

**CODE OF REGULATIONS
OF
WASHINGTON ELECTRIC COOPERATIVE INC.**

**ARTICLE 1
MEMBERSHIP**

SECTION 1. Requirements for Membership.

Any person whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, will become a member of Washington Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric power and/or energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Trustees of the Cooperative (hereinafter sometimes called the "Board").

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations. Individuals may apply for membership as joint members.

SECTION 2. Membership Certificates.

Membership in the Cooperative may be evidenced by membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed either manually or by facsimile signature by the Chair and by the Secretary of the Cooperative and the corporate seal or a facsimile thereof shall be affixed to such certificate. Failure to issue a membership certificate or the loss or destruction thereof shall not affect the membership status of any person listed as a member in the Cooperative's membership records. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and conditions as the Board may prescribe.

SECTION 3. Joint Membership.

Applications for joint membership shall not be accepted after January 1, 2013 (effective date of the adoption of this amendment to the Code of Regulations). However, in those cases where such applications have been accepted prior to January 1, 2013, the term "member" as used in this Code of Regulations shall include individuals holding a joint membership and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of any or all shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of any one separately or all jointly shall constitute one joint vote;
- (c) A waiver of notice signed by any or all shall constitute a joint waiver;
- (d) Notice to any shall constitute notice to all;
- (e) Expulsion of any shall terminate the joint membership;
- (f) Withdrawal of any shall terminate the joint membership;
- (g) Any one but not more than one may be elected or appointed as an officer or Board member, provided that all meet the qualifications for such office; and
- (h) All deposits and refundable fees or contributions paid to and held by the Cooperative in connection with any service to a joint membership and all capital credits (as hereinafter defined) allocated to such joint

membership shall be deemed owned by the joint members in joint tenancy with rights of survivorship unless such ownership is changed by written instrument delivered to the Cooperative in accordance with such policies and rules as the Cooperative may adopt.

SECTION 4. Conversion of Membership.

Upon the death of any individual who is a party to a joint membership, such membership shall be held solely by the survivors. The outstanding membership certificate may be surrendered, and may be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in the individual's application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Cooperative in accordance with all applicable requirements of law. It is expressly understood that amounts paid for electric power and/or energy in excess of the cost of service are furnished by the patrons of the Cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed by the consumer to the Cooperative as and when the same shall become due and payable.

SECTION 6. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes the individual subject to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.
- (b) Upon withdrawal, death, cessation of existence, cessation of the Cooperative's electrical service to, or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. The Board may adopt uniform rules governing the membership status of persons whose electric service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or the individual's estate from any debts or obligations due the Cooperative.

SECTION 7. Service to all Persons Within the Cooperative's Service Area.

- (a) The Cooperative shall extend electric service to all persons whether members or non-members, within the Cooperative's service area who (i) desire such service and (ii) meet all requirements established by the Cooperative as a condition of service. Conditions of service shall be set forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable, non-discriminatory, and non-preferential. No discrimination or preference shall be made between member and non-member patrons of the Cooperative with respect to rates or terms or conditions of service. As used in this Code of Regulations, the term "service area" shall mean the entire geographic area within the certified territory of the Cooperative as determined by the Public Utilities Commission of Ohio pursuant to Sections 4933.81 - 4933.99 of

the Ohio Revised Code, or which can otherwise be lawfully served by the Cooperative.

- (b) Nothing contained in this Code of Regulations, in the Cooperative's rules and regulations, policies, or otherwise, shall be construed to prevent the Cooperative from selling electric power and/or energy or otherwise rendering electric service to non-members or to prohibit the Cooperative from entering into and performing franchises or other contracts with political subdivisions, bodies politic, or governmental agencies or instrumentalities, which franchises or contracts provide for the selling of electric power and/or energy or otherwise rendering electric service to any such subdivision, bodies, agencies, instrumentalities or the citizens thereof.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members.

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative have been paid, and
- (b) All capital furnished through patronage has been retired as provided in this Code of Regulations, the remaining property and assets of the Cooperative shall be distributed among all members and former members during the ten years next preceding the date of the filing of the certificate of dissolution in the proportion which the aggregate patronage of each bears to the total patronage of all such members and former members.

SECTION 2. Non-liability for Debts of the Cooperative.

