

BYLAWS
of
CLAVERACK RURAL ELECTRIC COOPERATIVE, INC.
Wysox, Pennsylvania 18854
(As amended 10/28/15)

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership. Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency or body politic will become a member of Claverack Rural Electric Cooperative Inc., (hereinafter called the "Cooperative") upon the receipt of electric service from the Cooperative, provided that the applicant has first:

- (a) made a written application for membership therein. With respect to any particular classification of service for which the Board of Directors (hereinafter called the "Board") shall require it, such application may be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative;
- (b) agreed to purchase electric service. Electric service, as used in these Bylaws, is electric energy distributed, transmitted, sold, supplied, or otherwise provided by or through the Cooperative, together with the use of the facilities, supplies, equipment and other services furnished by or through the Cooperative; and
- (c) agreed to comply with and be bound by the Articles of Incorporation, Bylaws of the Cooperative (hereinafter called the "Bylaws"), Membership Agreement and Application for Service (hereinafter called the "Membership Agreement"), Cooperative policies and procedures, as existing or as later adopted or amended.

No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

The Cooperative will not be required to accept a membership application nor furnish electric service to any applicant who was a resident of the same household of person(s) who failed to pay for service or violated their application or Bylaws until all such delinquencies and/or violations have been eliminated.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the Articles of Incorporation, Bylaws, and Membership Agreement shall constitute and be a contract between the Cooperative and each member and both the Cooperative and the member are bound by such contract, as fully as though each member 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 member of the Cooperative by posting the same in a conspicuous place in the Cooperative's office and/or website.

SECTION 2. Joint Membership. A joint membership in the Cooperative may be held by individuals occupying the same location who receive electric service, each of whom is qualified to be or become a member.

(a) To become or remain joint members of the Cooperative, qualified individuals must jointly complete the applicable membership procedures within a reasonable time after initially using, requesting or agreeing to use electric service used or to be used by those individuals. Qualified individuals become joint members of the Cooperative and consent to being joint members in the same manner as individual members become members and consent to being members. As provided by the Board, a member may convert their individual membership to a joint membership with another individual qualified to be or become a joint member.

(b) Except as otherwise provided in these Bylaws, a joint member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a member. For a joint membership:

- (1) notice of a meeting provided to a joint member constitutes notice to all joint members;
- (2) waiver of notice of a meeting signed by a joint member constitutes waiver of notice by all joint members;
- (3) the presence of a joint member or all joint members at a member meeting constitutes the presence of one (1) member at that member meeting;
- (4) the presence of a joint member at a member meeting waives notice of the meeting for all joint members;
- (5) if only one (1) joint member votes on a matter, signs a document, or otherwise acts, then the vote, signature, or action binds the joint membership and constitutes one (1) vote, signature, or action;
- (6) if more than one (1) joint member votes on a matter, signs a document, or otherwise acts, then their votes, signatures, or actions constitute but one (1) vote, signature, or action divided prorata based upon the number of voting joint members;

- (7) except upon the failure to occupy the same location, the suspension or termination of a joint member constitutes the suspension or termination of all joint members; and
- (8) a qualified joint member may be a Director, even if another joint member is not qualified to be a Director, but if more than one (1) joint member is qualified to be a Director, then only one (1) may serve as a Director.

SECTION 3. Conversion of Membership.

- (a) Joint members shall notify the Cooperative in writing of a failure to occupy the same location. Upon determining or discovering the failure of the joint members to occupy the same location:
 - (1) if one (1) joint member remains qualified to be a member and continues to use electric service at the same location, then the Cooperative shall convert the joint membership to membership for the remaining individual; or
 - (2) if more than one (1) joint member remains qualified to be a joint member and continues to use electric service at the same location, then the Cooperative shall convert that joint membership to a joint membership for those qualified remaining joint individuals.
- (b) Upon the death of a joint member, the Cooperative shall convert the joint membership to a membership for the remaining individual or a joint membership for the qualified remaining individuals if more than one (1) qualified joint member remains at the location.

