify each disqualified person by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii.** Did you receive amounts from individuals or organizations other than disqualified persons that exceeded the greater of \$5,000 or 1% of the amount on line 10 of Part VI-A Statement of Revenues and Expenses? ☐ Yes ☐ No

If "Yes," identify each individual or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- iii.** Based on your calculations, did you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts (from permitted sources) from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income? ☐ Yes ☐ No

**Part VIII Effective Date**

In general, a determination letter recognizing exemption of an organization described in section 501(c)(3) is effective as of the date of formation of an organization if: (1) its purposes and activities prior to the date of the determination letter have been consistent with the requirements for exemption; and (2) it has filed an application for recognition of exemption within 27 months from the end of the month in which it was organized.

**1** Are you submitting this application within 27 months of the end of the month in which you were legally formed?

☐ Yes☐ No

If "No," complete Schedule E.

**Part IX Annual Filing Requirements**

***If you fail to file a required information return or notice for three consecutive years, your exempt status will be automatically revoked.***

**1** Certain organizations are not required to file annual information returns or notices (Form 990, Form 990-EZ, or Form 990-N, e-Postcard). If you are granted tax-exemption, are you claiming to be excused from filing Form 990, Form 990-EZ, or Form 990-N?

☐ Yes☐ No

If "Yes," are you claiming you are excepted from filing because you are:

☐ A church or association of churches

☐ An integrated auxiliary (such as a men's or women's organization, religious school, mission society, or religious group)

☐ A church-affiliated organization (other than a section 509(a)(3) organization) that is exclusively engaged in managing funds or maintaining retirement programs and is described in Revenue Procedure 96-10, 1996-1 C.B. 577

☐ A school below college level affiliated with a church or operated by a religious order

☐ A mission society (other than a section 509(a)(3) supporting organization) sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries

☐ An affiliate of a governmental unit that meets the requirements of Revenue Procedure 95-48, 1995-2 C.B. 418 (other than a section 509(a)(3) supporting organization)

☐ Other (describe)

**Part X Signature**

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, and to the best of my knowledge it is true, correct, and complete.

\_\_\_\_\_  
(Type name of signer)

\_\_\_\_\_  
(Type title or authority of signer)

\_\_\_\_\_  
(Date)

**Upload checklist:**

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- ☐ Organizing document (and any amendments)
- ☐ Bylaws, if adopted
- ☐ Form 2848, Power of Attorney and Declaration of Representative (if applicable)
- ☐ Form 8821, Tax Information Authorization (if applicable)
- ☐ Supplemental responses (if applicable)
- ☐ Expedited handling request (if applicable)

## **Regional Organization for Western Energy**

EIN: \_\_\_\_\_

### **Supplemental Responses to Form 1023**

**Part IV, Line 1. Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document. For each past, present, or planned activity, include information that answers the following questions:**

- (a) What is the activity?**
- (b) Who conducts the activity?**
- (c) Where is the activity conducted?**
- (d) What percentage of your total time is allocated to the activity?**
- (e) How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?**
- (f) How does the activity further your exempt purposes?**

#### **Background:**

The Regional Organization for Western Energy, Inc. (“ROWE”) is organized and shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The ROWE will provide independent governance over certain electricity markets within the western United States and any other services requested by various stakeholders beginning in 2028. The following background is intended to describe the overall purposes and role of ROWE against the broader backdrop of regulated energy markets.

The Western Electric Coordinating Council (“WECC”) is a Federal Energy Regulatory Commission (“FERC”)-regulated nonprofit organization dedicated to promoting the reliability and security of the wholesale power system across 14 western U.S. states, two Canadian provinces, and parts of northern Mexico. WECC’s primary functions include developing and enforcing reliability standards and coordinating the many utilities, transmission operators, and other stakeholders that operate electricity grids within the WECC footprint. WECC is tasked with monitoring compliance and enforcing reliability standards within its region. Through these efforts, WECC plays a critical role in maintaining a resilient, secure, and efficient power grid for electricity consumers in the western United States and neighboring regions.