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

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting.

The annual meeting of the members shall be held annually with the date, place, and time determined by Board action in each year at such place within any of the counties wherein service is provided by the Cooperative as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be as valid as if transacted or held at the annual meeting.

SECTION 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the Chair, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provide special meetings of the members may be held at any place within any of the counties wherein service is provided by the Cooperative designated by the Board.

SECTION 3. Notice of Members' Meetings.

Written or printed notice stating the place, day and hour of the meeting and, in

case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than forty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. Any unusual business shall be specifically stated in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the individual's address as it appears on the records of the Cooperative, with postage thereon prepaid. 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. Notice of adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

SECTION 4. Quorum.

Those members either present at the meeting or voting by mail or represented by proxy or electronic vote when approved by official Board action shall constitute a quorum for the transaction of business at all meetings of members.

SECTION 5. Voting.

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. The means of voting shall include a vote in person and/or voting by mail and, when approved by the Board of Trustees, electronic voting. If the member is a firm, an association, a corporation, a partnership, a body politic or a subdivision, the vote shall be cast by a duly authorized representative. All questions shall be decided by a vote of a majority of the members voting thereon in person, by mail and/or electronic voting except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations. In the event, following the time provided for nominations for members of the Board to be elected, there are no contested positions to be filled on the Board, the Board may authorize that there be no voting by mail or electronically for said election of members of the Board and the election of said members of the Board shall be by affirmation at the meeting of the members at which said members of the Board are to be elected. Notwithstanding anything to the contrary in these Code of Regulations, the members shall not be entitled to vote by proxy at the annual or any special meetings.

SECTION 6. Proxies.

At all meetings of members, a member may vote by proxy executed in writing by the member. 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 member shall vote as proxy for more than three (3) members at any meeting of the members. No proxy shall be valid after sixty (60) days from the date of its execution. A proxy theretofore executed by the member may be revoked by filing with the Secretary or his designee a written notice of revocation signed by the member prior to 5:00 p.m. on the last business day prior to the meeting of members. Upon revocation of proxy, such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the member had not executed a proxy. In case of a joint membership, a proxy may be executed by either individual. Either individual may revoke a proxy theretofore executed by either of them by filing with the Secretary a written notice of revocation signed by the joint member prior to 5:00 p.m. on the last business day prior to the meeting of members. Upon revocation of proxy, such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. No person other than a member shall vote a proxy.

SECTION 7. Order of Business.

The order of business at the annual meeting of the members and, so far as

possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
2. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
3. Presentation and consideration of reports of officers including but not limited to the Chairman and Secretary/Treasurer, Board members and committees.
4. Report of the Election.
5. Unfinished business.
6. New business.
7. Adjournment.

Except as otherwise provided by the Board before or at a member meeting, members attending the member meeting may raise or discuss a matter at a member meeting if at least twenty-five (25) members sign one or more written requests to raise or discuss a matter and the Board receives the written request (s) at least thirty (30) days prior to the member meeting.

ARTICLE IV BOARD OF TRUSTEES

SECTION 1. General Powers.

The entire business and affairs of the Cooperative shall be managed by a Board of seven (7) trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office.

One or three Board members shall be elected each year by secret ballot at the annual meeting of the members, or at any meeting held in lieu thereof as hereinbefore provided, by and from the members to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of Board members. Board members may be elected by a plurality vote of the members.

The number of Board members elected is subject to Article IV Section I providing for the total number of trustees on the Board.

SECTION 3. Qualifications.

In order to be eligible to become or remain a member of the Board, a person shall:

- (a) Be a member of the Cooperative;
- (b) Be a bona fide permanent resident within the service area of the Cooperative, receiving electric power and energy from the Cooperative at the individual's primary residential abode for a minimum of three years of uninterrupted service; and
- (c) Not be in any way employed by or financially in control of an enterprise that is in direct business competition with the Cooperative.
- (d) Not be in any way employed by or financially in control of an enterprise that supplies goods or materials to or performs services for the Cooperative.
- (e) Not be a current employee, or is a former employee with less than five (5) years separation from the Cooperative;
- (f) Not be a close relative of an current employee; as used in this section, close relative means through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild,

- father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or resides in the same residence;
- (g) Abide by all current policies established by the Cooperative;
 - (h) Not have been sixty (60) days in arrears on any payment or obligation to the Cooperative in the preceding three (3) years;
 - (i) Not have been convicted of any (i)felony, (ii) theft offense, (iii) drug abuse offense, or (iv) any other criminal offense other than minor traffic violations;
 - (j) Has not filed for bankruptcy in the past ten (10) years;
 - (k) Is fluent in speaking and writing the English language; and
 - (l) Be at least eighteen (18) years of age.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken by the Board.