SECTION 4. Membership Fees. The membership fee, if any, shall be as determined by resolution of the Board.

SECTION 5. Purchase of Electric Service. The Cooperative shall use reasonably diligent effort to furnish its members with adequate and dependable electric service, although it cannot and therefore, does not guarantee a continuous and uninterrupted supply thereof. The Cooperative shall not be liable for damages due to variations or cessation in such supply.

Each member shall, as soon as electric service becomes available, purchase from the Cooperative all electric service for the premises as specified in the Membership Agreement. Each member shall also purchase from the Cooperative all electric power and energy used on the premises specified in the Membership Agreement, until such time as the member elects to purchase electric generation service from an authorized generation supplier other than the Cooperative, pursuant to rules and procedures established by the Cooperative, or, interconnects alternative energy generation sources subject to the rules and policies established by the Cooperative. The member shall pay, when due and payable, all charges and rates which are fixed by the

Board. It is expressly understood that amounts paid for electric service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative any minimum amount fixed by the Board, regardless of the amount of electric energy consumed.

Each member shall cause all premises receiving electric service from the Cooperative to become and to remain wired in accordance with the specifications of 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. It is understood that the only responsibility of the Cooperative is to provide electric service to the point of attachment subject to these Bylaws.

SECTION 6. Termination of Membership.

- (a) Membership shall automatically terminate when a member ceases to purchase electric service from the Cooperative. In the case of a temporary disconnection of service, membership will automatically be reinstated if the member begins to purchase electric service at the premises specified in the Membership Agreement within a six (6) month period provided that the conditions which resulted in the temporary disconnection of service have been satisfied subject to the policies and procedures of the Cooperative.
- (b) The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws 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 member liable to expulsion and such failure shall have continued for at least ten (10) 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 of the members.
- (c) Upon the withdrawal, termination, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or their estate from any debts due the Cooperative.
- (d) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid, provided however, that the Cooperative shall deduct

from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

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.

SECTION 3. Member to Grant Easements to the Cooperative. Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easements or rights of way over, on, and under such lands owned, leased by, or mortgaged to the member, and in accordance with such terms and conditions **IN THE SOLE DISCRETION OF THE COOPERATIVE**, as the Cooperative shall require for the furnishing of electric service to members of the Cooperative or for the construction, operation, vegetation or other facility maintenance or the relocation of the Cooperative's electric facilities. **THE GRANT OF SAID EASEMENTS OR RIGHTS OF WAY SHALL BE GRANTED BY THE MEMBER WITHOUT REIMBURSEMENT BY THE COOPERATIVE OR OTHER MEMBERS.**

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Member Meeting. The Annual Member Meeting shall be held each year at such place as selected by the Board within a county served by the Cooperative. It shall be designated in the notice of the meeting, for the purpose of announcing Board election results, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the Annual Member Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Except as otherwise provided by the Board before or at any member meeting, the Chairman (1) shall preside, or designate another individual to preside, at the Annual Member Meeting; (2) may direct the removal of a person from the Annual Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Annual Member Meeting.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, by the Chairman of the Board, or by a written request signed by twenty-five percent (25%) of the membership, signed and dated within ninety (90) days after the first signature within describing the purpose of the meeting, and it shall thereupon be the duty of the Secretary/Treasurer to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one (1) of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

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 Member 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 (10) days nor more than thirty (30) days before the date of the meeting. Notice shall be delivered to each member either personally or by mail, by or at the direction of the Secretary/Treasurer, or upon a default in duty by the Secretary/Treasurer, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered and received when deposited in the United States mail in a sealed envelope, addressed to the member at their 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. Voting. Each member shall be entitled to only one (1) vote upon each matter submitted to a vote in conjunction with an Annual Member Meeting. All questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

- (a) All voting on the election of Directors and on any motion or resolution or other matters which are necessary to be voted on by the membership may, if so provided, be by hand delivery, mail or electronic means. Except for the approval of minutes and the acceptance of reports presented at an Annual Member Meeting, or as otherwise provided in these Bylaws, only actions included on mail or electronic ballots distributed prior to a member meeting may be voted on at a member meeting.