California Independent System Operator (“CAISO”) is a California public benefit corporation that is recognized as an exempt organization under Section 501(c)(3) of the Code. CAISO is responsible for overseeing the bulk transmission system and administering wholesale electricity markets within California and across the West. CAISO’s core functions include balancing electricity supply and demand in real time, managing transmission congestion and planning, and operating competitive day-ahead (i.e., forward looking) and real-time (i.e., short term or “spot” trade) electric energy markets. CAISO, as the largest liquid power market in the WECC, has played a central role in

developing market rules to ensure that electricity customers within its footprint have access to reliable and affordable electricity. FERC regulates CAISO's market operations and tariff structures to ensure "just and reasonable" rates for wholesale electricity. The market matches customer demand for electricity (represented by investor-owned utilities (e.g., Pacific Gas and Electric Company), publicly owned utilities, and community choice aggregators) with electricity supply made available by generators and power marketers.

Having access to competitive wholesale power markets helps reduce the costs of procuring power for consumers. CAISO has operated for many years the wholesale day-ahead power market within California that allows buyers and sellers to trade electricity in an orderly, forward-looking process. Starting in 2014, CAISO launched the Energy Imbalance Market ("EIM"), a voluntary real-time market that enabled entities outside of California to buy and sell electricity across a broader portion of the WECC. The EIM has allowed utilities and other market participants to balance supply and demand more efficiently in real-time, leading to significant cost savings for energy customers throughout the WECC.

Historically, extending the EIM's regional approach to the day-ahead electricity market created challenges. On one hand, many potential day-ahead market participants in WECC have resisted the idea of joining the CAISO markets because of its oversight and control by the state of California. They sought governance independent of a single state. Further, until recently, CAISO's governance structure and regulatory barriers limited its ability to participate in a fully independent day-ahead market outside of California. California's Assembly Bill 825 ("AB 825"), enacted in September 2025, removed several longstanding regulatory barriers. AB 825 authorized CAISO and transmission owners operating within CAISO to join or help establish a regional day-ahead market, setting forth a process for evaluating and approving regional market governance proposals to ensure transparency and accountability.

ROWE has been formed to establish governance for a stand-alone competitive electricity market in the WECC such that both California and non-California market participants can realize greater efficiencies and cost savings from a larger, regional day-ahead market, and can take advantage of a variety of services described further below. ROWE's governance furthers the objectives of AB 825 by ensuring the independent and transparent governance of regional electricity markets serving California and the broader WECC. Its stakeholder process supports state policy autonomy and implements a public-benefit framework to attract a wide range of market participants to reduce costs for electricity customers.

ROWE will administer both the day-ahead market and the EIM under an operating or services agreement with CAISO. ROWE's scope of services will expand over time to include other voluntary services or programs requested by regional stakeholders, with the goal to build on the savings the public has already realized through the EIM. ROWE will also provide procedural resources to public and private entities seeking to advance reliable and affordable energy systems consistent with state objectives. ROWE's vision is a WECC-wide electricity system that operates with integrity, transparency, and independence, facilitating collaboration among states, utilities, consumers, and stakeholders to promote efficient markets that lower energy costs.



ROWE serves as an independent entity meant to lessen the burdens of the federal and state governments by (i) administering and ensuring the efficient use and reliable operation of, the bulk power system across a broad portion of the WECC; (ii) overseeing and providing open access to regional day-ahead and real-time electricity markets to support affordable electric service and; (iii) providing an independent governance structure to ensure that diverse state and stakeholder perspectives are heard and resolved efficiently.

ROWE's governance will support state policy autonomy and provide a public-benefit framework for the efficient, reliable, and affordable operation of energy markets. Its activities will support the development of open processes and provide policy, analytical, and procedural resources to public and private entities seeking to advance reliable and affordable energy systems consistent with federal and state objectives. As described in more detail below, ROWE's bylaws and other policies will set forth a framework to support meaningful governmental participation and involvement.

The following provides a more detailed description of ROWE's activities.

## **1. Organizational Structure**

ROWE's governance framework, as detailed in its Bylaws, establishes an independent Board of Directors composed of members appointed through a transparent and merit-based process. The Board includes directors with expertise in electric markets, governance, consumer advocacy, and regulatory policy. The Board oversees committees focused on audit, stakeholder engagement, and market oversight. The organization's governance processes ensure insulation from market participant influence and maintain alignment with the public interest.