SECTION 4. Nominations.

It shall be the duty of the Board to appoint not less than sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which members of the Board are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to ensure equitable representation on the committee to the geographic areas constituting the service area of the Cooperative. No member of the Board or officer may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting of the members a list of nominations for Board membership which shall include at least one candidate for each position for a Board member which is to be filled at the next annual meeting of members or at any meeting held in lieu thereof as hereinbefore provided. Any twenty-five (25) or more members may make other nominations by petition provided such petition is in writing and filed with the Secretary not less than (60) days prior to the meeting of members. The Secretary shall be responsible for mailing with the notice of the meeting of members, at least ten (10) days before the date of such meeting of members, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the committee on nominations and by petition.

The Secretary shall post all nominations at the principal office of the Cooperative, and the Secretary shall include the names and addresses of any persons nominated. Nothing contained in this Section shall affect in any manner whatsoever the validity of any election of Board members or any action taken by the Board.

SECTION 5. Removal of Board Member.

Any member may bring specific charges of malfeasance, misfeasance or nonfeasance in office against a Board member by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefore together with a petition signed by at least 10 per centum of the members and may request the removal of such Board member by reason thereof. If more than one Board member is sought to be removed, individual charges against each such Board member and the evidentiary basis for each such charge shall be specified. For purposes of this ARTICLE IV "malfeasance, misfeasance or nonfeasance" means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five days after the filing of such charges, the member bringing the charges against the Board member shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the Board member shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No Board member shall be removed from office unless the specific charges against such Board member are supported by clear and convincing evidence. The question of the removal of such Board member shall be considered and voted upon at the meeting of members. The removal of no more than two Board members may be considered or voted upon at the meeting of members.

A Board member may be removed from the Board by the affirmative vote of a

majority of the remaining Board members if such Board member fails to attend three (3) regular meetings of the Board during any twelve (12) consecutive meetings without reasonable cause, or if such Board member is not eligible to remain a member of the Board as set forth above in Article IV, Section 3.

Furthermore, a Board member may be removed from the Board by the affirmative vote of a majority of the remaining Board members if such Board Member is found to be guilty of malfeasance, misfeasance or nonfeasance or other conduct which has a material adverse effect on the business, affairs or image of the Cooperative.

SECTION 6. Vacancies.

A vacancy occurring in the Board of seven members will have a Board approved plan to fill the vacancy within 60 days by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term and until a successor shall have been elected and shall have qualified.

SECTION 7. Compensation.

Members of the Board shall not receive any salary for their services as such, however, the Board may by resolution provide a reasonable compensation to be paid to each Board member for the individual's services rendered on behalf of the Cooperative as a Board member, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement to Board members for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses. A Board member may also receive compensation for services rendered as an officer of the Cooperative, but no Board member shall receive compensation for serving the Cooperative in any other capacity, except in an emergency. No close relative of a Board member shall receive compensation for serving the Cooperative, except in an emergency, unless such compensation shall be specifically authorized by a vote of the members. A "close relative" means the relation as defined in Section 2 of Article IV relating to Board of Trustees.

**ARTICLE V
MEETING OF BOARD OF TRUSTEES**

SECTION 1. Regular Meetings.

A regular meeting of the Board shall be held monthly at such time and place, either within or without the State of Ohio, as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting.

Special meetings of the Board may be called by the Chair or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chair or Board members calling the meeting shall fix the time and place, either within or without the State of Ohio, for the holding of the meeting.

SECTION 3. Notice of Special Board Meetings.

Written notice, unless waived in writing by all members, of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chair or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at the individual's address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. Quorum.

A majority of the Board shall constitute a quorum provided, that if less than

such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this Code of Regulations.

ARTICLE VI OFFICERS

SECTION 1. Number.