- (b) Official ballots received by mail, electronic means, or hand delivered to the Cooperative, shall be counted if received by the Cooperative prior to the close of balloting at an announced date and time as determined by the Board.
- (c) The failure of any member to receive any such ballot shall not invalidate any action which may be taken at the meeting at which the ballot is to be voted.

ARTICLE IV BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be governed by the Board of nine (9) members (one (1) from each designated zone) which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Members of the Board shall be elected in conjunction with each Annual Member Meeting by and from the members to serve for three (3) year terms or until their qualified successors shall have been elected. Terms of all the Board members shall be on a staggered basis, with approximately one-third (1/3) of the Board members (representing one-third (1/3) of the designated zones) elected each year. If an election of Board members shall not be held on the day designated herein for the Annual Member Meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members.

SECTION 3. Credentials and Election Committee. No later than December 31st of the year preceding each Annual Member Meeting, the Board shall appoint a Credentials and Election Committee (hereinafter called the "C&E Committee"). The C&E Committee shall consist of six (6) members who are not existing Cooperative employees (as defined by these Bylaws), agents, officers, Directors or known candidates for Director, and who are not close relatives (as defined by these Bylaws), or members of the same household of existing Cooperative employees, agents, officers, Directors or known candidates for Director. In appointing the C&E Committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative, but none from districts whose Director seats are being voted upon.

The C&E Committee shall elect its own chairman and secretary prior to the Annual Member Meeting. It shall be the responsibility of the C&E 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), to reject all non-eligible candidates based upon their qualifications or lack thereof, as set forth in Article IV, Section 5, 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 C&E Committee shall have available to it the advice of counsel provided by the Cooperative.

In the event a protest or objection is filed by a member concerning any member election, such protest or objection must be in writing, signed and received at the Cooperative's headquarters within three (3) business days following the adjournment of the meeting in which the voting is conducted. The C&E Committee shall thereupon be reconvened, upon notice from its chairman within fifteen (15) business days after such protest or objection is filed. The C&E Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the C&E 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 the conclusion of such hearing, render its decision in writing, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The C&E 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 C&E Committee may not affirmatively act on any matter unless a majority of the C&E Committee is present.

SECTION 4. Designated Zones. The service territory of the Cooperative shall be divided into designated zones as determined by the Board. Each zone shall contain a similar number of members. Board members shall have their primary residence within their designated zone and shall purchase Cooperative electric service from such residence.

The Board shall periodically review the composition of the zones to see if significant inequalities in representation have developed. If inequalities are found, the Board shall reconstitute the zones so that each zone contains a similar number of members.

SECTION 5. Qualifications. To become and remain a Director, a member must meet and comply with the following general qualifications:

- (a) Be a natural person, a United States Citizen, having the capacity to enter legally binding contracts and receiving electric service at their primary residence for three hundred sixty-five (365) consecutive days immediately prior to the last date fixed for the filing of nomination petitions for Directors.
- (b) An individual who has at any time been removed from the Board by the membership or by the Board is not qualified.
- (c) An individual with current litigation filed against the Cooperative, the Board or officers in such capacity, is not qualified. An individual who has past litigation filed against the Cooperative, the Board or officers in such capacity is ineligible to serve as Director until such litigation has been concluded for three (3) years prior to the last date fixed for the filing of nomination petitions for Directors.
- (d) Be a member in good standing. A member in good standing, as used in these Bylaws, shall not include any member who: has any Cooperative accounts in a delinquent status; has plead guilty or has lawfully been convicted of any crime, the victim of which is the Cooperative; has plead guilty to or is lawfully convicted of a crime of dishonesty which by statute carries a possible sentence of one (1) year or more in prison; has been declared of unsound mind by an order of a court; or has been convicted of a felony or a crime involving moral turpitude.
- (e) Is not a close relative of a Director or Cooperative employee. A close relative, as used in these Bylaws, is a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, niece, or a person living within the household of the principal. A Cooperative employee, as used in these Bylaws, is a person who is or was directly employed by the Cooperative, C&T Enterprises, Inc., its subsidiaries, or affiliates.
- (f) Is not a Cooperative employee or was not a Cooperative employee within three (3) years of the last date fixed for the filing of nomination petitions for Directors.
- (g) Is not an employee of an entity in which the Cooperative is a member or owner or was not an employee of an entity in which the Cooperative is a member or owner within three (3) years of the last date fixed for the filing nomination petitions for Directors.
- (h) Is not a close relative of an individual who is in any way employed by or financially interested in a competing enterprise or a business selling energy or supplies to the Cooperative, or a business

