



BYLAWS

Of the

**SOMERSET
RURAL ELECTRIC
COOPERATIVE, INC.**

Somerset, Pennsylvania

June, 2020

**CERTIFICATE
OF
INCORPORATION**
“IN THE NAME AND BY AUTHORITY
OF
THE COMMONWEALTH OF
PENNSYLVANIA

DEPARTMENT OF STATE
TO ALL TO WHOM THESE PRESENTS

SHALL COME, GREETING:

WHEREAS, In and by the “Electric Cooperative Corporation Act,” (No. 389), approved the 21st day of June, Anno Domini one thousand nine hundred and thirty-seven, the Department of State is authorized and required to issue a

CERTIFICATE OF INCORPORATION

evidencing the incorporation of a non-profit Cooperative corporation organized under the provisions of that law.

AND WHEREAS, The stipulations and conditions of that law have been fully complied with by the persons desiring to incorporate as:

SOMERSET RURAL ELECTRIC
COOPERATIVE

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth and, under the authority of the “Electric Cooperative Corporation Act,” I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, create, erect, and incorporate the incorporators of the proposed corporation named above, their associates and successors, into a body politic and corporate in deed and in law by the name chosen hereinbefore specified, which shall exist.

PERPETUALLY

and shall be invested with, and have and enjoy all the powers, privileges, and franchises incident to a non-profit Cooperative corporation and be subject to all the duties, requirements, and restrictions specified and enjoined in and by the “Electric Cooperative Corporation Act,” and all other applicable laws of the Commonwealth.

GIVEN under by Hand and the Great Seal of the Commonwealth at the City of Harrisburg, the 14th day of March, in the year of our Lord one thousand nine hundred and thirty-nine, and of the Commonwealth the one hundred and sixty-third.

app’d 3-39-S.M.R. O’HARA
F.Y.C. Secretary of the Commonwealth”

SOMERSET RURAL ELECTRIC COOPERATIVE, INC.

The aim of Somerset Rural Electric Cooperative, Inc., (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

NON DISCRIMINATION CLAUSE

Somerset Rural Electric Cooperative, Inc., is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U. S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U. S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied benefits of, or otherwise be subjected to discrimination under any of the organization's programs or activities.

BYLAWS ARTICLE I Members

Section 1. Qualifications and Obligations of Members. Any person, firm, corporation or body politic in a rural area proposed to be served by the Cooperative, who or which is not receiving central station service, may become a member in the Cooperative by:

- (a) paying such non-refundable membership fee as may from time to time be determined by the Board of Directors.
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws and any amendments thereto and such rules and regulations may from time to time be adopted by the Board of Directors.

provided however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for memberships by the Board of Directors of the members. At each meeting of the members held subsequent to the expiration of a period six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a) and (b) of this section, such application for membership may be accepted by a vote of the members 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 his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a) and (b).

In the event a husband and wife initially become joint members of the Cooperative, then all subsequent applications for connections by them shall be considered an additional connection and not a new membership. In the event either of them individually apply for a subsequent connection to the Cooperative's electric facilities, it shall be regarded as a new non-voting membership, and shall so remain until the applicant demonstrates to the reasonable satisfaction of the Board of Directors a compelling reason to issue a separate new voting membership.

Section 2. Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction.

The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him.

Section 3. 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 his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service furnished by members is capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum

amount per month regardless of the amount of electric energy consumed as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 4. Non-liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution 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 Member. 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 Bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a two-thirds (2/3) affirmative vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

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; (1) any member who shall have done or performed any one or more of the following acts, or (2) any member who permitted or caused to be done or performed any one or more of the following acts:

1. Theft of Cooperative electric service and/or other Cooperative property.
2. Intentional destruction of Cooperative property.

Any member so expelled may be reinstated at any annual or special meeting of members provided, however, that full and complete restitution to the Cooperative has been made.

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. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due to the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse

shall not be released from any debts due the Cooperative.