The officers of the Cooperative shall be a Chair, Vice Chair, Secretary, Treasurer, General Manager/CEO and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office.

Each officer, except the General Manager/CEO and any officer appointed pursuant to Section 3 of this ARTICLE VI, shall be elected by ballot annually by and from the Board at the first regular meeting of the Board held after the annual meeting of the members. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The General Manager/CEO shall be chosen and employed and his compensation shall be set by the Board. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Additional Officers.

In addition to the officers specified in Section 1 of this ARTICLE VI, the Board, in its discretion, may appoint one or more Assistant Vice Chairs, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be deemed necessary or desirable who shall have such duties and authority as generally pertains to their respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be prescribed by the Board.

SECTION 4. Removal of Officers by the Board.

Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring specific charges of malfeasance, misfeasance or nonfeasance in office against an officer other than the General Manager/CEO and, by filing with the Secretary or Assistant Secretary in writing a detailed description of each charge and the evidentiary basis therefore together with a petition signed by at least ten per centum of the members may request the removal of such officer by reason thereof. If more than one officer is sought to be removed, individual charges against each such officer and the evidentiary basis for each such charge shall be specified. For purposes of this ARTICLE VI "malfeasance, misfeasance or nonfeasance" means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five days after the filing of such charges, the member bringing the charges against the officer shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the officer shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No officer shall be removed from office unless the specific charges against such officer are supported by clear and convincing evidence. The question of the removal of such officer shall be considered and voted upon at the meeting of members. The removal of no more than two officers may be considered or voted upon at any meeting of the members.

Notwithstanding any other provisions of this Code of Regulations the Board may,

in its discretion, authorize a written employment agreement between the Cooperative and the General Manager/CEO containing terms and conditions relating to the removal of the General Manager/CEO which are inconsistent with this Code of Regulations.

SECTION 5. Resignations.

Any officer may resign at any time by giving written notice to the Board, or to the Chair or to the Secretary of the Cooperative. Any resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. Vacancies.

A vacancy in any office, except that of General Manager/CEO, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of General Manager/CEO, the Board shall choose and employ a General Manager/CEO upon terms and conditions which the Board considers to be in the best interest of the Cooperative.

SECTION 7. Chair.

The Chair shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members of the Board;
- (b) On behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, certificates of membership and may sign any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) In general perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board from time to time.

SECTION 8. Vice Chair.

In the absence of the Chair, or in the event of his inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also perform such other duties as from time to time may be assigned to the individual by the Board or by the Chair.

SECTION 9. Secretary.

The Secretary shall be responsible for:

- (a) Keeping, or causing to be kept, the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof 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 this Code of Regulations;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Signing, with the Chair, certificates of membership;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and Code of Regulations of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of

- the Code of Regulations and of all amendments thereto to any member upon request; and
- (g) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the individual by the Board.

SECTION 10. Assistant Secretary.

The Assistant Secretary, if one is appointed by the Board pursuant to Section 3 of this ARTICLE VI, need not be a member of the Board and the individual shall hold office until relieved by the Board. This person shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board.

SECTION 11. Treasurer.

The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) The general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the individual by the Board.

SECTION 12. Assistant Treasurer.

If an Assistant Treasurer is appointed by the Board pursuant to Section 3 of this ARTICLE VI, the individual need not be a member of the Board and he shall hold office until relieved by the Board. This person shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board.

SECTION 13. General Manager/CEO.

The General Manager/CEO shall:

- (a) Be the chief administrative officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board, subject to the direction and instruction of the Board;
- (b) Have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board;
- (c) Prepare for the Board of Trustees such reports and budgets as are necessary to inform the Board concerning the operation of the Cooperative; and
- (d) In general perform all duties incident to the office of General Manager/CEO as chief administrative officer and perform such other duties as may from time to time be assigned to the individual by the Board.

SECTION 14. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 15. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a Board member and close relative of a Board member.

SECTION 16. 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. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII
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 patrons. 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.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members 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 obligated to account on a patronage basis to all its patrons, members and non-members alike, 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, members and non-members alike, 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 the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they have 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 amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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 rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital 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.

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 a part of such patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise, except as herein otherwise provided; provided, however, that the capital credited to the account of a patron may be applied by the Cooperative toward the payment of all past due amounts owed by the patron or, if the patron is deceased, the patron's estate, to the Cooperative.