primarily engaged in selling electrical energy, electrical or plumbing supplies, appliances or fixtures to the members of the Cooperative.

- (i) Is not employed by another Director or entity controlled by another Director.
- (j) Be willing to comply with any other reasonable qualifications as determined by the Board.

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. Nothing contained in this Section however, shall affect, in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 6. Nominations. Fifteen (15) or more members residing in a zone wherein a Director's term is expiring may make a nomination by petition. Petitions must be received by the Cooperative not less than one hundred twenty (120) days prior to the Annual Member Meeting. Candidates for the office of Director shall be limited to those individuals who have been properly nominated by petition and who are subsequently deemed eligible to serve by the C&E Committee.

SECTION 7. Removal of a Director by the Membership. Any member may bring charges against a Board member and, by filing with the Secretary/Treasurer such charges in writing together with a petition signed by at least twenty-five percent (25%) of the members may request the removal of such Board member by reason thereof. Such Board member and Cooperative Board members shall be informed in writing of the charges within ten (10) days of the Secretary/Treasurer's receipt of the petition. The Board member at which the charges are to be considered shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against them shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the member meeting and any vacancy created by such removal may be filled by vote of the members at such meeting, without compliance with the foregoing provisions with respect to nominations.

SECTION 8. Removal of a Director by the Board. Following notice and an opportunity to be heard, any Board member, upon the affirmative vote of at least two-thirds (2/3) of the members of the Board, may be removed from the Board if they have been declared of unsound mind by an order of a court, have been convicted of a felony or a crime involving moral turpitude, or for other proper cause, including but not limited, to violations of fiduciary duty expected of a Board member, self dealing, a conflict of interest not otherwise described in Section 5, or personal conduct which would likely cast doubt on the integrity of either the Board

member, the Board, and/or its other members. The Board shall establish the procedures to be followed when considering the removal of a Board member. Such procedures shall ensure that due process is afforded to the Board member whose removal is at issue. Upon such removal, a vacancy shall be declared, and by a majority vote, the Board shall appoint a person to fill such vacancy for the unexpired portion of the removed Board member's term.

SECTION 9. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies other than a vacancy caused by the removal of a Director by the members or Board, a vacancy occurring on the Board due to death, involuntary termination, or voluntary termination may be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term.

SECTION 10. Compensation. The Cooperative may reimburse and compensate Directors. The Board shall determine the manner and method of any current or former Director reimbursement and compensation. In addition, and if authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. After a Director ceases serving as a Director, the Board may determine or approve, and may change or eliminate for any reason, the manner, method and amount of any compensation or benefits provided to the former Director. No Board member or any close relative shall receive compensation for serving the Cooperative in any other capacity, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board or the service by the Board member or their close relative shall have been certified by the Board as an emergency measure.

