



**BY-LAWS  
OF  
RAFT RIVER RURAL ELECTRIC CO-OP, INC.  
MALTA, IDAHO**

**ARTICLE I  
Members**

Section 1. Qualifications and Obligations. Any person or entity may become a member in the Cooperative by:

- (a) making a written application for membership therein;
- (b) paying the membership fee hereinafter specified;
- (c) agreeing to purchase from the Cooperative electric energy as hereinafter specified;

and

(d) agreeing to comply with and be bound by the Articles of Incorporation and these By-Laws of the Cooperative and any amendments thereto and such policies, rules and regulations as may from time to time be adopted by the Board of Directors.

(e) An “Entity” includes a cooperative; corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; and body politic.

(f) Provided, however, that no person or entity shall become a member unless and until he/she or it has been accepted for membership by the Board of Directors or the members.

(g) Membership in this Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these By-Laws. All applications which have not been accepted, or which have been rejected by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to the compliance by the applicant with the conditions set forth in subdivisions (a), (b), (c) and (d) of this section, any such application for membership may be accepted by the affirmative vote of two-thirds of the members present and voting in person or by proxy at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members’ meeting to which applicant’s application will be submitted and such applicant may be present and heard at the meeting.

(h) Each member shall cause all premises covered by his/her or its membership to become or remain wired in accordance with the specifications approved by the Cooperative and

by the National Electrical Safety Code & the National Electrical Code of the state in which the premises are located. Each member shall be responsible for and shall indemnify the Cooperative or any other person against injury, loss or damage resulting from defect in or improper use or maintenance of the member's premises, wiring or any other apparatus connected thereto. Ordinarily, the responsibility of the Cooperative shall not extend beyond the metering point.

(i) Each member shall execute and deliver to the Cooperative grants of easement or right of way on or over such lands owned by the member and in accordance with such reasonable terms and conditions as the Cooperative shall require, for the furnishing of electric service to member or other members or for the construction, operation and maintenance or the relocation of the Cooperative's electric facilities.

(j) Except as otherwise provided in these Bylaws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies ("Occupies") a residence, office, building, premise, structure, facility, or other location ("Location"), the Provision of a Cooperative Service to which Location is the basis of membership, and which Location is or was:

(1) Occupied by a second person, other than a landlord, tenant, or similarly related person, who: (A) is a member, other than a joint member; or (B) owes the Cooperative for a Cooperative service provided to or for the Location, if the first Person Occupied the Location when the Cooperative provided the Cooperative service; or

(2) previously Occupied by an Entity owned or controlled by the person, which Entity owes the Cooperative for a Cooperative service provided to or for the Location.

Section 2. Membership Fees. A non-refundable membership fee of \$25.00, the payment of which shall make the member eligible for service.

Section 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy which is purchased within the Cooperatives service area, and shall pay therefore monthly at rates which shall from time to time be fixed by resolution of the Board of Directors. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these By-Laws.

Section 4. Non-Liability for Debts of the Cooperative.

The private property of the members of the Cooperative shall be exempt from execution or liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 5. Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these By-Laws or any policies, rules or regulations adopted

from time to time by the Board of Directors, but only if such members shall have been given written notice by the Secretary of the Cooperative that such failure makes member liable to such expulsion, and such failure shall have continued for at least ten (10) days after such notice was given. Any member so expelled may be reinstated as a member by the affirmative vote of two-thirds (2/3) of the members present and voting in person or as otherwise authorized to vote at any annual or special meeting of the members, where a quorum is present. The action of the members with respect to any such reinstatement shall be final. The membership of a member, who for a period of twelve (12) months after service is available to member, has not purchased electric services from the Cooperative or of a member who has ceased to purchase electric service from the Cooperative, may be canceled by the Cooperative.

Section 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 7. Transfer and Termination of Membership.

(a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. However, such termination of membership shall not release the member or member's estate from the debts or liabilities of such member to the Cooperative. Upon dissolution, after (1) all debts and liabilities of the Cooperative shall have been paid, and (2) all capital furnished through patronage shall have been retired as provided by these By-Laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members. In case of withdrawal or termination of membership in any manner, any membership fees shall be non-refundable.