Notwithstanding any other provision of this Code of Regulations, the Board at its discretion, shall have the power at any time upon the death of any patron, if the

legal representatives of the member's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of this Code of Regulations, to retire capital credited to any such patron immediately, upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Board, at its discretion, shall have the power at any time to retire capital credits to a patron. In the event the Board deems it appropriate to retire a patron's capital credits, notice of such retirement shall be mailed along with a check to the last address furnished to the Cooperative, if the Board finds said last address to be a deliverable address under the guidelines of the United States Postal Service. In the event the last address furnished to the Cooperative is found by the Board to be undeliverable, notice of the capital retirement to a patron shall be by publication of two (2) consecutive insertions in *Country Living Magazine* or its successor publication. Failure of a patron to cash the check sent by mail or failure to file a claim with the Cooperative, if notice is by publication, within two (2) years of when notice was mailed or publication shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. The assignment and gift provided for under this Section shall become effective only upon the expiration of two (2) years from the date when such notice was sent or notice by publication completed without claim therefore and only after the further expiration of sixty (60) days following the giving of notice by publication in *Country Living Magazine* or its successor publication for two (2) consecutive insertions that unless such payment is claimed within said sixty (60) day period, such gift to the Cooperative shall become effective. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days following the last date of publication thereof.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations 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. The provisions of this Article VII of the Code of Regulations shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor; provided, further, however, that notwithstanding any other provisions of this ARTICLE VIII, the Board may upon the authorization of a

majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another non-profit corporation which is either an electric distribution cooperative that previously was at any time a borrower from the Rural Utilities Service or the Rural Electrification Administration, or a generation and transmission cooperative whose members are electric distribution cooperatives.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities so exchanged within any 12 month period exceed 10% of the total electric plant of the Cooperative.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Ohio", but failure to affix such seal shall not affect the validity of any instrument duly executed on behalf of the Cooperative by its authorized officers.

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts.

Except as otherwise provided in this Code of Regulations, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and 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, agent 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.

SECTION 3. Deposits.

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 4. Fiscal Year.

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

ARTICLE XI MISCELLANEOUS

SECTION 1. Waiver of Notice.

Any member or Board member may waive in writing any notice of a meeting required to be given by this Code of Regulations. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 2. Policies. Rules and Regulations.

The Board shall have power to make and adopt such policies, rules and

regulations, not inconsistent with law, the Articles of Incorporation or this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 3. Accounting System and Reports.

The Board shall cause to be established and maintained a complete accounting system. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

**ARTICLE XII
AMENDMENTS**

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any alteration, amendment or repeal of this ARTICLE XII or ARTICLE VIII shall require the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

**ARTICLE XIII
INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS**

SECTION 1. Third-Party Action Indemnification.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed civil, criminal, administrative, or investigative action, suit, or proceeding, including all appeals (other than an action, suit, or proceeding by or in the right of the Cooperative), by reason of the fact that such person is or was a trustee, officer, employee, or volunteer as defined in Section 1702.01(N) of the Ohio Revised Code ("volunteer"), of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit, or proceeding, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and that, with respect to any criminal action or proceeding, such person had reasonable cause to believe that such person's conduct was unlawful; the termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, constitute such proof.

SECTION 2. Derivative Action Indemnification.

Other than in connection with an action or suit in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or, completed action or suit, including all appeals, by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is or was a trustee, officer, employee, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of the action or suit unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative, except that the Cooperative shall indemnify such person to the extent the court in which the action or suit was brought determines upon application that, despite the proof but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

SECTION 3. Determinations of Indemnification Rights.

Any indemnification under Sections 1 or 2 hereof (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the trustee, director, officer, employee, or volunteer is proper in the circumstances. The determination shall be made (a) by a majority vote of those members of the Board of Trustees who in number constitute a quorum of the Board of Trustees and who also were not and are not parties to or threatened with any such action, suit, or proceeding or (b), if such a quorum is not obtainable (or even if obtainable) and a majority of disinterested members of the Board of Trustees so directs, in a written opinion by independent legal counsel compensated by the Cooperative or (c) by the court in which the action, suit, or proceeding was brought.

SECTION 4. Advances of Expenses.