ROWE is designed to operate as an independent regional governance organization supporting the coordinated, efficient, and reliable operation of a western wholesale electricity market. Its mission includes, but extends beyond, the governance over the regional day-ahead market and EIM to include the promotion of broad regional collaboration, transparent and inclusive policymaking, and public-interest oversight. The organization's authority is grounded in voluntary participation, FERC-approved structures, and a contractual relationship with experienced market entities such as the CAISO.

The organization will employ an Executive Director, legal and technical staff, and administrative personnel. Consultants and external advisors will be engaged as needed to provide subject-matter expertise in market design, regulatory compliance, and stakeholder facilitation. Operational functions include financial management, human resources, communications, and IT systems to support transparent governance.

The ROWE will conduct its business operations across the western United States.

## **2. Programs, Activities, and Services**

ROWE's charitable and educational activities focus on regional electricity market governance, public-interest policy development, transparency, and stakeholder engagement. Its primary programs will be as follows:

- **Governance of Western Energy Markets:** ROWE will oversee independent market governance functions for a western day-ahead market and real-time market, ensuring market design and operation align with the public interest and state policy autonomy. ROWE will oversee the development of other market services as requested by stakeholders through the processes and policies adopted by the Stakeholder Representatives Committee.
- **Market Oversight and Policy Development:** ROWE will develop and administer transparent procedures for reviewing and developing market rules, tariffs, and governance proposals. It will provide open access to policy development processes and ensure participation opportunities for all stakeholders.
- **Stakeholder Process and Public Engagement:** ROWE will manage a Stakeholder Representatives Committee and related functions that facilitate input from states, utilities, consumers, and the public. This process includes open meetings, public comment opportunities, and educational workshops designed to increase understanding of market operations and governance decisions.
- **Capacity Building and Collaboration:** ROWE will maintain an Office of Public Participation and facilitate briefings and conduct collaborative outreach for state regulators, consumer advocates, and other stakeholders to strengthen public-sector capacity in energy governance and oversight.

The Board will adopt various policies, including open meetings, open records, records retention, and other policies. The Bylaws specifically note that the Board shall provide an opportunity for members of the public to comment on matters being considered by the Board.

Each of these programmatic activities advances ROWE's charitable purpose by promoting education, transparency, and informed policymaking. No program is designed to generate profits, and all surplus funds are reinvested into public-benefit initiatives and organizational sustainability.

### **3. Target Beneficiaries and Stakeholders**

ROWE's beneficiaries will include the electricity consumers, state policymakers, public-interest organizations, and electricity utilities throughout the western United States. By ensuring fair and independent governance of energy markets and services, ROWE benefits all individuals and communities that rely on affordable and reliable electricity.

Stakeholders engaged through ROWE's processes include public utility commissions, utilities, tribal governments, independent power producers and other market participants, consumer advocates, public interest organizations, state energy offices, and other interested entities. ROWE provides open forums and educational resources that empower these groups to participate effectively in energy governance. To accomplish this engagement, several structures will be developed and supported by ROWE:

- A Nominating Committee consisting of representatives from stakeholder sectors, a representative from the Body of State Regulators (as defined in the Bylaws) and a representative from the ROWE Board responsible for identifying, vetting, and recommending independent ROWE Board members. The Body of State Regulators will

include representatives from each of the participating states that will participate in ROWE's processing for policymaking and tariff modifications.

- A Stakeholder Representatives Committee ("SRC"), which will serve as the primary body responsible for developing policy proposals and coordinating stakeholder input. The SRC, structured to include a broad spectrum of stakeholders, will work closely with staff to catalog and prioritize the regional market initiatives, define problem statements, and develop solutions. By incorporating sector-based representation, the SRC will ensure that a balanced range of perspectives is considered, promoting collaboration and consensus among diverse views through sector-specific discussions.
- A Public Policy Committee ("PPC") of the ROWE Board will be created and tasked with conducting outreach at key points in the stakeholder process to states, local power authorities, and federal power marketing administrations to collect input about the potential for adverse impacts on a state, local, or federal policy by an initiative. More specifically, the Bylaws provide that this committee shall engage with the various participating states, local power authorities, federal power marketing administrations, the consumer advocate organization and other stakeholders.
- The ROWE will develop an Office of Public Participation to provide information and education to members of the public about issues and initiatives of ROWE, including facilitating engagement in those processes.
- A Body of State Regulators will provide a forum for input by state utility regulators. This body will also receive funding to support its public interest engagement in the development of ROWE market rules and governance. As noted in the Bylaws, ROWE shall recognize and provide funding for this Body to participate in the nomination of directors and to maintain a process for the Board to receive and respond to information as recommended by this Body.
- An independent nonprofit Consumer Advocate Organization will be created to facilitate engagement by each consumer advocate office authorized by state law in which the markets are operating in the ROWE's stakeholder processes and other ROWE engagement opportunities. Tariff-based funding will be included to facilitate their participation. Participation by the Consumer Advocate Organization will be governed by the ROWE's Bylaws, policies adopted by the ROWE Board, and the CAO's own internal governance policies.

