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### **ATTACHMENTS**

<b>Attachment 1</b>	CLEAN – Amended SERC Bylaws
<b>Attachment 2</b>	REDLINE – Amended SERC Bylaws



Independent Directors to the SERC Board; (3) transitioned the Sector Representatives Board structure into a Members group, and (4) revamped SERC's Board Committees.<sup>3</sup>

NERC staff has determined there are no reliability-related issues raised by the proposed attachments. As amended, the SERC Bylaws continue to satisfy the five governance criteria specified in Exhibit B to the Amended and Restated Delegation Agreement between SERC and NERC. Accordingly, the NERC Board of Trustees approved the proposed amendments to the SERC Bylaws at its May 13, 2021 meeting.

**Attachments 1 and 2** to this joint petition are clean and redline versions, respectively, of the revised SERC Bylaws.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:<sup>4</sup>

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## **III. PROPOSED AMENDMENTS TO THE SERC BYLAWS**

As detailed below, SERC proposes the following changes to Article V of its Bylaws to become effective immediately upon approval from the Commission.

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<sup>3</sup> *N. Am. Elec. Reliability Corp.*, 172 FERC ¶ 61,006 (2020).

<sup>4</sup> Persons to be included in Commission's official service list. The Petitioners respectfully request a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2020), to allow the inclusion of more than two persons on the service list in this proceeding.

**A. Revised Article V, Section 5.5 “Election of Board Officers”**

SERC proposes to modify biennial terms for Board Officers to begin on June 1 following the election, rather than July 1, or unless otherwise determined by the Board.<sup>5</sup> This modification allows Director terms to begin after elections are held in the first quarter, but before the meetings begin in the second quarter, which are typically held in late June.

Additionally, SERC’s practice has been for the Board Chair to serve as an ex-officio, non-voting member of all Board Committees. SERC’s proposed change in Section 5.5(c) memorializes this practice.<sup>6</sup>

**B. Revised Article V, Section 5.6 “Terms of Sector Directors”**

SERC proposes to modify terms for Sector Directors to begin on June 1 following the election, rather than July 1, or unless otherwise determined by the Board.<sup>7</sup> This modification allows Sector Director terms to begin after elections are held in the first quarter, but before the meetings begin in the second quarter.

**C. Revised Article V, Section 5.7 “Terms of Independent Directors”**

SERC proposes to modify terms for Independent Directors to begin on June 1 following the election, rather than July 1, or unless otherwise determined by the Board.<sup>8</sup> This modification allows Independent Director terms to begin after elections are held in the first quarter, but before the meetings begin in the second quarter.

**IV. SERC AND NERC APPROVALS OF THE PROPOSED AMENDMENTS**

The proposed amendments were approved by the SERC Board on March 23, 2021, and the SERC Members on March 31, 2021. The NERC Board of Trustees approved the proposed

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<sup>5</sup> Attach. 1, Article V, Section 5.5(a).

<sup>6</sup> *Id.*, Article V, Section 5.5(c).

<sup>7</sup> *Id.*, Article V, Section 5.6.

<sup>8</sup> *Id.*, Article V, Section 5.7.

amendments at its May 13, 2021 meeting.

## V. CONCLUSION

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

Respectfully submitted,

/s/ Nina Jenkins-Johnston

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Dated: July 9, 2021

## Attachment 1

### Amended SERC Bylaws – CLEAN

**AMENDED AND RESTATED**

**BYLAWS**

**OF**

**SERC RELIABILITY CORPORATION**

**A North Carolina Nonprofit Corporation**

**Approved by the SERC Board of Directors on March 23, 2021**

**Effective on \_\_\_\_\_**



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Approved by the SERC Board of Directors on March 23, 2021  
Approved by the NERC Board of Trustees on \_\_\_\_\_  
Approved by the Federal Energy Regulatory Commission on \_\_\_\_\_

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Approved by the SERC Board of Directors on March 23, 2021  
Approved by the NERC Board of Trustees on \_\_\_\_\_  
Approved by the Federal Energy Regulatory Commission on \_\_\_\_\_

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

**ARTICLE I - OFFICES**

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

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

**ARTICLE II - PURPOSES**

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

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;
- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;

- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

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

### **ARTICLE III - POWERS**

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

### **ARTICLE IV - MEMBERSHIP**

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

4.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 4.2, qualifies for one or more of the Sectors

defined in Section 4.5, and is subject to the jurisdiction of the Federal Energy Regulatory Commission. Membership in the Corporation is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation ("NERC"), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a "Delegation Agreement") with NERC, by which NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms "Bulk Power System", "Reliability Standards" and "Regional Entity" shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

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

4.4 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior written notice of its intent to terminate such membership. Such Member Companies shall hereinafter be referred to as "Terminated Member Companies". Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is effective, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition, the Board of Directors may terminate the membership of a Member Company if, in the judgment of the Board of Directors, the Member Company has failed to meet its obligations and responsibilities to the Corporation. The termination of the membership, as well as the effective date and terms and conditions of such termination, of a Member Company by the Board of Directors shall require an affirmative vote of at least two-thirds (2/3) of the voting members of the Board of Directors.

4.5 **Sectors.** Each Member Company shall be classified by the Board of Directors in not more than one of the following seven (7) Sectors (each a "Sector", and collectively, the "Sectors"):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides

electricity for sale at wholesale to their members; balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.

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

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

4.6 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with Section 4.3 of these Amended and Restated Bylaws, and provided that the successor continues to meet the predecessor's obligations.

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

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

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

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

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

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

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



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

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

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

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

4.12 **Notice of Meetings.**

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

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

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

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

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

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

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

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

#### 4.17 **Voting Member; Proxies.**

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

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

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

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

## ARTICLE V - BOARD OF DIRECTORS

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

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

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) Recommend to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) Fill vacancies on any of the Board's committees;
- (i) Recommend amendments to the Articles of Incorporation to the Members;
- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

### 5.3 **Composition and Eligibility.**

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

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

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

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

5.5 **Election of Board Officers.**

- (a) Biennially, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair and Vice Chair, each for a term of two (2) years beginning on June 1 following the election, or unless otherwise determined by the Board of Directors. No Director may serve in more than one (1) Board Officer position at the same time.
- (b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult with regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult with regularly on agendas and other matters of importance.
- (c) The Chair shall conduct and preside at all meetings, be responsible for the preparation of the agenda, serve as ex-officio non-voting member to all Board committees, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

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

5.7 **Terms of Independent Directors.** The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond a two (2)

year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

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

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

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

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

5.12 **Voting.** Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 4.14, 11.1, and 13.1, and is subject to the following additional requirements:

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



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

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

5.13 **Action Without a Meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors or by a Board Committee, may be taken without a meeting if all members of the Board or Board Committee consent thereto in writing or by electronic transmission, and the writing(s) or electronic transmission(s) are included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director consents unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote.

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

## ARTICLE VI - CORPORATE OFFICERS

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

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

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;

- (d) Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, and (ii) all Board committees;
- (e) Coordinate subregional activities and interregional affairs, to include data collection;
- (f) Oversee the business affairs of the Corporation, including the Corporation staff, and enact such policies and procedures for staff as are needed to implement the goals and objectives of the Corporation; and
- (g) Provide other assistance to the Corporation and NERC, as appropriate.

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

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

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

## ARTICLE VII - BOARD COMMITTEES

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

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

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

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

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

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

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

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

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

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

7.8 **Ad-Hoc Committees.** The Board or its Board Committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

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

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

## ARTICLE VIII - MISCELLANEOUS

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

8.2 **Contracts.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into

any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

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

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

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

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

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

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

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

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

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

## ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

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

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

## ARTICLE X - DISPUTE RESOLUTION PROCESS

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

## ARTICLE XI - DISSOLUTION

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

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

## ARTICLE XII - INDEMNIFICATION

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

## ARTICLE XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

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



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

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

Attachment 2

Amended SERC Bylaws – REDLINE

**AMENDED AND RESTATED**

**BYLAWS**

**OF**

**SERC RELIABILITY CORPORATION**

**A North Carolina Nonprofit Corporation**

Approved by the SERC Board of Directors on March 23, 2021~~October 23, 2019~~

**Effective on January 1, 2021**\_\_\_\_\_

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Approved by the SERC Board of Directors on ~~October 23, 2019~~ March 23, 2021

Approved by the NERC Board of Trustees on ~~November 5, 2019~~ \_\_\_\_\_

Approved by the Federal Energy Regulatory Commission on ~~July 1, 2020~~ \_\_\_\_\_