ARTICLE V

BOARD MEETINGS

SECTION 1. Regular Board Meetings. A regular meeting of the Board shall be held each month, except for the month of the Annual Member Meeting, at which time a regular Board meeting may be held at the discretion of the Board. Regular Board meetings may be held without notice other than such resolution fixing the time and place thereof, as designated by the Board.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the Chairman of the Board or by any three (3) Board members, and it shall thereupon be the duty of the Secretary/Treasurer to cause notice of such meeting to be given as hereinafter provided. The Chairman of the Board shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, by electronic means, or by mail, by or at the direction of the Secretary/Treasurer, or upon a default in duty by the Secretary/Treasurer, by the Chairman of the Board or the Board members 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 their address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) 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; and provided further, that the Secretary/Treasurer 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 these Bylaws.

SECTION 5. Conduct of Board Meetings. Regular or special meetings of the Board shall be held at the Cooperative headquarters unless otherwise determined by the Board and shall be conducted in accordance with Board policy. The Board may promulgate or approve rules, policies, and procedures regarding attendance at, participation in, or presentation during Board meetings by individuals other than Directors.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative Board shall be a Chairman, Vice Chairman, Secretary/Treasurer, and Vice Secretary/Treasurer.

SECTION 2. Election and Term of Office. Officers shall be elected annually and shall serve at the will of the Board. The election of officers shall take place at the next meeting of the Board following the Annual Member Meeting. Each officer shall hold office until a successor has been elected. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the members and the Board. The Chairman shall have the power to form and appoint the members of such committees as they deem necessary. The Chairman's duties shall include the execution, along with the Secretary/Treasurer, of any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board

to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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 the Chairman shall perform such other duties and shall exercise such other authority as the Board may vest in them, or as may be necessary to carry out the directives of the Board.

SECTION 4. Vice Chairman of the Board. In the absence of the Chairman of the Board, or in the event of their inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the Chairman of the Board, and when so acting shall have all the powers and duties of the Chairman and be subject to all restrictions upon the Chairman. The Vice Chairman of the Board shall also exercise such other duties as may be assigned to them by the Board.

SECTION 5. Secretary/Treasurer. The Secretary/Treasurer 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 these Bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and seal of the Cooperative and affixing the seal of the Cooperative to all documents and the execution of such on behalf of the Cooperative under its seal as duly authorized in accordance with the provisions of these Bylaws;
- (d) keeping a record of the names and post office addresses of all members;
- (e) keeping on file, at all times, a complete copy of the Articles of Incorporation and 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, furnishing a copy of the Bylaws and of the amendments thereto to any member upon request;
- (f) custody of all funds and securities of the Cooperative;
- (g) 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 these Bylaws; and
- (h) the general performance of all the duties incident to the office of Secretary/Treasurer and such other duties as may be assigned to them by the Board.

SECTION 6. Vice Secretary/Treasurer. In the absence of the Secretary/Treasurer, or in the event of their inability or refusal to act, the Vice Secretary/Treasurer shall perform the duties of the Secretary/Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary/Treasurer. The Vice Secretary/Treasurer shall also perform such other duties as may be assigned to them by the Board.

SECTION 7. Delegation of Secretary/Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary/Treasurer and of the Vice Secretary/Treasurer hereinbefore provided in Section 5 and Section 6, 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 duties to one or more agents, other officers or employees of the Cooperative who are not Directors.

SECTION 8. President & CEO. The Board shall appoint a non-director President & CEO to manage the business affairs and operations of the Cooperative. The President & CEO shall perform such duties, exercise such responsibilities and have such authority as are conferred upon them by the Board. The President & CEO shall not be required to be a member of the Cooperative.

SECTION 9. Insurance and Bonding. The Cooperative shall purchase appropriate Fidelity Insurance and may from time to time require Cooperative Officials to be bonded in such sum and with such surety as the Board may determine.

SECTION 10. Reports. The Board may require any officers to submit an annual report.

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 members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

SECTION 2. Patronage Capital in Connection with Furnishing Service. In the furnishing of electric service, the Cooperative's operations shall be so conducted that all members will through their patronage furnish capital for the Cooperative. 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 members for all amounts received and receivable from the furnishing of electric service in excess of operating costs and expenses properly chargeable against the furnishing of electric service. 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 members as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such capital.