#### 4. Strategy, Implementation, and Milestones

ROWE's implementation strategy includes initial activities to establish core governance, SRC formation, adoption of operational policies, negotiating necessary contractual relationships, and preparing for the eventual FERC tariff filing.

Over the first two years, ROWE will focus on (1) organizational establishment and staffing; (2) developing market oversight and governance frameworks; (3) implementing stakeholder engagement processes; and (4) delivering annual reports and ongoing progress updates to the public. In its third year, ROWE plans to launch direct operations and to its assumption of governance authority for regional market operations and the expansion of functions and services as decided upon by participants.

ROWE anticipates that the Initial Board will be appointed in the third quarter of 2026 and replace members of the Formation Board (each as defined in the Bylaws). ROWE further anticipates that initial staff will not be hired until the fourth quarter of 2026.

## 5. Financial Plan and Sustainability

ROWE's funding model relies on a combination of grants, philanthropic contributions, debt financing and, ultimately, cost recovery through participant assessments approved by the Board and FERC. ROWE also expects to receive revenue in 2028 from public tariffs filed with FERC detailing the rates, terms, and conditions for the services ROWE provides. All revenues will be used to further the organization's charitable and educational purposes. The proceeds of debt financing have been included as other revenues on line 7 of Part VI of Form 1023.

## 7. Risk Management and Oversight

ROWE recognizes risks related to funding continuity, stakeholder alignment, and regulatory changes. To mitigate these risks, ROWE will maintain strong governance controls, transparent financial practices, and open stakeholder engagement. The Board will oversee internal controls, audits, and compliance with federal and state laws. The Board will also evaluate the timing and process for creating a reserve fund for the future.

## 8. Reporting and Impact Measurement

ROWE evaluates its success based on qualitative and quantitative performance indicators, including stakeholder participation and financial benefits accrued through efficiencies gained by markets and services governed by ROWE. Annual reports summarizing activities, finances, and outcomes will be published on the organization's website and distributed to regulators, market participants, and the public. The Board will conduct public meetings and deliberations where public input will also be taken.

**Part IV, Line 7. Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.**

ROWE intends to trademark its brand and name but does not intend to charge any fees or license its brand or name to any third parties.

**Part IV, Line 9. Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their**

**intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If "No," continue to Line 10.**

From its operating revenues, ROWE will fund the independent Consumer Advocate Organization, a 501(c)(3) organization, that will facilitate engagement with its consumer advocate stakeholders. The ROWE will also contribute to funding of the Body of State Regulators ("BOSR") to facilitate its engagement and input into the ROWE governance activities pursuant to tariff-based funding and policies to be adopted by the ROWE Board and the BOSR. ROWE will maintain records of distributions made specifically to these organizations.

**Part V, Line 3. Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services.**

ROWE may provide discretionary bonuses. The terms and conditions of such bonus arrangements have yet to be determined.

**Part V, Line 7. Does or will someone other than your own employees or volunteers manage your activities or facilities? If "Yes," describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.**

ROWE and CAISO will enter into an operating or services agreement to provide various services. between ROWE and CAISO.