(b) A membership may be transferred by a member to himself or herself and his or her Joint Member, as the case may be, as set forth in Section 8 of this Article 1 below. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

Section 8. Joint Membership.

Persons who qualify to be members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist only of individuals joined in a legally recognized relationship and Occupying the same Location to or for which the Cooperative provides or will provide a Cooperative service, each of whom qualifies to be a member. If a husband and wife each qualifies to be a member, and unless or until the husband or wife notifies the Cooperative otherwise in writing, then the husband and wife hold a Joint Membership.

(a) Creating a Joint Membership. Except as otherwise provided in these Bylaws, to become or remain joint members of the Cooperative, qualified persons must jointly comply with the provisions of Section 1 of this Article and consent to being Joint Members in the same manner as members become members and consent to being members. If a husband or wife complies with

said provisions, then the husband and wife are joint members. As provided by the Board, a member may convert the member's individual membership to a Joint Membership with a qualified person. While a Joint Member, a qualified person may become or remain a separate, non-Joint Member by using a Cooperative service at a Location different from the Joint Membership Location.

(b) Rights and Obligations of Joint Members. Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a member. Joint Members are jointly and severally liable for complying with the governing documents of the Cooperative. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a member includes a Joint Member. For a Joint Membership:

(1) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;

(2) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;

(3) the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;

(4) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;

(5) the presence of one Joint Member at a meeting may revoke a Member proxy appointment previously executed by the Joint Member and/or invalidate a mail or other form of ballot previously mailed by the Joint Member;

(6) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;

(7) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then each vote, signature, or action constitutes a vote, signature, or action divided pro-rata based upon the number of voting Joint Members;

(8) except upon the cessation of marriage or cessation of the legally recognized relationship, failure to occupy the same Location to or for which the Cooperative provides or will provide a Cooperative service, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and

(9) a Joint Member qualified to be a member of the Board ("Director") may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of marriage, cessation of the legally recognized relationship or failure to occupy the same Location to or for which the Cooperative provides or will provide a Cooperative service. Upon determining or discovering the cessation of marriage, cessation of the legally recognized relationship or failure to occupy the same location to or for which the Cooperative provides or will provide a Cooperative service:

(1) if one Joint Member remains qualified to be a Member and continues to use a Cooperative service at the same Location, then the Joint Membership converts to a membership comprised of this person;

(2) if more than one Joint Member remains qualified to be a Joint Member and continues to use a Cooperative service at the same Location, then the Joint Membership converts to a membership comprised of these persons;

(3) if all Joint Members remain qualified to be Joint Members and continue to use a Cooperative service at the same Location, then the Joint Membership converts to a membership of persons determined by Cooperative; and

(4) if no Joint Member remains qualified to be a Member and continues to use a Cooperative service at the same Location, then the Joint Membership terminates.

## ARTICLE II **Meeting of Members**

Section 1. Annual Meetings. The annual meeting of the members shall be held on a date and time as designated each year by the Board of Directors, and said meeting to be held at such place within the Cooperative's service area in the County of Cassia, State of Idaho, as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Special meetings of the members may be held at any place within the service area of the Cooperative in the County of Cassia, State of Idaho, specified in the notice of the special meeting. The Cooperative's failure to hold an annual member meeting does not affect an action taken by the Cooperative.

Section 2. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days before the date of the meeting, either personally, by electronic transmission (if applicable), by publication within the Ruralite magazine, by mail, or by any other reasonable means by or at the direction of the Secretary, or upon a default in the duty by the Secretary, by the persons calling the meeting to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail (with postage thereon prepaid), published in the Ruralite Magazine or addressed to the member at member's address or electronic address as it appears on the records of the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting, providing notice has been mailed pursuant to the requirements of these By-Laws.

Section 3. Quorum. The total number of members that must be present, in person, represented by proxy, mail-in balloting (if enacted pursuant to adopted Board policy), or absentee balloting, must be at least one hundred fifty (150) in order to constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice.