- (c) Upon termination of membership, if all such debts and obligations have not been paid in full, then the Cooperative shall apply as much of the membership fee to the outstanding debt or obligation as is necessary to satisfy said debt or obligation.
- (d) When a member no longer receives or uses the electric energy supplied by the Cooperative, his membership shall automatically terminate without notice.

Section 8. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the Pennsylvania Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto, safely and without interference from hostile dogs or any other hostile source, for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such ser-

vice, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

Section 9. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program that may be established by the Co-

operative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

Section 10. EGS Members. The board of directors may from time to time develop a schedule of fees payable to the Cooperative to reimburse the Cooperative for any and all costs related to a decision by a member to switch electric generation suppliers. EGS fees shall include, but not limited to, all administration expenses including staff time associated with switching, the costs associated with ongoing data exchange transactions, all meter related expenses and any costs associated with member complaints or inquiries regarding any services provided by the competitive generation supplier.

Section 11. Other Services. Member services other than the providing of electric power to members shall be entered into only after full consideration as to the benefits to the members and to the Cooperative in general. Policies governing such endeavors shall take into account existing laws and regulations and, policies enacted by the Board of Directors to govern such services or endeavors.

Section 12. Certificates 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 Bylaws. Such certificates shall be signed by the president and by the secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 13. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the treasurer.

Section 14. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such term and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE II

Meeting of Members

Section 1. Annual Meeting. For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held at such place in one of the counties in Pennsylvania within which the Cooperative serves, and at such date and time as the Board of Directors shall from year to year fix. If the Board reasonably believes that no director elections will be contested, the board may, for cause shown, cancel a scheduled annual meeting, when it determines that cancellation would be in the best interests of the Cooperative and the members. If cancellation occurs, the business, financial and other reports of the Cooperative generally provided at annual meetings shall be available to all members within 30 days of the Board's determination. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage members' attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture of dissolution of the Cooperative. If the election of directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

Section 2. Special Meeting. Special meetings of the members may be called by the president, the Board of Directors, or upon a written request signed by at least ten per centum (10%) of all

members and it shall thereupon be the duty of the secretary to cause notice of such meetings to be given hereinafter provided. Special meetings of the members may be held at any place within the County of Somerset, in the State of Pennsylvania, specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting. 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 nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or 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, in a sealed envelope, addressed to the member at his 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.

Section 4. Quorum. One hundred fifty (150) of the members present in person or submitting valid ballots for a specified matter by a method deemed appropriate by the Board subject to the provisions of these Bylaws shall 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 may adjourn the meeting from time to time without further notice.

Section 5. 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, except as otherwise provided by law, the Articles of Incorporation of the Co-

operative, or these Bylaws. If a husband and wife hold 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.

In the event the member is not a natural person (e.g. firm, partnership, corporation, etc.), voting shall only be by a person who has been duly authorized in writing by the governing body of the member to appear for and cast the vote of the member. Such written authorization shall be filed with the secretary of the meeting.

In the case of voting for the election of directors, if a tie vote results after count and recount of all properly cast ballots, the tie shall be resolved by a drawing of a lot between or among the candidates in the tie. The drawing of lot shall be conducted under the supervision of the Credentials and Election Committee. Directors shall be elected by a plurality of the votes cast, which shall be by secret written ballot.

Section 6. 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:

1. Call of the roll.
2. 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 meetings, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of the necessary action thereon.
4. Presentation and consideration, and action upon, reports of officers, directors, and committees.
5. Election of directors.
6. Unfinished business.
7. New Business.
8. Adjournment.

Section 7. Credentials and Election Committee. The board of directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The committee shall consist of an uneven number of members not less than three (3) nor more than five (5) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as defined in Article III, Section 10) or members of the same household of existing Cooperative employees, agents, officers, directors, or known candidates for director. In appointing the committee, the board shall have regard for the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as presented by the protestor(s), or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the committee,

by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set aside. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this section shall be final. The committee may not affirmatively act on any matter unless a majority of the committee is present.

ARTICLE III **Directors**

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure.