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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to this account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

SECTION 3. Other Amounts. All other amounts received by the Cooperative in excess of costs and expenses may be utilized as follows:

- (a) used to pay or offset any Cooperative cost or expense incurred during the current or any prior fiscal year;
- (b) retained by the Cooperative as non-allocated capital, devoted to such reserves for improvement, new construction, depreciation and contingencies as the Board may prescribe; and/or
- (c) allocated all or in part to members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.

SECTION 4. Patronage Capital from Others. The Board shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules will establish as follows:

- (a) method for determining the portion of such capital credited to each member for each applicable fiscal year;
- (b) separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's members;
- (c) appropriate notification to members with respect to such members of capital credited to their accounts; and
- (d) preclude a general retirement of such portions of capital credited to members for any fiscal year prior to the general retirement of other capital credited to members for the same year or of any capital credited to members for any prior fiscal year.

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

SECTION 5. Distribution of Capital Credits upon Dissolution. 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.

SECTION 6. General Capital Credit Retirements. 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 then credited to members' accounts may be retired in full or in part. The Board shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

SECTION 7. Special Retirement of Capital Credits. Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of their estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

SECTION 8. Application of Capital Credits to Outstanding balances of Past Members. The Cooperative may use any capital credits to be refunded to past members to satisfy any outstanding debts due the Cooperative from the past member until such balance is satisfied in full.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may sell, lease, lease-sell, exchange or otherwise dispose of all or substantially all of its assets only when authorized by the affirmative vote of two-thirds (2/3) of all the members of the Cooperative under and subject to the provisions of the Electric Cooperative Law of 1990 including without limitation the provisions set forth in Section 7331 thereof; provided, however, that notwithstanding anything herein

contained, the Board without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds or trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchise 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.

ARTICLE IX

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, 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 of and/or 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 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 and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall be determined by resolution of the Board.

SECTION 3. Deposits, Investments. All funds, except petty cash, of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board may select.

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

SECTION 5. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, is subject to applicable laws and rules and regulations of any regulatory body. Annually, at the end of such fiscal year, a certified public accountant shall perform a full and complete audit of the accounts, books and financial conditions of the Cooperative. A report of such audit shall be submitted to the members at the next Annual Member Meeting.

ARTICLE X

LIMITATION OF PERSONAL LIABILITY OF DIRECTORS; INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

SECTION 1. Limitation of Personal Liability of Directors. A Director of the Cooperative shall not be personally liable for monetary damages for any action taken, or failure to take any action, unless:

- (a) they have breached or failed to perform the duties of their office as defined in Section 2 of this Article below; and
- (b) the breach or failure to perform constitutes self dealing, willful misconduct or recklessness.

The provisions of this Section shall not apply to the responsibility or liability of a Director pursuant to any criminal statute or the liability of a Director for the payment of taxes pursuant to local, state or federal law.

SECTION 2. Standard of Care and Justifiable Reliance. A Director of the Cooperative shall stand in a fiduciary relationship to the Cooperative, and shall perform duties as a Director, including duties as a member of any committee of the Board upon which they may serve, in good faith, in a manner they reasonably believe to be in the best interest of the Cooperative, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing duties, a Director shall be entitled to rely in good faith on information, opinions, and reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- (a) One or more officers or employees of the Cooperative whom the Director reasonably believes to be reliable and competent in the matters presented.
- (b) Counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person.
- (c) A committee of the Board upon which they do not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith, if they have knowledge concerning the matter in question that would cause their reliance to be unwarranted. In discharging the duties of their respective positions, the Board, committees of the Board and individual Directors may, in considering the best interest of the Cooperative, consider the effects of any action upon employees, upon persons with whom the Cooperative has business and other relations and upon communities which the offices or other establishments of or related

to the Cooperative are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of this Section.