**Part VI, Line 25. Itemized financial data**

**Line 23. Any expense not otherwise classified, such as program services (provide an itemized list below)**

Part VI Financial Data						
Line #	01/01/2026-12/31/2026		01/01/2027-12/31/2027		01/01/2028-12/31/2028	
	Income					
1	Stakeholder donations	\$ 1,000,000.00	Stakeholder donations	\$ -	Stakeholder donations	\$ -
1	Foundation grants	\$ 600,000.00	Foundation grants	\$ -	Foundation grants	\$ -
7	Loan	\$ 713,000.00	Loan	\$ 4,755,000.00	Loan	\$ -
9	Tariff Revenues	\$ -	Tariff Revenues	\$ -	Tariff Revenues	\$ 9,135,000.00
13	Total	\$ 2,313,000.00	Total	\$ 4,755,000.00	Total	\$ 9,135,000.00
	Expenditures					
15	BOSR Distribution	\$ -	BOSR Distribution	\$ -	BOSR Distribution	\$ 700,000.00
15	CAO Distribution	\$ -	CAO Distribution	\$ -	CAO Distribution	\$ 500,000.00
17	ROWE Board Compensation	\$ 250,000.00	ROWE Board Compensation	\$ 500,000.00	ROWE Board Compensation	\$ 700,000.00
18	Staff Costs	\$ 204,000.00	Staff Costs	\$ 2,009,166.00	Staff Costs	\$ 3,755,000.00
20	General & Admin	\$ 202,000.00	General & Admin	\$ 337,500.00	General & Admin	\$ 295,000.00
22	Legal & Professional Services	\$ 1,271,400.00	Legal & Professional Services	\$ 1,115,700.00	Legal & Professional Services	\$ 1,662,000.00
23	Other Administrative & Professional Costs	\$ 385,480.00	Other Administrative & Professional Costs	\$ 792,473.20	Other Administrative & Professional Costs	\$ 1,522,400.00
24	Total	\$ 2,312,880.00	Total	\$ 4,754,839.20	Total	\$ 9,134,400.00

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**  
**RESOLUTION OF THE**  
**BOARD OF DIRECTORS**

The undersigned, being all the members of the Board of Directors of Regional Organization for Western Energy, Inc., a Delaware nonstock corporation (the “Corporation”), acting in accordance with the Corporation’s Bylaws and applicable law, do hereby adopt the following resolutions:

WHEREAS, the Board of Directors (the “Board”) of Regional Organization for Western Energy, Inc., a Delaware corporation (the “Corporation”), has adopted Bylaws governing the management and affairs of the Corporation; and

WHEREAS, the Board desires to establish a formal policy governing the selection, nomination, and appointment of directors to the Board in furtherance of sound corporate governance, transparency, and the long-term interests of the Corporation and its stakeholders; and

WHEREAS, the Board has reviewed and considered a Board Selection Policy, substantially in the form attached hereto as Exhibit A (the “Policy”);

NOW, THEREFORE, BE IT:

RESOLVED, that the Board hereby approves and adopts the Board Selection Policy, attached hereto as Exhibit A, as an official policy of the Corporation, effective as of February 12, 2026; and

RESOLVED, FURTHER, that the Policy shall be implemented and administered consistent with the Corporation’s Bylaws, as amended from time to time; and

RESOLVED, FURTHER, that the appropriate officers of the Corporation are hereby authorized and directed to take such actions and execute such documents as may be reasonably necessary or desirable to carry out the intent of the foregoing resolutions, including maintaining the Policy among the Corporation’s governance documents; and

RESOLVED, FURTHER, that all actions previously taken by the officers or directors of the Corporation that are consistent with the foregoing resolutions are hereby ratified, confirmed, and approved in all respects.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

## CERTIFICATION

The undersigned hereby certifies that the foregoing resolutions were duly adopted by the Board of Directors of Regional Organization for Western Energy, Inc. on **February 12, 2026**, and remain in full force and effect.

---

Name: \_\_\_\_\_

Title: Secretary (or Acting Secretary)

Date: \_\_\_\_\_



**Exhibit A**

**REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

**BOARD SELECTION POLICY**

# **REGIONAL ORGANIZATION FOR WESTERN ENERGY, INC.**

## **BOARD SELECTION POLICY**

### **1.0 Introduction and Scope**

The Regional Organization (RO) Board of Directors is a seven-member body that exercises sole authority over the Western Energy Imbalance Market (WEIM) and the Extended Day-Ahead Market (EDAM). The procedure defined in this document, which governs selection of Members of the RO Board, is drawn from other similar procedures and defines the process to be used once the RO is established as an ongoing organization.

All RO Board members will be required to meet the definition of an independent board of directors.

RO Board members will be selected by a Nominating Committee process comprised of stakeholder representatives. Board nominees will be subject to approval by the RO Board of Directors in an open meeting. Additionally, this procedure explains the selection and composition of the Nominating Committee, how the Nominating Committee will select a slate of nominees for each open position, and how those nominees will be subject to a vote of approval by the RO Board.

