



To: Neal Robinson, V-TAM Administrator
From: Tamara Strauss, Corporate Counsel
Date: January 12, 2009
Re: V-TAM Revision Protocols

Introduction

The Transmission Administration Manual (“V-TAM”) has been in effect since November 1, 2008. Since its effective date, the V-TAM has not been amended. Recently, VELCO’s controller approached me with a proposed amendment to the manual. This proposed amendment gave me the opportunity to review the Revision Protocol (page REV-1 of the V-TAM) in more depth with an eye towards its practical application. In my review, I found what could be perceived as potential inconsistencies in the administration of the Revision Protocol. With these potential inconsistencies in mind, I have started thinking about how the Revision Protocol should work and what the Operating Committee’s role in that process should be.

Below, I first set forth my perceived potential inconsistencies and then I next provide a rough outline of a suggested process. This suggested process is meant as a jumping off point for our discussion of this issue and not a definitive statement.

Potential Inconsistencies

The V-TAM revision protocol is set forth on page Rev-1. In the second bullet point on page Rev-1, the V-TAM states that “[i]f a change is proposed to the V-TAM, the V-TAM administrator shall post a redlined version of the Manual, and, if the proposed change is accepted, a final clean version of the Manual on VELCO’s website . . .” This statement, listed early on in the Revision Protocol, suggests that all proposed changes are first posted to the website in redline form before they processed and reviewed by the Administrator and/or the Operating Committee. This potential first step in the amendment process seems to be in conflict with the fifth bullet point in this section (page Rev-2) which states “VELCO, OpCom members, DUs, VDPS and VPPSA may propose a change or changes to this Manual by presenting the proposed change to the V-TAM Administrator and the OpCom.” This later statement, in contrast to the statement in the second bullet point, suggests that the first step in the amendment process is to present the proposed amendment to the V-TAM Administrator and the Operating Committee.

The two statements listed above seem to be in conflict and, at the very least, introduce confusion into the amendment process. Thinking about this potential conflict reveals a philosophical tension regarding the Revision Protocol with respect to whether and to what extent the Operating Committee should act as a screener for proposed revisions. At one end of the spectrum is a process whereby all proposed amendments and proposed changes thereto are posted as redlines and at the other end is a process whereby only the proposed amendment in its final form as approved by the Operating Committee is posted as a redline. I think there is a middle ground between these processes that satisfies and balances the V-TAM’s goals of transparency and efficient administration.

In my view, the Operating Committee should act as a screener to some degree; however, I also believe there should be a way for all of the relevant constituents to view, although not necessarily comment on, proposed amendments.

Proposed Process

Below is a thumbnail sketch of how I think the Revision Protocol should work:

1. A constituent submits a proposed amendment to the V-TAM Administrator.
2. The V-TAM Administrator distributes the amendment to members of the Operating Committee.
3. At its next meeting, the Operating Committee discusses the proposed amendment, provided the amendment was received by the V-TAM Administrator in enough time to distribute it to the Operating Committee.
4. At the Operating Committee meeting, the committee discusses the amendment. Following the discussion, there may be one of several possible outcomes. The Operating Committee may: ask the amendment drafter to attend the next meeting to further explain the proposed amendment, submit a list of clarifying questions to the drafter, ask that the amendment be redrafted to accommodate suggestions, etc.
5. Once the Operating Committee is satisfied that the proposed amendment is in its final form and all of its questions have been answered, the committee would decide through a motion and a vote whether to recommend the proposed change to VELCO in accordance with the sixth bullet point on page Rev-2.
6. If the proposed change is recommended to VELCO, a redlined version of the V-TAM with the proposed change included is posted and then the comment procedure as set forth in the third bullet point on page Rev-1 is followed.
7. Once the 30 day comment period specified in the third bullet point has run, VELCO will take one of several possible steps depending on the comments received. Depending on the comments received VELCO may: adopt the proposed change, redraft the proposed change and repost a redlined version of the proposed change if the comments received triggered a significant redraft, present a revised version of the proposed change to the Operating Committee, etc.

With respect to this procedure or other similar procedures there are at least the following issues to consider:

1. Should there be an appeal process? That is, if the Operating Committee rejects the amendment, should there be a process whereby the submitting party can ask for reconsideration?
2. Should every iteration of the proposed amendment be posted on a website for viewing by all constituents?
3. Should all of the relevant constituents be able to comment on all drafts of a proposed amendment?
4. To what extent, if any, should the Operating Committee's decisions on amendments be explained?
5. What should VELCO do if, at the end of the 30 day comment period, comments indicated that significant changes to the proposed amendment are desired? Should VELCO be required to present a redraft to the Operating Committee? What, if anything, should be posted if changes are made to the amendment based on the comments? Does a reposting trigger another 30 day period?

If we decide to implement a revised Revision Protocol, this revision should be posted as a redline and all constituents should be able to comment.

I look forward to your thoughts.