A. At each annual meeting of the members, three (3) directors shall be elected by ballot, to a three (3) year term, or until their successors have been qualified, subject to the provisions of these Bylaws with respect to the removal of directors. To be eligible to become a director or remain a director or to hold any position of trust in the Cooperative, a person must:

- (a) be a natural person and bona fide resident (as herein below defined),
- (b) be a member in good standing of the Cooperative, and served by its lines.
- (c) not be a close relative (as defined in Article III, Section 10) of a director or the manager.

- (d) not employed by or in any way, financially interested in a competing enterprise, a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.
- (e) in addition to the qualifications required for eligibility to become a director or remain a director as set forth hereinabove in subparagraph (a) through (d), starting with the election for director to be conducted at the Annual Meeting for 2008, and at each election for director at every Annual Meeting thereafter, in order for any person to be eligible for re-election to a second (2nd) consecutive term, such person shall have successfully completed not less than one-half (1/2) of the minimum requirements then in effect for official recognition by the National Rural Electric Cooperative Association (“NRECA”) and/or the Pennsylvania Rural Electric Association (“PREA”) as a Credentialed Cooperative Director (“CCD”) not later than the time set for the completion of the nominating process by the Nominating Committee for such election. Further, in order for any person to be eligible for re-election to a third (3rd) consecutive term, such person shall have successfully completed not less than all of the minimum requirements for official recognition by NRECA and/or PREA as a CCD not later than the completion of the nominating process by the Nominating Committee for such election. The additional requirement for eligibility to be re-elected director for a second (2nd) consecutive term, and then for a third (3rd) consecutive term, as set forth in this subparagraph (e), shall not apply to any person who is a director of the Cooperative as of December 31, 2007, and who is then nominated for re-election at the Annual Meeting of 2008. Such additional requirement of this subparagraph (e) shall apply only to subsequent eligibility for re-election for any newly elected director at the Annual Meeting of 2008, and

thereafter, even though such person(s) may have previously served as a director of the Cooperative but then experienced a break in continuous service as a director for any reason.

- (f) not have been an employee of Somerset Rural Electric Cooperative within four (4) years of the date of election as Director.

A bona fide resident shall be a person who maintains his or her primary residence and abode for at least eight (8) months of a twelve (12) consecutive month period within the Cooperative service area and who is also registered to vote in local, state and national elections within the Cooperative service area. When a membership is held jointly by husband and wife, either one, but not both may be elected as director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth, except the residency requirements. Upon establishment of the fact that a nominee for director lacks eligibility under this section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee.

Nothing contained in this section 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.

B. For the purpose of the election of directors, the territory serviced by the Cooperative, shall be divided into nine districts as hereinafter set forth, and each district shall be represented by one director.

- (1) Conemaugh, Paint, Ogle and Shade Townships.
- (2) Allegheny, Stonycreek and Quemahoning Townships.

- (3) Lincoln, Jefferson and Jenner Townships, Somerset County and Donegal Township, Westmoreland County.
- (4) Somerset and Brothersvalley Townships.
- (5) Middlecreek and Milford Townships.
- (6) Black, Summit and Elk Lick Townships.
- (7) Greenville, Larimer, Southampton, Northampton and Fairhope Townships.
- (8) Upper Turkeyfoot, and Lower Turkeyfoot Townships, Somerset County; and Stewart, Salt Lick and Springfield Townships, Fayette County.
- (9) Addison Township, Somerset County; Garrett County, Maryland, and Henry Clay Township, Fayette County.

C. Three directors shall be elected at each annual meeting of the members to serve for a period of three (3) years.

Section 3. Nomination.

- (a) Not less than forty-five (45) days nor more than one hundred eighty (180) days before the date of a meeting of the members at which directors are to be elected, it shall be the duty of the Board of Directors to appoint a Nominating Committee consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the Committee to the geographical areas served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such Committee.
- (b) Five (5) members of the Nominating Committee present in person shall constitute a quorum for the transaction of business of the Nominating Committee at all meetings. If less than a quorum is present, a majority of those present in person may adjourn the meeting from time to time without further notice.