Unless the action, suit, or proceeding referred to in Sections 1 or 2 hereof is one in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, expenses (including attorneys' fees) incurred by the

trustee, director, officer, employee, or volunteer of the Cooperative in defending the action, suit, or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, or volunteer in which such person agrees both (a) to repay the amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and (b) to cooperate with the Cooperative concerning the action, suit, or proceeding.

SECTION 5. Purchase of Insurance.

The Cooperative may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, and self-insurance, for or on behalf of any person who is or was a trustee, officer, employee, agent, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, agent, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against any liability asserted against and incurred by said person in any such capacity, or arising out of the person's status as such, whether or not the Cooperative would have the power to indemnify the person against liability under the provisions of this ARTICLE XIII or of the Ohio Nonprofit Corporation Law. Insurance may be purchased from or maintained with a person in which the Cooperative has a financial interest.

SECTION 6. Mergers.

Unless otherwise provided in the agreement of merger pursuant to which there is a merger into this Cooperative of a constituent corporation that, if its separate existence had continued, would have been required to indemnify board members, directors, officers, employees, or volunteers in specified situations, any person who served as a trustee, officer, employee, or volunteer of the constituent corporation, or served at the request of the constituent corporation as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation, or corporation for profit, or a partnership, joint venture, trust, or other enterprise, shall be entitled to indemnification by this Cooperative (as the Surviving Corporation) to the same extent such person would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

SECTION 7. Non-Exclusivity; Heirs.

The indemnification provided by this ARTICLE XIII shall not be deemed exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification as a matter of law or under the Articles of Incorporation, this Code of Regulations, any agreement, vote of the members of the Cooperative or the disinterested members of the Board of Trustees, any insurance purchased by the Cooperative, any action by the Board of Trustees to take into account amendments to the Ohio Nonprofit Corporation Law that expand the authority of the Cooperative to indemnify a trustee, officer, employee, or volunteer of the Cooperative, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding an office or position, and shall continue as to a person who has ceased to be a trustee, officer, employee, or volunteer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

SECTION 8. Liability of a Board Member or Officer.

Other than in connection with an action or suit in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, a trustee or officer of the Cooperative shall be liable in damages for any action he takes or fails to take as a trustee or as an officer, as the case may be, only if it is proved, by clear and convincing evidence, in a court with jurisdiction that his act or omission was one undertaken with deliberate intent to cause injury to the Cooperative

or was one undertaken with a reckless disregard for the best interests of the Cooperative.

**ARTICLES OF INCORPORATION
OF
WASHINGTON ELECTRIC COOPERATIVE, INC.**

FIRST: The Name of the Corporation shall be Washington Electric Cooperative, Inc.

SECOND: The Place in the State of Ohio where its principal office is located is Marietta, Ohio.

THIRD: The purpose for which the corporation is formed are:

(1) To engage in operations as a public utility rendering electric service to members and non-member patrons; to generate, manufacture, purchase, acquire and accumulate electric power and/or energy for, and to transmit, distribute, furnish, sell and dispose of such electric power and/or energy to its members and non-member patrons, to transmit electric power and/or energy, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and/or distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes; and, without limiting the generality of the foregoing, but in amplification thereof, to acquire, in whole or in part, by purchase, lease, or otherwise, other electrical generation, transmission and/or distribution systems, which purpose may be effected through the acquisition of real or personal property, or the acquisition of stocks or other corporate securities evidencing the ownership of real and personal property constituting such other electric systems, or portions thereof or through merger or consolidation;

(2) To supply electric power and/or energy to its members and non-member patrons without any discrimination or preference as between members and non-member patrons and to enter into and perform franchises and other contracts with political subdivisions, bodies politic, governmental agencies or instrumentalities, industrial and commercial concerns, residential customers and others which franchises or contracts provide for the supplying of electric power and/or energy or otherwise rendering electric service to any such concerns, customers, subdivisions, bodies, agencies, instrumentalities or the citizens thereof;

(3) To acquire, hold, own, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate, encumber, subject to liens or security interests, and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(4) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of, encumber, subject to liens or security interests any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

(5) To furnish under contract with any person, partnership, firm, political subdivision, body politic or governmental agency or instrumentality, corporation or

association technical services, including, without limitation because of enumeration, engineering, bookkeeping, auditing, construction, line and communication equipment, repair and maintenance of distribution systems, meter reading, billing, collecting, financing, and any and all other specialized management or operation services for electrical distribution or transmission firms or companies;