### **2.0 Definitions**

“Body of State Regulators (BOSR)” means the representative body of state regulators to be established pursuant to the charter of the RO Board of Directors, consisting of representatives from each state in which load-serving utilities participate in the ISO’s Energy Imbalance Market and its Day Ahead and Real-time Market as those terms are defined in the tariff. The RO BOSR will transition from the current WEM BOSR with the same governance structure.

“Executive Search Firm” means the firm retained by the RO to assist the Nominating Committee with identifying qualified candidates for the RO Board.

“Member” means a member of the RO Board.

“Nominating Committee” means the committee established by this procedure to identify a slate of nominees for positions on the RO Board.

“Regional Organization Board of Directors” or “RO Board” means the independent body established by the tariff to have sole authority over the rules of the WEIM and EDAM.

“RO Formation Committee” means the temporary group, acting as a subcommittee of the WWGPI Launch Committee (LC), that has been established to develop, in collaboration with the CAISO, the details for establishing the RO. It is intended that the RO Formation Committee be established with up to ten (10) members from the Launch Committee and be assisted by a less than quorum of the WEM Governing Body and CAISO Board of Governors serving as liaisons.

### **3.0 Roles and Responsibilities**

#### **3.1 Nominating Committee**

The Nominating Committee will consist of one representative each from the following stakeholder sectors (current listing as of 07/15/2025 below – subject to change):

- EDAM Entities
- WEIM Entities (including PMAs)

- ISO PTOs
- Non-IOU load serving entities serving load from WEIM or EDAM
- PIOs
- Consumer advocates
- Large C&I customers
- IPPs, independent transmission developers, and marketers
- Distributed Energy Resources (including distributed generation, storage, and demand response resources, aggregators, and enabling hardware and software providers)

In addition to the stakeholder sectors representatives, there will be two other representatives on the Nominating Committee (detailed in Section 3.3) with one representative each from:

- The RO Board (acting as a non-voting member), and;
- The BOSR (acting as a voting member)

### **3.2 Selection of Sector Representatives to the Nominating Committee**

Not less than 150 days prior to the scheduled expiration of any Member's term, and at other times as may be necessary to fill a vacancy on the RO Board, the RO Corporate Secretary will ensure that each nominating committee representative identified in Section 3.1 has a representative assigned.

#### **3.2.a Stakeholder Sector Representative Nominating Committee Representatives (Voting)**

Each sector will determine its own method of selecting an annual representative to serve on the Nominating Committee, and the term of service. If a sector is unable to provide a representative, they will provide notice to the Nominating Committee Chair and RO Corporate Secretary.

The Nominating Committee members will work directly with their sectors to provide input on the selection of directors, similar to the process used in other Nominating Committees across the West. Nominating Committee members should work with their sectors to solicit candid feedback on candidates. The intent is to allow for open communications while at the same time respecting the need for candid Nominating Committee discussions and individual candidate expectations for confidentiality in processes as defined by the Nominating Committee.

#### **3.2.b Other Nominating Committee Representatives**

Each of these bodies may determine its own method of selecting an annual representative to serve on the Nominating Committee, provided that the representative of the RO Board shall not be a Member whose current term will be expiring and is seeking renomination. However, an RO Board member whose term is expiring but is not seeking renomination may serve on the Nominating Committee.

RO Board Nominating Committee Representatives (non-voting)- The representative from the RO Board will serve two functions: they will help the Nominating Committee select nominees and serve as a liaison between the Nominating Committee and the RO Board, which will approve or reject the ultimate panel of nominees.

BOSR Nominating Committee Representative – The BOSR Nominating Committee representative will serve as a liaison between the Nominating Committee and the BOSR and all its constituents.

### **3.3 Operation of the Nominating Committee**

The Nominating Committee shall nominate a slate with one nominee for each seat on the RO Board for which the term is scheduled to expire or becomes vacant.

The Nominating Committee shall act on the consensus of its voting members (identified in Section 3.1). If the Nominating Committee cannot reach a consensus on a slate of candidates, the Nominating Committee may bring forward a slate for consideration based upon a super-majority vote. A super-majority shall be defined as 70% or more of the voting representatives.

Member of the Nominating Committee without a vote are still expected to participate fully in deliberations.