- (c) The nominating committee shall prepare and post at the principle office of the Cooperative at least thirty (30) days before the Annual Meeting a list of nominations for directors which shall consist of not less than one (1), nor more than three (3), qualified members for each position of director up for election. The Nominating Committee shall have available to it access to the monthly Cooperative publication for notification to the members of nominating process and the methods by which any eligible member may indicate his/her interest in being nominated by the Committee. All requests by eligible members to be nominated by the Nominating Committee shall be in writing, and shall be time stamped upon receipt at the Cooperative offices. No such request received at the Cooperative offices after February 1st shall be considered by the Nominating Committee in preparation of its slate of nominees for the Annual Meeting election to be held that same year. The secretary shall mail to each member at least ten (10) days before the Annual Meeting a statement of the number of directors to be elected and showing separately the nominations made by the Nominating Committee. No other nominations, including, but not limited to, nominations from the floor of the Annual Meeting, shall be allowed.
- (d) 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.
- (e) Notwithstanding anything contained in this section, failure to comply with any of the provisions of the

Section 3 shall not affect in any manner whatsoever the validity of any election of directors.

Section 4. Removal of Directors by Members. Any member may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the total membership of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act on such charges and, if one or more directors are recalled, to elect their successors, and specifies the place, time and date thereof not less than forty (40) days after the filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and of the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by wit-

nesses, by counsel or any combinations of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the questions of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected director shall be from or with respect to the same directorate district as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's term.

Consistent with the provisions of the Pennsylvania Nonprofit Corporation Law of 1998, as amended from time to time, the Board of Directors may declare vacant the office of a Director(s), when a majority of the Board determines that it is in the best interests of the Cooperative to have the Director(s) removed. Any Director(s) subject to removal shall be given at least twenty (20) days notice of the Board's intent to motion for his/their removal. After such motion for removal, the subject Director(s) shall; be given a reasonable opportunity to respond to any allegations and shall have the right to counsel at the cost of the subject Director (s). The moving Director or Directors shall have the right to counsel at the cost of the Cooperative and the opportunity to respond. The proceedings involving potential removal shall, at all times, be conducted in Executive Session. In the Event a Director or Directors are removed, new Director (s) may be elected at the same meeting as provided in Article III, Section 2 A.

Section 5. Vacancies. Subject to the provisions of these By-laws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until a successor is elected and qualified.

The Board of Directors of the Cooperative may declare the position of a director vacant if, unless excused by reason of illness, a director does not attend three (3) regular or special meetings in a row or if a director does not attend at least six (6) regular meetings in a twelve (12) month period.

Section 6. Compensation; Expenses. Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, (a) for attending board of director meetings and (b) for the performance of other Cooperative business when such has had prior approval of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in attending board of director meetings and in the performance of other authorized Cooperative business. No director shall receive compensation for serving the Cooperative in any other capacity unless the payment and the amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a director who is also an officer of the board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

Section 7. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations,

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

Section 8. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system, which among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America and/or other cooperative lender. 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 conditions of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

Section 9. Subscription to Cooperative's Newsletter; Subscription to Statewide Publication. For the purpose of disseminating information devoted to the economical, effective and conservative use of electrical energy, the Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the Cooperative's publication "PENN LINES".

Section 10. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or inlaw, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

Section 11. Personal Liability of Directors.

A. A director of the Cooperative shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action unless:

1. the director has breached or failed to perform the duties of his office under applicable Pennsylvania law; and
2. the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

This section shall not apply to (1) the responsibility or liability of a director pursuant to any criminal statute or (2) the liability of a director for payment of taxes pursuant to local, State or Federal law.

B. INDEMNIFICATION (a) Subject to the limitations hereinafter set forth, the Cooperative shall indemnify any director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Cooperative or otherwise, by reason of the fact that he was a director, officer, employee or agent of the Cooperative, to the fullest extent permitted by law, including without limitation indemnification against expenses (including attorneys' fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement incurred by such person in connection with such proceeding, but such indemnification can be made only if a Determination is made as hereinafter provided that such indemnification should be made. Such indemnification shall not impair any other right any such person may have.