(6) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidence of indebtedness by mortgages, deeds of trust, security agreements and financing statements, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired; to receive, acquire, endorse, pledge, hypothecate, and dispose of notes and other evidence of indebtedness; and

(7) To promote and develop the use of electric power and/or energy and to engage in area development and similar activities in order to promote and develop the use of electric power and/or energy;

(8) To aid in any manner permitted by law any firm or individual, corporation or association, domestic or foreign, in which the corporation may own any shares of stock, bonds, debentures, notes, evidences of indebtedness of other securities, contracts or obligations, or in which the corporation may have any other legal or equitable interest, and to do any other act permitted by law to preserve, protect, improve or enhance the value of the same or the property represented thereby; and to organize or promote or facilitate the organization of subsidiary corporations;

(9) To do and perform, for itself, its members and its non-member patrons, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be incidental thereto, or as may be permitted by law.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the Corporation, and the Corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporations of the character of the Corporation by the laws of the State of Ohio now or hereafter in force. Each purpose enumerated above shall be deemed to be independent of all other purposes and shall not be limited or restricted by reference from any other enumerated powers. The Corporation reserves the right, at any time and from time to time, substantially to change its purposes in the manner now or hereafter permitted by law.

FOURTH:

The following persons shall serve the Corporation as Trustees until their successors shall have been elected and shall have qualified in accordance with the Code of Regulations of the Corporation.

Elmer Born	109 Lindsay Ave., Marietta, OH 45750
Robert Kidd	Route 5, Marietta OH 45750
Glenn King	Route 3, Caldwell, OH 43724
Floyd H. Miller	Route 2, Box 35, Lower Salem, OH 45745
J. T. Hall	Dart, OH 45725
Alfred Brown	Route 1, Dexter City, OH 45727
J. E. Lang	Route 1, Waterford, OH 45786
Elmer W. Miller	Route 3, Caldwell, OH 43724
Norman Schneider	Route 2, Whipple, OH 45788

FIFTH:

The Corporation shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or

payable by the Corporation on any capital furnished by its patrons.

In the furnishing of electric power and/or energy the Corporation's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Corporation. In order to induce patronage and to assure that the Corporation will operate on a non-profit basis the Corporation is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric power and/or energy in excess of operating costs and expenses properly chargeable against the furnishing of electric power and/or energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Corporation 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 Corporation shall be set up and kept in such 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 Corporation shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron 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 Corporation corresponding amounts for capital.

All other amounts received by the Corporation from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation 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 rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Corporation will not be impaired thereby, the capital 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 Corporation being first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Corporation pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Corporation unless the Board, acting under policies of general application, shall determine otherwise; provided, however, that the capital credited to the account of a patron may be applied by the Corporation toward the payment of all past due amounts owed by the patron or, if the patron is deceased, the patron's estate, to the Corporation.

Notwithstanding any other provisions of these Articles of Incorporation, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Articles of Incorporation, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patrons' estate shall agree upon; provided, however, that the financial condition of the Corporation will not be impaired thereby.

The patrons of the Corporation, by dealing with the Corporation, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations shall constitute and be a contract between the Corporation and each patron, and both the Corporation 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. The provisions of this article of the Articles of Incorporation shall be called to the attention of each patron of the Corporation by posting in a conspicuous place in the Corporation's office.

As used in these Articles of Incorporation, the term "Board" shall mean the Board of Trustees of the Corporation.

SIXTH:

The Corporation shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Corporation, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of the Corporation, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Corporation to the United States of America or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor; provided, further, however, that notwithstanding any other provision of this Article, the Board may upon the authorization of a majority of those members of the Corporation present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another non-profit corporation which is either an electric distribution cooperative that previously was at any time a borrower from the Rural Utilities Service or the Rural Electrification Administration, or a generation and transmission cooperative whose members are electric distribution cooperatives.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Corporation's facilities so exchange within any 12 month period exceed 10% of the total electric plant of the Corporation.

SEVENTH:

These Amended Articles of Incorporation take the place of and supersede the existing Articles of Incorporation as heretofore amended.