The Nominating Committee should convene no less than 100 days prior to the scheduled expiration of any RO Board Member's term or as soon as practicable when other vacancies arise to begin the process of identifying potential candidates for each open seat.

The Nominating Committee shall identify and select the best qualified candidates available in the United States through assistance from an Executive Search Firm or other recruiting mechanism such as self-nomination by potential candidates and recommendations brought forward from sector representatives by their respective sector participants. Optimally, the Nominating Committee's selections should ensure that the overall composition of the RO Board reflects a diversity of perspectives that may result from different areas of expertise, geographic background, ethnicity, gender and professional backgrounds, and life experience.

The deliberations of the Nominating Committee shall respect confidential personnel information and be conducted in a manner that fosters candid discussions. Nominating Committee members may share the names of candidates with others outside the Committee as part of the process of evaluating candidates. The Nominating Committee should have a common understanding about the extent to which they will share the names of candidates in connection with a particular search and that those being contacted understand the need to protect the privacy rights of candidates.

The Nominating Committee should use its best efforts to reach consensus on a slate of nominees no later than 30 days before the expiration of a current Member's terms. If the Nominating Committee concludes that it will be unable to reach consensus on the proposed nominee(s) with sufficient time to allow the RO Board to approve the nominee(s) before the term of the sitting Member(s) expires, the Nominating Committee may ask the RO Board to consider requesting that the sitting Member(s) to continue service for up to sixty additional days after their term(s) would otherwise expire. If the Nominating Committee is having difficulty reaching consensus, it should consider interviewing additional candidates as one possible step.

Except as otherwise provided in this Procedure, the Nominating Committee may establish its own procedures.

#### **3.3.a RO Board Member seeking re-nomination**

Nominating Committee affirms: If an RO Board Member whose term is scheduled to expire has expressed a desire to be nominated for a new term, the Nominating Committee should determine whether to re-nominate the sitting Member without soliciting applications from other candidates. A

super-majority of the voting members of the Nominating Committee would need to affirmatively vote to renominate a sitting member without soliciting applications from other candidates. In making this decision, the Nominating Committee should consider whether the sitting Member has demonstrated the ability to effectively serve the responsibilities associated with the needs of the RO.

Nominating Committee does not affirm: If the RO Board member whose term is expiring is not re-nominated, they may apply and be considered along with other qualified candidates.

### **3.4 Executive Search Criteria**

Not less than 90 days prior to the scheduled expiration of any Member's term and as necessary to fill other vacancies, the RO may engage an independent Executive Search Firm to identify qualified candidates for consideration by the Nominating Committee. The RO may also decide to pursue other avenues for finding and recruiting qualified candidates.

Based on direction from the Nominating Committee, the Executive Search Firm will seek out candidates having one or more of the qualifications listed below and will propose to the Nominating Committee candidates that complement, to the extent possible, the qualifications of the Members whose terms are not expiring, with the goal that the Governing Body should have broad expertise in the following areas.

- Electric Industry - such as former electric industry senior executives currently unaffiliated with any market participant or stakeholder, as described below; present or former executives of electric power reliability councils or power pools; retired military officers with relevant experience; or present or former executives of firms that perform professional services for the electric industry; or academics or consultants with expertise in electric utility issues.
- Markets - such as present or former financial exchange executives; present or former executives of commodity trading companies or commodities markets; executives or attorneys with extensive background in anti-trust law; present or former executives in other regulated industries; former state or federal regulators with deregulation experience; or academics or consultants with relevant market expertise.
- General Corporate/Legal/Financial - such as present or former management consultants or service industry executives; present or former chief executives; chief financial officers; chief legal officers or chief information officers of profitmaking companies or nonprofit organizations; present or former law firm partners; present or former law professors; present or former senior executives of financial institutions, investment banking or financial accounting/auditing organizations.
- Public Interest – such as former state or federal regulators; executives of environmental, consumer or labor organizations; former attorneys general or consumer affairs officials; former legislators, academics or economics experts with relevant public interest background; individuals with a demonstrated reputation and record of commitment to consumer issues, including representing consumer interests in legislative, lobbying, and litigation efforts; former energy officials; or public policy experts.

The Executive Search Firm may also submit candidates with senior executive experience in public interest organizations provided they otherwise have the relevant background described above.

