

ColumbiaGrid
Special Member Meeting
August 1, 2006
Proposed Amendments to Bylaws

First proposed amendment:

6.1 Board of Directors' Authorities. The affairs of the Corporation shall be managed by the Board of Directors in accordance with the Articles of Incorporation and the Bylaws. All powers and activities of the Corporation shall be exercised and managed by the Board of Directors or, if delegated, under the ultimate direction of the Board of Directors; *provided* that the Board of Directors shall only undertake activities or provide services pursuant to a Functional Agreement approved by the Members consistent with Section 3.3; *provided, further*, that the foregoing proviso shall not limit the Board of Directors' authority to participate in the negotiation and development of Functional Agreements at the request of the Members or undertake activities and enter into contracts for administrative purposes associated with the operation of the Corporation. *[delete as distinct from the Functional Agreements it will enter into with its Members and Non-Member Qualified Parties nor shall the foregoing]* Such provisos do not limit the Board of Directors' authority to carry out the Corporation's duties as set out in Article IV.

Second proposed amendment:

6.2.3 Individuals Who Are Prohibited from Serving as Directors.

6.2.3.1 Prohibited Individuals. Except as set forth in Section 6.2.3.2, no individual may be nominated for election to or become a member of the Board of Directors, or at any time serve on the Board of Directors, if such individual (or the spouse or any legal dependent of such individual):

- i. Has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant or Member (or any Affiliate of any of such Persons); *provided, however*, such individual (or the spouse or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof); *provided, further*, the Members may determine to waive the foregoing prohibition for an individual candidate to the extent it relates to a nonqualified deferred compensation plan for purposes of electing the first three-member Board of Directors under Section 6.3.1 and, similarly, the Board of Directors may waive the

prohibition for a candidate to the extent it relates to a nonqualified deferred compensation plan for purposes of subsequent elections under Section 6.3.2;

ii. Is connected (or has been connected within one year prior to the date of the meeting to nominate individuals for Director) to a Market Participant or Member (or any Affiliate of any of such Persons) as an owner, director, Officer, employee, partner, principal, or member of a governing board or council, or in any similar capacity; *[delete or]*

iii. Has a Related Person that is an Officer, chief executive or general manager, director or trustee or member of a governing board or council, or that occupies a position of similar capacity of a Market Participant or Member (or any Affiliate of any of such Persons); *provided, however*, the individual may be nominated if the Related Person commits to retire or otherwise leaves the position that gives rise to the disqualification prior to the date of the first meeting of the Board of Directors after the nominee is elected as a Director. The Director may serve only if the commitment is honored; or

iv. Acts as a consultant for any Market Participant or Member during his or her term on the Board.

Third Proposed Amendment:

6.4.6 Activities of the First Board During the Initial Three Months of its Term. During the first three months of the term of the first Board of Directors, Directors may discuss privately, without first providing notice pursuant to section 6.5, only those matters which are necessary to commence the Corporation's business including, without limitation, administrative, personnel, legal, educational sessions regarding regional and national transmission proposals and ColumbiaGrid corporate documents that were executed or made prior to the seating of the first Board of Directors, and how ColumbiaGrid will carry out its corporate purposes. After the first Board of Directors Meeting held pursuant to section 6.4.3, the Board shall notice and hold weekly Board of Directors meetings during this initial period to brief the Members and Interested Persons about their organizational work. While the Board may discuss matters that are not clearly within the scope of items for which a closed session can be called under Section 6.4.5 in its private session held pursuant to this section 6.4.6, the Board shall brief the meeting participants concerning discussions in such weekly Board of Director meetings; *provided* that any decisions to take action or provide policy direction relating to such matters shall be made only in such weekly Board of Director meeting in a public session.