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

**ARTICLE I - OFFICES**

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

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

**ARTICLE II - PURPOSES**

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

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;
- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;

- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

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

## **ARTICLE III - POWERS**

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

## **ARTICLE IV - MEMBERSHIP**

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

4.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 4.2, qualifies for one or more of the Sectors



defined in Section 4.5, and is subject to the jurisdiction of the Federal Energy Regulatory Commission. Membership in the Corporation is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation ("NERC"), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a "Delegation Agreement") with NERC, by which NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms "Bulk Power System", "Reliability Standards" and "Regional Entity" shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

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

4.4 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior written notice of its intent to terminate such membership. Such Member Companies shall hereinafter be referred to as "Terminated Member Companies". Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is effective, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition, the Board of Directors may terminate the membership of a Member Company if, in the judgment of the Board of Directors, the Member Company has failed to meet its obligations and responsibilities to the Corporation. The termination of the membership, as well as the effective date and terms and conditions of such termination, of a Member Company by the Board of Directors shall require an affirmative vote of at least two-thirds (2/3) of the voting members of the Board of Directors.

4.5 **Sectors.** Each Member Company shall be classified by the Board of Directors in not more than one of the following seven (7) Sectors (each a "Sector", and collectively, the "Sectors"):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides

electricity for sale at wholesale to their members; balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.

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

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

4.6 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with Section 4.3 of these Amended and Restated Bylaws, and provided that the successor continues to meet the predecessor's obligations.

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

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

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

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

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

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

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

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

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

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

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

4.12 **Notice of Meetings.**

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

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

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

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

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

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

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

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

#### 4.17 **Voting Member; Proxies.**

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

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

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

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

## ARTICLE V - BOARD OF DIRECTORS

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

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

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) Recommend to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) Fill vacancies on any of the Board's committees;
- (i) Recommend amendments to the Articles of Incorporation to the Members;
- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

### 5.3 **Composition and Eligibility.**

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



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

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

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

## 5.5 **Election of Board Officers.**

- (a) Biennially, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair and Vice Chair, each for a term of two (2) years beginning on June 1 following the election, or unless otherwise determined by the Board of Directors July 1st after the election. No Director may serve in more than one (1) Board Officer position at the same time.
- (b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult with regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult with regularly on agendas and other matters of importance.
- (c) The Chair shall conduct and preside at all meetings, be responsible for the preparation of the agenda, serve as ex-officio non-voting member to all Board committees, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

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

5.7 **Terms of Independent Directors.** The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July-June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond

a two (2) year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

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

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

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

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

5.12 **Voting.** Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 4.14, 11.1, and 13.1, and is subject to the following additional requirements:

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

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

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

5.13 **Action Without a Meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors or by a Board Committee, may be taken without a meeting if all members of the Board or Board Committee consent thereto in writing or by electronic transmission, and the writing(s) or electronic transmission(s) are included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director consents unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote.

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

## ARTICLE VI - CORPORATE OFFICERS

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

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

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;

- (d) Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, and (ii) all Board committees;
- (e) Coordinate subregional activities and interregional affairs, to include data collection;
- (f) Oversee the business affairs of the Corporation, including the Corporation staff, and enact such policies and procedures for staff as are needed to implement the goals and objectives of the Corporation; and
- (g) Provide other assistance to the Corporation and NERC, as appropriate.

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

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

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

## ARTICLE VII - BOARD COMMITTEES

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

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

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

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

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

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

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

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

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

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

7.8 **Ad-Hoc Committees.** The Board or its Board Committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

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

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

## ARTICLE VIII - MISCELLANEOUS

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

8.2 **Contracts.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into



any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

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

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

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

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

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

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

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

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

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

## ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

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

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

## ARTICLE X - DISPUTE RESOLUTION PROCESS

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

## ARTICLE XI - DISSOLUTION

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

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

## ARTICLE XII - INDEMNIFICATION

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

## ARTICLE XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

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

Approved by the SERC Board of Directors on ~~October 23, 2019~~ March 23, 2021

Approved by the NERC Board of Trustees on ~~November 5, 2019~~ \_\_\_\_\_

Approved by the Federal Energy Regulatory Commission on ~~July 1, 2020~~ \_\_\_\_\_

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

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