All potential candidates must possess a proven reputation for excellence in their areas of expertise, and optimally should reflect a diverse background (e.g., ethnicity, gender) and viewpoint.

The candidates should also have a proven track record in stakeholder engagement and responsiveness as the RO Board will be setting the cultural tone for the new organization.

Candidates must meet the standard of independence defined by FERC in Order 2000 and cannot have a prohibited relationship or prohibited financial interest. A candidate is in a prohibited relationship or holds a prohibited financial interest if they:

- are employed by or provide consulting services to any entity (or person) that would disqualify them from service as a Member of the RO Board, including any entity that is engaged in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electric Coordinating Council;

- holds a financial interest that would be prohibited by 18 C.F.R section 35.34(j)(1)(i);

or

- has another actual or perceived conflict of interest that would be prohibited by any code of conduct and ethical principles as adopted by the RO Board and that could not be resolved before the candidate becomes a Member of the RO Board.

The Executive Search Firm may not consider a candidate who has a prohibited relationship or financial interest, unless the candidate commits to promptly end any prohibited relationship after being appointed and before exercising the duties of the office, and to dispose of any prohibited financial interests within six months after appointment.

### **3.5 Approval of Nominees**

The slate of individuals submitted by the Nominating Committee shall be subject to approval as a slate by the RO Board in open session. If the decision occurs before the end of the expiring terms, the RO Board member(s) whose terms are expiring will be recused from the approval decision.

If the slate is accepted, the nominees will become Members of the RO Board upon execution of a services agreement with the RO.

If the slate is rejected by the RO Board, the Nominating Committee must re-convene and establish a new alternate nominee(s). After the Nominating Committee submits its alternate slate, the RO Board shall decide, in public session, whether to approve that alternate slate.

### **4.0 Selection Procedure for Initial Seating of the RO Board**

For the initial selection of the RO Board Members, the RO Board will not exist and will not be able to perform the functions noted in the selection procedure. In addition, there are some other issues that should be considered in the initial RO Board Member selection process. This appendix provides a recommended approach for the initial selection process.

#### *Proposed Approach for Initial RO Board Selection*

The process outlined above will be followed to the full extent possible for the initial selection of the RO Board with the exceptions outlined below because an existing board is not present.

Preparation for the RO Board selection process may be initiated beforehand, but commencement of seating the Nominating Committee, selecting an Executive Search Firm or other recruiting mechanism and initiating the selection process shall not begin until California legislation has been approved.

### *Launch Committee Role*

The Launch Committee will act as the existing RO Board and provide the functions of the RO Board in the selection process procedure.

1. Voting on the initial slate will be done in a public meeting for full transparency.
2. “Non-voting” Launch Committee (LC) Members will be given the option of casting a vote, in advance, on the initial slate.
3. Alternates will not cast a vote unless they are serving in place of their primary Launch Committee member.
4. For a vote to pass and the slate to be approved, there must be a supermajority of [70%] of the LC members casting approval votes.

If a Launch Committee member is serving as the NC representative for their sector at the time, they may not cast a vote on the initial slate of candidates. That LC member’s alternate will instead vote in their place. This will allow individual members of the Launch Committee to serve as a Nominating Committee member on behalf of their sector if so desired but precludes those members from performing the dual function of also approving the initial slate.

### *Formation Board*

For compliance with Delaware law, the existing Board must be the acting entity to approve new Board members. Because the Formation Board will be serving in this role, the Formation Board shall approve the Initial RO Board selection and will give due consideration to the slate approved by the Launch Committee.

### *WEM Governing Body Member Consideration*

In selecting the initial RO Board Members, the Nominating Committee should give due consideration to members of the existing WEM Governing Body who are willing to serve on the new RO Board to the extent that they meet the expertise criteria. This would allow for ease of transition since the existing WEM Governing Body members would provide continuity and history to the new RO Board. There should be no restriction on the number of current WEM Governing Body members that can serve on the new RO Board. A full 5-member WEM Governing Body (GB) needs to stay in place until the RO tariff is approved and implemented, given the ongoing WEIM oversight and EDAM implementation activities over the next several years. If WEM GB members are interested in serving on the RO Board before the RO tariff is approved and implemented, the WEM GB would need to replace anyone who is chosen for the RO Board to maintain a full 5-member WEM GB.

### *Initial RO Board Member Terms*

All five initial members would serve until the RO tariff is approved and implemented.