

ARTICLE III
Directors

Section 1. General Powers. Other than as temporarily provided in Section 1A below, the business and affairs of the Cooperative shall be managed by a board of seven (7) Directors, which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these By-Laws conferred upon or reserved to the members.

Section 1A. Reduction in Number of Directors by Attrition. Notwithstanding Section 1 of this Article III, as of the time these By-Laws are adopted, the Cooperative shall continue to be represented by nine (9) Directors as authorized by the previously adopted By-Laws, with at least one (1) Director being elected from each of the five (5) Districts described in Section 2 of this Article III below. However, once any of the nine (9) Directors retires or otherwise leaves the Board of Directors, except where a Director is defeated in an election, then the Cooperative shall be represented by eight (8) Directors. Likewise, should a second Director retire or otherwise leave the Board in a manner described above, the Cooperative shall then be represented by seven (7) Directors as is authorized in said Section 1 above. Once the Cooperative is represented by seven (7) Directors, the Board of Directors shall determine by a majority vote which directors shall be designated "at large" and which directors shall represent each of the five (5) Districts, based upon the premise that at least one Director shall reside in and represent each of the five (5) Districts. Furthermore, no more than two Directors shall reside in any one of the five (5) Districts.

Section 2. Designation of Districts. For the purpose of electing directors, the area served by the Cooperative shall be divided into five (5) Districts instead of the previous three (3) Districts; each District shall be represented by one Director and the remaining two Directors shall be elected "at large". Beginning with the first Annual Meeting in which these By-Laws are adopted, all Directors whose terms expire and wish to apply for candidacy shall be required to run in the appropriate district of the five (5) new Districts as established herein. Those Directors whose terms have not yet expired shall fill their unexpired term in the new District in which they reside or as "at large" Directors as determined by the Board of Directors. Following are the boundaries and numbers of each of the five (5) new Districts:

District 1. All Idaho areas North & East of State highway 81

District 2. All Idaho areas West of State highway 81, excluding Owyhee County, Idaho

District 3. All areas in Utah and the Nevada area around Montello, Nevada

District 4. All Nevada areas not contained in District 3 including Jackpot, Jarbidge, Mountain City and any areas in Owyhee County, Idaho not contained in the Duck Valley Reservation

District 5. All areas contained in the Duck Valley Reservation

Provided that all additional territory hereafter served by said Cooperative shall be annexed to the most appropriate district.

Section 3. Qualifications and Tenure. All Directors shall be elected for a term of three years and until their successors shall have been elected and qualified. No member shall be eligible to become or remain a Director whose bona fide residential abode is not within the District he/she would represent, and who does not receive electric service from the Cooperative at his/her bona fide residential abode, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative. A person who is not disqualified by the aforesaid and who has the right to vote on behalf of an Entity which is a member of the Cooperative may serve as a Director. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors. Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office.

It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days nor more than ninety (90) days before the date of a meeting of the members at which directors are to be elected, an Election Committee consisting of not less than six (6) nor more than twelve (12) members who shall be selected so as to have equitable representation on the committee to the geographical areas served or to be served by the Cooperative. This Committee shall be responsible for reviewing and certifying (as to qualifications) all applications or nominations received for board candidates, the registration of members and guests, issuing ballots, counting and certifying the results of any balloting, sealing of ballots, and reporting such to the members at the meeting of the members. No officers or member of the Board of Directors shall be appointed a member of such committee. Any fifteen (15) or more members may nominate a candidate for the Board by submitting same in writing to the Secretary of the Board over their signatures not less than sixty (60) days prior to the Annual Meeting and the Secretary shall prepare and post the same at the principal office of the Cooperative at least thirty (30) days before the Annual Meeting, a list of all applications or nominations for Directors received by the Committee.

The Secretary shall mail with the notice of the meeting of the members a statement of the number of directors to be elected, and showing separately the applications or nominations made by petition. Due to the allowance of prior balloting as set forth in these By-Laws, no additional nominations shall be allowed from the floor at the meeting of the members. The members may, at any meeting at which a Director or Directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

Section 4. Vacancies. Subject to the provisions of these By-Laws with respect to the removal of Directors, vacancies occurring on the Board of Directors shall be filled by a majority vote of the remaining Directors and Directors thus elected shall serve until the next Annual Meeting of the members or until their qualified successors shall have been elected.

Section 5. Compensation. Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance if any, may be

allowed for attendance at statewide and N.R.E.C.A. meetings and at any other meetings beneficial to the interests of the Cooperative. Except in emergencies, no Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

Section 6. Policies, Rules and Regulations. The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, and, upon notice given thereof to the members, such policies, rules and regulations shall become as binding upon the members as if they were contained in these By-Laws.

Section 7. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, shall be subject to applicable laws, mortgage agreements, and rules and regulations of any regulatory body. The Board of Directors shall also, within sixty (60) days after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A summary of such audit report shall be read to the members at the following Annual Meeting.

Section 8. Removal of Directors. Any member may bring charges against a Director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the Director in question. The removal shall be voted upon at the next regular or special meeting of the members. It shall require the affirmative vote of two-thirds of the members voting thereon in person or by proxy at a meeting where a quorum is present to remove a Director; and any vacancy created by such removal may be filled by the members at such meeting. The Director against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him or her shall have the same opportunity.