SECTION 3. Indemnification in Third Party Proceedings. The Cooperative may indemnify any person who was or is 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 (other than an action by or in the right of the Cooperative) by reason of the fact that the person is or was a representative of the Cooperative, or is or was serving at the request of the Cooperative as a representative of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with such action, suit or proceeding if they acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that their conduct was unlawful.

SECTION 4. Indemnification in Derivative Actions. The Cooperative may 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, by or in the right of, the Cooperative to produce a judgment in its favor by reason of the fact that they are or were a representative of the Cooperative, or are or were serving at the request of the Cooperative as a representative of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if they acted in good faith in a manner they reasonably believed to be in, or not opposed to, the best interest of the Cooperative and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of their duty to the Cooperative unless and only to the extent that the Court of Common Pleas of Bradford County or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the said Court of Common Pleas or such other court shall deem proper.

SECTION 5. Determination of Entitlement to Indemnification. Unless ordered by a court, any indemnification herein above shall be made by the Cooperative only as authorized in the specific case upon determination that indemnification of the representative is proper in the circumstances because they have met the applicable standard of conduct. Such determination shall be made:

- (a) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or
- (b) if such quorum is not obtainable, or even if obtainable, if a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

SECTION 6. Nonexclusivity and Supplementary Coverage. The provisions of this Article or any other provisions of law providing for indemnification or advancement of expenses applicable to the Cooperative shall not be deemed exclusive of any other rights to which Cooperative representatives seeking indemnification or advancement of expenses which may be authorized under any agreement, vote of members or disinterested Directors or otherwise. The Cooperative may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this Article or otherwise. Indemnification under this Section shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

SECTION 7. 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 may 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 they are not entitled to be indemnified by the Cooperative.

SECTION 8. Indemnification of Former Representatives. The indemnification and advancement of expenses provided by, or granted pursuant to, the provisions of this Article shall, unless otherwise provided when authorized or ratified, continue to a person who has ceased to be a Director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 9. Insurance. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Cooperative or is or was serving at the request of the Cooperative as a Director, officer, employee or agent of another corporation, partnership,

joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any capacity or arising out of such person's status as such, whether or not the Cooperative would otherwise have the power to indemnify such persons against such liability.

Section 10. Reliance on Provisions. Each person who shall act as an authorized representative of the Cooperative shall be deemed to be doing so in reliance upon the rights of indemnification provided by this Article.

ARTICLE XI 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 at any regular or special meeting, of which meeting notice shall have been given, provided that notice of such alteration, amendment or repeal shall have been given with notice of the meeting. A copy of such alteration or amendment shall be made available to each member of the Cooperative within a reasonable time after such action has been taken.

ARTICLE XII ECONOMIC DEVELOPMENT

It has long been the established policy of the Cooperative to encourage favorable economic development in or near the general areas which the Cooperative serves. Consistent with the powers conferred upon the Cooperative by Section 5502 of the Nonprofit Corporation Law of 1988, as amended, 15 Pa. C. S. A. Section 5502 and Section 7321 of the Electric Cooperative Law of 1990, 15 Pa. C. S. A. Section 7321, the Cooperative, acting through its Board, is authorized to support and encourage such economic development by means including, but not limited to the following: membership in, or ownership of, securities of other organizations engaged in promoting such economic development, and reasonable investments in such organizations in support of their development programs; the acquisition, through purchase, option or otherwise, of interests in real estate and personal property for resale, lease or sublease to prospective institutional, commercial and industrial enterprises; and the sale, lease or sublease of such real estate or personal property when such is in the Cooperative's best interest; and the promotion of economic development through advertising, joint activities with others, training programs, leadership development projects and other activities and programs.

ARTICLE XIII
MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of, or purchase stock in, any other organization without an affirmative vote of the Board at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase.

SECTION 2. Waiver of Notice. Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. 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 ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with the law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who:

- (a) desire such service; and
- (b) meet all requirements established by the Cooperative as a condition of such service.