Section 4. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, mail-in balloting (if enacted pursuant to adopted Board policy), or absentee balloting, except as otherwise provided by law the Articles of Incorporation of the Cooperative, or these By-Laws. In the case of a Joint Membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

An Entity which is not a natural person, may be represented by a “Duly Authorized Individual” who shall be registered at the cooperative office, through resolution by the governing body of the Entity. Each Entity shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

The election of directors shall be by ballot on which each member voting shall write the names of as many persons as member desires to vote for but in no case more than one director in each of the Five Districts plus two directors at large, and in balloting for directors each member shall have the right to cast as many votes as there are directors to be elected at such election (one in each of the five districts plus two at large), but each member may cast only one vote for each candidate, either in person or by proxy, mail-in balloting (if enacted pursuant to adopted Board policy), or absentee balloting. Cumulative voting shall not be allowed.

Section 5. Proxies. At all meetings of members, only a member, or the individual who is duly authorized by a member may vote by a proxy executed in writing by the member. There can only be one proxy issued for each membership and only one voted by each membership. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by member and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if member had not executed a proxy.

Section 6. Order of Business. The order of business at annual meetings of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

- (1) Call of the roll, and determination of the presence of a quorum.
- (2) Reading of the notice of the meeting and proof of the due publication, mailing or otherwise reasonable notice thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (4) Presentation and consideration of, and acting upon, reports of officers, directors and committees, including Cooperative’s activities and financial condition.

- (5) Election of Directors.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

Section 7. Absentee and Mail-In Balloting. All members are encouraged and urged to attend the annual meeting so as to facilitate broader member participation. In the election and voting processes members will be allowed to vote by absentee ballot or mail-in balloting (if enacted pursuant to adopted Board policy). The precise procedure for voting by absentee or mail-in ballot shall be determined by the Board of Directors. Such procedures shall include:

- (a) The type of application and method of applying for absentee or mail-in ballots;
- (b) A listing to be sent to the requesting member, with pictures, a brief biography, and a statement of each candidate (as available) for each director to be voted on;
- (c) A ballot with the names of all candidates for directors on the Board;
- (d) A printed ballot with a description of any proposal(s) or business that at the time notice is sent, is known or proposed to be voted on, at the time of the mailing of the ballot;
- (e) An addressed envelope within which to return the ballot;
- (f) A means of providing for said ballot to remain secret and confidential;
- (g) All absentee or mail-in ballots must be received at the Cooperative's office, in Malta, Idaho or at the place of the meeting of the members, by the time the member meeting commences on the date of that meeting;
- (h) Absentee or mail-in ballots may be hand delivered to the Cooperative's office in Malta, Idaho, or at the place of the meeting of the members, by the time the member meeting commences on the date of that meeting;
- (i) Providing they are available, the absentee or mail-in ballot and/or proposals shall be sent to each member of record applying for same by regular mail, within twenty-four (24) hours after receipt of the application, unless applicant shall choose to appear at the Cooperative's office, in Malta, Idaho, or at the place of the meeting of members, no later than the time the member meeting commences on the date of that meeting, to request and cast said ballot or vote on any proposals.
- (j) In any event, only this original ballot, sealed in an envelope, will be accepted.

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, then 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
- 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 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.

#### ARTICLE IV Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held, with notice or waiver and unanimous consent by board members, as soon after the annual meeting of the members as reasonably possible. A regular meeting of the Board of Directors shall also be held monthly, at Malta, Idaho or at such other place within the Cooperative's service area, as shall be prescribed in the notice of the meeting, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof; provided that a copy of such resolution shall be delivered to any director not present when it was adopted at least five (5) days prior to the first regular meeting held pursuant thereto.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally, or addressed to the board member at member's address or electronic address as it appears on the records of the Cooperative. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If electronically transmitted, such notice shall be deemed to be delivered when sent via electronic means to board member's electronic address. The attendance at any meeting of a director shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business of the Cooperative at any meeting of the Board of Directors, provided that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

## ARTICLE V **Officers**

Section 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected by ballot, or by voice vote if there is no contest for the seat or seats to be filled, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby.

Section 4. Vacancies. Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President:

(a) shall be principal executive officer of the Cooperative, and shall preside at all meetings of the members and the Board of Directors.