(b) Said indemnification can be made only if a Determination has been made, with the advice of Counsel for the Cooperative, by members of the Board of Directors not involved in the claim

or proceeding: (1) that the director, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, and (2) that the amount of the proposed indemnification is reasonable, and (3) that the proposed indemnification is just and proper and can be legally made by the Cooperative under then existing law, and (4) that the indemnification shall be made by the Cooperative in an amount stated in the Determination; provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

C. ADVANCE PAYMENT OF EXPENSES. Expenses incurred by a director, officer, employee or agent of the Cooperative in defending a civil or criminal action, suit or proceeding shall be paid by the cooperative in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Cooperative.

D. INSURANCE OR INDEMNIFICATION FUND. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Cooperative may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate.

E. EXCLUSIVITY. All rights of indemnification under this Article, shall not be deemed exclusive of any other rights to

which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement, vote of members, or disinterested directors or otherwise. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a director, officer, employee or agent in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Somerset County, Pennsylvania, 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.

Section 2. Special Meetings/Tele-Conferences. Special meetings or tele-conferences 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 or tele-conferences of the Board of Directors may fix the time and place which shall be in Somerset County, Pennsylvania, 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 mailed to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of the director at any meeting shall con-

stitute 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 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, 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 of the Board of Directors shall be annually elected by majority vote by secret written ballot, without prior nomination, 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.

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 interests of the Cooperative will be served thereby.

Section 4. Vacancies. Except as otherwise provided in these Bylaws, a vacancy in the office of the president, vice-president, secretary or treasurer, whether created by resignation from the office, resignation from the board, removal, sickness or death, may be filled by a majority vote of the remaining directors at a regular or special meeting. The director so appointed shall serve until the next election of officers

Section 5. President. The president:

- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors and at all meetings of the members;
- (b) shall sign, with the secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, 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 Bylaws 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 of 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 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 of the president and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Secretary. The secretary shall:

- (a) keep the minutes of the meetings of the members and Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or 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 Bylaws;
- (d) keep, or cause to be kept, a register of the post office address of each member which shall be furnished to the secretary by such member;
- (e) sign with the president certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (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 Bylaws 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

forward a copy of the Bylaws and of all amendments thereto to each member; and

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

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 receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; 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 by the Board of Directors.

Section 9. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the secretary and of the treasurer hereinbefore provided in Sections 7 and 8, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties at one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

Section 10. Manager. The Board of Directors may appoint a manager who may 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 or her and shall have such authority as the Board of Directors may from time to time vest in him or her. A manager shall not be a close relative (as defined in Article III, Section 10) of a director nor shall a director be eligible to become a manager unless more than four (4) years has passed since such person held the position of director.

Section 11. Bonds of Officers. The Board of Directors shall require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any its funds or property, to give bond in such sum and with such surety 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 12. Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a director shall be determined as provided in Article III, Section 6, of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The Cooperative shall indemnify directors, officers, including the general manager, agents and employees, against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

Section 13. 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

Contracts, Checks, and Deposits

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors 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 a 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, or invested to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select from time to time.

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 any of its patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electrical energy, the Cooperative's operations shall be so conducted that all patrons 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 for all amounts received 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 patron 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 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 account of each patron. All such amounts credited to the 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 Cooperative corresponding amount of capital.

Individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. 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 pursu-

ance of legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

The Board of Directors, at its discretion, shall have the power at any time to adopt rules and establish procedures whereby general retirement of patronage capital may be accomplished. The rules so adopted and the procedures so established shall be in the form of a policy or policies enacted by the Board of Directors.

Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by a separate organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts, and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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 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 furnished prior to and including October 15, 1980, 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. After October 15, 1980, the Board of Di-

rectors shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

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 shall be assignable only to successors in interest or successors in occupancy in all or part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise or such capital shall be assignable to the Cooperative itself.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time, conditioned upon the occurrence of any one of the following events or series of events, to retire capital credited to any such patron hereinbelow specified upon such terms and conditions as the Board of Directors, acting under the policies of general applications, may direct, provided that in the sole discretion of the Board of Directors the financial condition of the Cooperative will not be impaired thereby.

- (a) Where the patron was a natural person.

Upon the death of a patron who was a natural person, the Board of Directors, acting in accord with the general provisions hereinabove stated, may retire capital credited to any such patron upon the written request by the legal representative of the deceased patron's estate, provided such written request is supported by appropriate and proper evidence of the authority of such legal representative to make such request for payment and to receive payment.

- (b) Where patron is not a natural person.

Upon the liquidation, termination, disbandment, disintegration or other final dissolution, however characterized, of a patron which is not a natural person, the Board of Directors, acting in

accord with the general provisions hereinabove stated, may retire capital credited to any such patron upon written request by the appropriate legal representative of such liquidated, terminated, disbanded, disintegrated or otherwise finally dissolved patron, provided such written request is supported by appropriate and proper evidence of the authority of such legal representative to make such request for payment and to receive payment.

All payments made pursuant to the terms of subparagraph (a) subparagraph (b) of this section shall be paid at a discounted rate to the then-present worth. Such then-present worth shall be calculated and determined by determining the number of years by which payment is made in advance of the regular retirement schedule for capital credits and the appropriate application of a discount percentage rate which shall be determined by the Board of Directors. The Board of Directors shall have the power and authority to establish and re-establish the discount percentage rate to be applied. Such discount percentage rate once so established, shall apply to all payments thereafter made pursuant to the terms of subparagraph (a) and subparagraph (b) until such discount percentage rate is altered or changed by the Board of Directors.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the Pennsylvania legal rate on judgments in effect when such amount became overdue, compounded annually.

The following provisions shall apply to any person, firm, corporation, or body politic who becomes a member of the Cooperative or who executes a new, revised, or restated Member Agreement on or after the effective date of these Amended and Restated Bylaws.

Furthermore, notwithstanding any other provisions of the amended and restated Bylaws or other provision of the member-

ship certificate, if the Board of Directors has authorized and approved the retirement of capital credited to any patron, and if the Cooperative is unable to locate a patron who has ceased to be a member of the Cooperative or the lawful representative of such a patron member after two (2) attempts, through the notice by first class mail to such former member at their last known address and the notice of publication shall be inserted in a newspaper circulated in the service area of the Cooperative, which may be the Cooperative newsletter or the Statewide Association's publication, and 90 days having elapsed without response by the patron or the lawful representative of the patron, then the capital credit retirement shall be deemed to have been donated to the Cooperative by such patron. All remaining patronage capital shall accrue to the benefit of the Cooperative.

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

Section 3. Patronage Refunds in Connection with Furnishing Other Service. In the event that the Cooperative shall engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall insofar as permitted by law, be pro-rated annually on the patronage basis and returned to those patrons from whom such amounts were obtained.

ARTICLE VIII

Waiver of Notice

Any member or director may waive, in writing, any notice of meeting required to be given by these Bylaws.

ARTICLE IX

Disposition of Property

Section 1. The Cooperative may not sell, lease, or otherwise dispose of any of its property other than:

- (a) property which in the judgment of the Board of Directors neither is or will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the Cooperative;
- (b) services of all kinds, including electric energy.

Section 2. Sale, lease, lease-sale, exchange or other disposition of all or a substantial portion of the assets of the Cooperative, with or without the goodwill of the Cooperative, may be made upon such terms and conditions and for such considerations (which may consist in whole or part of money or property, either real or personal, including, but not limited to, shares, bonds or other evidences of indebtedness of another corporation, either domestic or foreign) as shall be authorized only if in conformity with the following:

- (a) The Board of Directors may adopt a resolution recommending consideration of such sale, lease, lease-sale,

exchange or other disposition, specifying, to the extent that the board sees fit, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefore and directing the submission thereof to a vote at a special meeting of the members of the Cooperative called for that purpose.

