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MEETING OF THE BY-LAWS SUBCOMMITTEE  
OF THE MANAGEMENT COMMITTEE

June 27, 2001  
10:00 a.m. - 4:00 p.m.  
Hunton & Williams, NYC

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The By-Laws Subcommittee held an open meeting on June 27, 2001. An agenda was prepared and distributed in advance of the meeting.

In attendance in person or by teleconference were: Peter Brown; Paul Gioia; Garry Brown; Jay Kooper; Jesse Samberg; Chuck Kowalski; Neil Butterklee; Doreen Saia; Jennifer Kearney; Aaron Breidenbaugh; Ira Freilicher; Kathy Robb; and Steven Schell.

Review of Meeting Notes

The Subcommittee reviewed and approved the notes of the May 21, 2001 meeting, revised as discussed during the June 11 meeting.

The Subcommittee reviewed and approved the notes of the June 11 meeting with the following changes to the first paragraph of the "End-Use Consumer Issues" discussion on page 3: (1) reference to a 2000 kW ceiling was deleted and (2) reference to "government agencies and municipalities" was replaced with the terms "Public Power Parties, State Public Power Authorities, LIPA and NYPA." The Subcommittee then approved the notes as revised.

Secret Ballot Issues

As requested by the Subcommittee at the June 11 meeting, Neil Butterklee provided a written proposal to amend Sections 10.01 to 10.03 to establish a process for determining when a vote may be conducted by secret ballot. This proposal was also distributed in advance of the meeting.

The Subcommittee was unable to reach consensus on this issue and decided that two proposals would be submitted, one based on the Butterklee proposal and another based on language to be prepared by Peter Brown.

Tariff Review Subcommittee

As requested by the Subcommittee, Garry Brown presented a written proposal for creation of a Tariff Review Subcommittee ("TRC"). As proposed, the TRC's role would be limited to determining whether draft tariff language is consistent with the decisions made by the MC. If any member of the TRC objected to the tariff language, the language would be sent back to the MC for review before going to FERC.

The Subcommittee discussed several amendments to the proposal including changing the number of TRC representatives from six to five; and adding a requirement that the draft tariff language be posted on the ISO website. Otherwise, the Subcommittee generally approved the proposal.

Hunton & Williams will prepare draft By-Laws language based on the revised proposal and distribute that language to the Subcommittee for their review. The Subcommittee will hold a conference call on Tuesday, July 3 to consider the draft TRC language with the intent of finalizing the language for presentation to the MC.

#### By-Laws and Governance Subcommittee

The Subcommittee will propose to the MC that the Subcommittee be renamed the “By-Laws and Governance Subcommittee” and that the jurisdiction of the Subcommittee be expanded to include advising the ISO committees on governance issues.

#### Proxy Rules

Proposed language concerning proxy (Section 2.05 of the By-Laws) was previously submitted to the Subcommittee for review. The Subcommittee approved the language for submission to the MC.

#### The Two Nominee Requirement

The Subcommittee reviewed and approved the draft language prepared by Hunton & Williams in Section 14.03 of the By-Laws with one modification; the term “qualified” was inserted before the word “candidate,” such that the proposed language reads, in relevant part, “. . . if the Committee receives a nomination for only one qualified candidate, the Committee shall . . .” The language as revised will be submitted as part of the Subcommittee’s proposal for the July 12 MC meeting.

#### Formation of Subcommittees

The Subcommittee approved draft amendments to Section 14.01 of the By-Laws intended to liberalize the formation of subcommittees within the ISO governance structure. The draft language will be proposed at the July 12 MC meeting.

#### The 30-Day Effective Date for MC Action

Section 7.11(g) of the ISO Agreement and Section 4.12 of the MC By-Laws currently provide that actions by the MC do not become effective for 30 days. At the last meeting, the concern was raised that this period of time is unnecessarily long when approved motions are not appealed. As requested at the last meeting of the Subcommittee, Doreen Saia and Garry Brown distributed a “straw proposal” to revise Section 4.12. The Subcommittee amended this proposal to provide that actions of the MC become effective eleven business days after the MC has acted if no appeal of such action has been timely filed. Hunton & Williams will prepare draft By-Laws language for review by the Subcommittee prior to the July 3 conference call.

### Appeals to the MC

A proposed appeals process was drafted in Article XV of the draft By-Laws and distributed to the Subcommittee for the May 21 and the June 11 meetings. The Subcommittee members approved this language with several changes: (1) Section 15.01.1 will state that motions passed “or defeated” may be appealed; (2) Sections 15.02.1 and 15.03.1 will be revised to state that the Notice of Appeal and motions need only be provided to the Secretary of the MC who shall then make them available to all members of the lower committee; (3) Sections 15.02.3 and 15.03.3 requiring an original signature on the Notice of Appeal and motions shall be deleted; and (4) Section 15.04 regarding use of the agenda process in lieu of appeal shall be deleted. Article XV, as revised, will be submitted as part of the Subcommittee’s proposal for the July 12 MC meeting.

### End-Use Consumer Issues

As previously requested by the Subcommittee, Chuck Kowalski presented a Strawman Proposal dated June 20, 2001, for review by the Subcommittee. Several members of the Subcommittee indicated that they believe consumer groups will not be troubled by the proposed changes, however, they do not believe that those groups will actively and publicly support the changes. Because a number of parties raised questions concerning the Strawman Proposal, the Subcommittee decided to review this matter further after the July 12 MC meeting.

### Next Meeting

The By-Laws Subcommittee will hold a conference call on July 3, 2001 at 10:30 a.m. to finalize the draft proposal for the July 12 MC meeting. Hunton & Williams will prepare and distribute the draft proposal in advance of the conference call.