(b) shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

(c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President. In the absence of the President, or in the event of his/her inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 7. Secretary. The Secretary shall:

(a) keep the minutes of the members and the Board of Directors in one or more books provided for the purpose;

(b) see that all notices are duly given in accordance with these By- Laws or as required by law,

(c) be custodian of the corporate records and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;

(d) to keep a register of the post office address of each member which shall be furnished to the Secretary by such member (as well as the electronic addresses of those members who provide the same to the Cooperative);

(e) sign with the President certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members;

(f) have general charge of the books of the Cooperative in which a record of the members is kept;

(g) keep on file at all times a complete copy of the By-Laws of the Cooperative containing all amendments thereto, properly certified by a majority of the directors and the Secretary, which copy shall always be open to the inspection of any member and at the expense of the Cooperative forward a copy of the By-Laws and all amendments thereto to each member; and

(h) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him/her by the Board of Directors.

(i) at the discretion of the Board of Directors, an Assistant Secretary may be assigned to assist the Secretary in all duties described above.

Section 8. Treasurer. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) receive and give receipt for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and,

(c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 9. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him/her, and shall have such authority as the Board of Directors may from time to time vest in him/her.

Section 10. Bonds of Officers. The Board of Directors in its discretion may require the Treasurer or any other officer of the Cooperative charged with the responsibility for the custody of any of its funds or property, to give bond in such sum and with such sureties as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 11. Compensation. The compensation, if any, of any officer, agent or employee who is also a director or close relative of the director, shall be determined by the members, as provided elsewhere in these By-Laws, and the power and duties of any other officers, agents and employees shall be fixed by the Board of Directors.

Section 12. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI  
**Contract, Checks, and Deposits**

Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents, employee or employees, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and in such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agents or agents, employee or employees, of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII  
**Membership Certificates**

Section 1. Certificate of Membership. Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or these By-Laws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the fee for membership fixed in these by-Laws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE VIII  
**Non-Profit Operation**

Section 1. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy.

(a) In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all Patrons (members and nonmembers alike) will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obliged to account on a patronage basis to all of its Patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the Patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each Patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each Patron is clearly reflected and credited in an appropriate record to the capital account of each Patron, and the Cooperative shall within a reasonable time after close of the fiscal year notify each Patron of the amount of capital so credited to Patron's account. All such amounts credited to the capital account of any Patron subject to the right of the Cooperative to use the same shall have the same status as though they had been paid to the Patron in cash in pursuance of a legal obligation to do so and the Patron had then furnished the Cooperative corresponding amount for capital.

(b) Regardless of a contrary Bylaw provision, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves").

(c) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property right of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

(d) Capital credited to the account of each Patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such Patron's premises served by the Cooperative unless the Board of Directors acting under policies of general application, shall determine otherwise.

(e) The Patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each Patron, and both the Cooperative and the Patrons are bound by such contract, as fully as though each Patron had individually signed a separate instrument containing such terms and provisions.

(f) Furthermore, each Patron and former Patron agrees that:

- (1) Capital Credits are not securities under state or federal Law;
- (2) The Patron's right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and
- (3) As required by Law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

(g) Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the allocated or net present value amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.

(h) Any allocated and/or retired Capital Credits may be assigned by a Patron or former Patron to a third person or entity, including the Cooperative, at any time prior to retirement checks being mailed to an entitled Patron or former Patron.

#### ARTICLE IX **Waiver of Notice**

Any member or director may waive, in writing, any notices of meetings required to be given by these By-Laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

#### ARTICLE X **Disposition of Property**

Except for a sale, lease, exchange, disposition, conversion, or other transfer ("Transfer") of Cooperative Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to an existing legal obligation; (4) associated with a consolidation or merger; (5) consisting of the Cooperative's ownership in an Entity; (6) to an Entity operating on a cooperative basis and providing electric energy; or (7) to a Cooperative subsidiary, the Cooperative may dispose or transfer all or substantially all of the Cooperative's assets only if:

- (1) The Board approves the proposed transfer;
- (2) Other than by member written consent under an authorized balloting, at least a majority of the total membership approves the proposed transfer after proper notice;

(3) In proportion to the value or quantity of Cooperative services used by members during the period in which the Cooperative owned a Cooperative asset, the Cooperative allocates to members as capital credits any consideration received for the Cooperative's assets that exceeds the amount paid for the Cooperative assets.

(4) To secure indebtedness by the Cooperative or a Cooperative subsidiary, the Board may transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative asset.

(5) Notwithstanding the above, any vote of the Board which results in an increase in service territory by the Cooperative, a minimum of two-thirds (2/3) majority vote shall be required.