- (b) Prior to submission for consideration by the members of the Cooperative, the Board of Directors shall first give all other corporations incorporated under the Electric Cooperative Corporation Act an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such corporations, which notice shall be attached to a copy of the proposal which the corporation has already received. Such corporations shall be given no less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (c) Within thirty (30) days after expiration of the notice period set by the Board of Directors under clause (2), written notice shall be given to each member, in the manner provided by law, calling for a special meeting of the members for the purpose of consideration of the proposed sale, lease, lease-sale, exchange or other disposition and expressing in detail each of the proposals. The special meeting shall be held sooner than thirty (30) days after the giving of such notice to the members.
- (d) At such meeting, the members may authorize such sale, lease, lease-sale, exchange or other disposition and fix or may authorize the Board of Directors to fix any or all of the terms and conditions thereof, and the

consideration to be received by the Cooperative therefore. Such authorization shall receive the affirmative vote of two-thirds (2/3) of all of the members of the Cooperative.

- (e) After such authorization by a vote of the members, the Board of Directors, in its discretion, may abandon such sale, lease, lease-sale, exchange or other disposition, subject to the rights of third parties under any contracts relating thereto, without further action or approval by the members.
- (f) “Substantial portion” as used herein shall mean ten percent (10%) or more of the value of the Cooperative’s properties and assets at the time of the transactions.

PROVIDED HOWEVER, and notwithstanding the foregoing provisions, the Board of Directors, without authorization by the members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, 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 of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrument or agency thereof, or to the National Rural Utilities Cooperative Finance Corporation.

ARTICLE X

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 or as set by the Board of Directors.

ARTICLE XI

Membership in Other Organizations

The Cooperative shall not become a member of any other organization without an affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors at any regular or special meeting of the Board of Directors of which meeting notice shall be given, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business.

ARTICLE XII

Rules of Order

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these By-laws and of any other committee of the members or the Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or By-laws.

ARTICLE XIII

Corporate Seal

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words 'Corporate Seal, Pennsylvania',

ARTICLE XIV

Amendments

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors at any regular or special meeting of the Board of Directors, of which meeting notice shall have been given, provided that notice of such alteration, amendment or repeal shall have been given with the notice of the meeting.

ARTICLE XV

Dissolution

(a) The Cooperative may be dissolved by two-thirds (2/3) vote of all the members of the Cooperative at any special meeting of the members called for that purpose. A certificate of dissolution shall be signed by the president or vice-president, and attested by the secretary, certifying to such dissolution, and stating that they have been authorized to execute and file such certificate by votes cast by two-thirds (2/3) of all of the members of the Cooperative. A certificate of dissolution shall be executed, acknowledged, filed and recorded in the same manner as the original Articles of Incorporation of the Cooperative.

(b) The Cooperative shall, however, continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its name. Any assets remaining after all liabilities or obligations of the Cooperative have been satisfied

or discharged shall be distributed pro rate among the members of the corporation at the time of the filing of the certificate of dissolution.

PROVIDED, HOWEVER, that, if in the judgement of the Board of Directors the amount of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

CONTINUITY OF SERVICE

“Cooperative does not guarantee a constant or regular supply of electrical energy and shall not be liable for damage due to variations or cessations in each supply. Member should give immediate notice at the office of the Cooperative of any interruptions or irregularities in service or any known trouble, defect or accident to the supply. Cooperative may interrupt service to any member or members for the protection of life or property for, making repairs, changes, or improvements in any part of its system for the general good of the service or safety of the public, or when in Cooperative’s sole judgment such interruption will prevent or alleviate an emergency threatening the integrity of its system, or will aid in the restoration of service. Circumstances permitting, Cooperative will give reasonable notice of any contemplated suspension. Should service be interrupted for any of the above reasons, or should service fall by reason of any accident, strike, legal process, government interference, act of God, or any cause whatsoever beyond its control, the Cooperative shall not be liable for damages, direct or consequential, resulting therefrom.”