## ARTICLE XI **Fiscal Year**

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

## ARTICLE XII **Rules of Order**

Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert's Rules of Order Newly Revised governs all member, Board, member committee, and Board committee meetings, documents, communications, and actions.

## ARTICLE XIII **Indemnification and Liability Insurance**

### Section 1. Indemnification.

(a) The Corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that he/she is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee or another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself

create a presumption that the person did not act in good faith or in a manner which he/she reasonably believed to be in or not opposed to the best interest of the Corporation or, with respect to any criminal action, suit or proceeding, that he/she had reasonable cause to believe that his/her conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he/she is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action, suit or proceeding up to the amount that would reasonably have been expended in his/her defense (determined in the manner provided for in subsection (d)) if such action, suit or proceeding had been prosecuted to a conclusion. However, indemnification under this subsection shall be made only if the person to be indemnified acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Corporation and no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless, and only to the extent that, the court or body in or before which such action, suit or proceeding was finally determined, or any court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses or other amounts paid as such court shall deem proper.

(c) Without limiting the right of any Director, officer or employee of the Corporation to indemnification under any other subsection hereof, if such person has been substantially and finally successful on the merits or otherwise in defense of any action. Suit or proceeding referred to in subsections (a) and (b), he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Except in a situation governed by subsection (c) any indemnification under subsection (a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the Director, officer or employee is proper in the circumstances because he/she has met the applicable standard or conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who are not or were not parties to or threatened with such action, suit or proceeding, or any other action, suit or proceeding arising from the same or similar operative facts or (2) if such a quorum is not obtainable, or even if obtainable, if a majority of such quorum of disinterested Directors so directs, by independent legal counsel (compensated by the Corporation) in written opinion, or (3) if there be no interested Directors, or if a majority of the disinterested Directors, whether or not a quorum, so directs, by vote in person or by proxy of the Holders of a majority of the members entitled to vote in the election of Directors.

(e) Expenses of each person indemnified hereunder incurred defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals) or threat thereof, may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the Director, officer or employee to repay such expenses unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

(f) The indemnification provided by this Article shall not be deemed exclusive of or in any way to limit any other rights to which any person indemnified may be or may become entitled as a matter of law, by the articles, regulations, agreements, insurance, vote of members or otherwise, with respect to action in his/her official capacity and with respect to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Subsection (a) through (f) of this Article shall apply to such agents of the Corporation as are designated at any time by the Board of Directors.

(h) If any part of this Article shall be found, in any action, suit or proceeding, to be invalid or ineffective, the validity and the effect of the remaining parts shall not be affected.

Section 2. Liability Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or designated agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or designate agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of his status as such, whether or not he Corporation would have the power to indemnify him/her against such liability under the provisions of this Article or of applicable statutes.

## ARTICLE XIV Amendments

Section 1. By-Law Alteration, Amendment or Repeal. These By-Laws may be altered, amended or repealed by a majority vote of the members at any regular or special meeting.

Section 2. Sponsorship of By-Law Amendment. The Board may sponsor or propose a By-Law alteration, amendment or repeal, providing such alteration, amendment or repeal has been authorized by a majority of the Board of Directors. Except as otherwise provided by the Board, to be considered at a member meeting, a By-Law amendment sponsored or proposed by members must be:

(1) sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within ninety (90) days of the petition date for, at least 10% of members entitled to vote on the By-Law amendment;

- (2) delivered to, and received by, the Cooperative at least 60 business days before the member meeting at which the members will consider the proposed By-Law amendment and;
- (3) after determined lawful and approved by the Board.

Section 3. Notice of By-Law Amendment. Notice of a member meeting at which members will consider a proposed By-Law amendment must: (1) state that the purpose, or one of the purposes, of the member meeting is to consider the proposed By-Law amendment; and (2) contain, or be accompanied by, a copy or summary of the proposed By-Law amendment. After notice of a proposed By-Law amendment, the proposed By-Law amendment may not be amended to increase the amendment or to propose a new amendment.

Section 4. Certification. A duly passed alteration, amendment or repeal of the By-Laws must be certified by a majority of the Directors and the Secretary of the Cooperative and recorded in the book of By-Laws kept in the registered office of the Cooperative.