



Roanoke Electric Cooperative

**SERVICE RULES AND REGULATIONS
&
BYLAWS**

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Service Rules and Regulations

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ROANOKE EC
SERVICE RULES AND REGULATIONS

MEMBERSHIP AGREEMENT WITH THE CONSUMER/OWNER

These Service Rules and Regulations, as part of the Service Agreement between Roanoke Electric Cooperative and the Member, govern the supply and receiving of electric service. Membership is available to all persons within the service area of the Cooperative on a non-discriminatory basis as set forth in the Bylaws of the Cooperative. This document highlights the main points found in the Service Agreement and does not constitute a contract between the Cooperative and the Member.

As a Member of the Cooperative, you are both a consumer and an owner of the Cooperative. You have the right to vote in selecting the Cooperative's Board of Directors. The Board of Directors sets policies that determine how the Cooperative operates.

We take great pride in providing you with quality service. Quality service is our most important product. We will endeavor to maintain at all times the quality service that you expect and deserve; however, we cannot guarantee continuous and uninterrupted service.

The general summary of your rights to service is as follows:

1. You have the right to electric service if you establish satisfactory credit and provide the Cooperative with necessary and reasonable access to your property for your electric service and that of neighboring property.
2. You have the right to establish your credit in any one of four ways:
(1) you may show that you have been a recent consumer of an electric utility and have established a good payment record over the last twelve months that service was provided (2) you may provide a Member in good standing to guarantee payment of your bills up to the amount of deposit if you do not pay them; (3) you may make a cash deposit with the Cooperative or (4) you have a satisfactory record with an established credit reporting service acceptable to the Cooperative. The Cooperative will endeavor to fully explain all means of establishing credit.
3. You have 25 days after the billing date shown on your electric bill to pay your electric bill. After 25 days, the bill will be considered past due.
4. The Cooperative will notify you with the next month's bill that you have at least seven (7) days before your electric service can be disconnected for failure to pay electric bills. This notice will explain the reason why the Cooperative plans to disconnect the service, state the date after which the service may be disconnected and explain what you can do to keep the

service from being disconnected. The disconnect notice will state that the Cooperative's office can be contacted prior to the disconnection date to discuss credit arrangements if you cannot pay the bill.

5. As a Member you can name another person to receive a copy of any disconnect notice. This other person may be able to help you avoid having your electric service disconnected but is not obligated to pay the bills.
6. You have the responsibility to notify the Cooperative in writing if there is someone in your household who is either chronically or seriously ill, disabled or on an electrically operated life support system. In that case, you have the right to special handling of your account should service become subject to disconnection for your failure to pay your electric bills.
7. If the Cooperative plans to disconnect your electric service because you have not paid your electric bills and if you can show that you are unable to pay your account at once, you have the right to make installment payments, with interest accruing, designed to pay your account in full within six months. If you cannot pay your account by installments, the Cooperative cannot disconnect your service (between December 15 and March 15) without notifying the North Carolina Rural Electrification Authority if there is a person 65 years or older or disabled person in your household and if you are eligible and certified to receive energy assistance from the local social services department.
8. The Cooperative will not disconnect electric service after 4:00 p.m. on a Friday or on a weekend or a legal holiday for non-payment.
9. You have the right to have the Cooperative test your electric meter for accuracy and to have a report of the test results given to you. A fee, paid in advance, will be charged for the testing; the fee will be refunded if the meter is found to be outside acceptable accuracy limits, i.e., 2% fast.
10. You will be offered a New Member orientation including, but not limited to, explanation of Cooperative principles, bylaws, rates, meter reading, rebates, loans, reporting of power failure, statement of nondiscrimination and conservation practices when you are accepted for membership in the Cooperative. The Cooperative will send you upon request, without charge, a copy of your billing information for the past twelve months.
11. A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or billing complaints is as follows:
 - a. File a complaint at the Cooperative office and allow reasonable time for investigation, advice, and action.

- b. File a complaint with the Cooperative President, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the President to act. If the results are still not satisfactory, then:
 - c. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina 27611, (919) 733-7513. Allow reasonable time for the Authority to act.
 - d. If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to act.
12. You may request and have installed by the Cooperative at your expense, types of service that exceed what is normally supplied, provided that they meet the general conditions in the Service Rules and Regulations. If you need such services, please call us.
13. As a Member of this Cooperative, you will share in margins called Capital Credits, which are assigned in the Members' names. The refunding of the Capital Credits is at the discretion of the Board of Directors.

Office and Service Hours

The Cooperative's general office is located at 518 NC 561 West, Aulander, North Carolina.

The office is open for business between the hours of 8:00 A.M. and 5:00 P.M. Monday through Friday. Routine and regular service work is performed during these office hours, except that no routine or regular service work will be performed on Saturdays, Sundays and holidays. Service work for unusual conditions or circumstances may be arranged at other times upon request. Emergency service work is performed 24 hours a day, 7 days a week.

Service personnel may be reached by calling 1-800-433-2236 or (252) 209-2236.

STATEMENT OF NONDISCRIMINATION

Roanoke EC is the recipient of Federal financial assistance from the Rural Electrification Administration, 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 1974, 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 the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Eva Wiggins-Greene, Vice President of Human Resources and Administration. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination, may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

DEFINITIONS

Applicant - A Member or prospective Member who has applied for service.

Area Coverage - The public policy of obligating the Cooperative to provide service, on a nondiscriminatory basis, to all persons and entities desiring electrical service within a service territory assigned to the Cooperative.

Billing Period - The time period between two successive, scheduled meter readings.

Capital Credits - The amounts of the cooperative's net margins allocated to individual members and returned on a periodic basis as determined by the Board of Directors.

Clean and maintained right-of-way - Right-of-way area that is regularly maintained free of logs and brush.

Cooperative - Roanoke Electric Cooperative.

Conservation - The practice of efficiently and effectively using electric generating and transmitting facilities while avoiding wasteful consumption of electrical energy.

Delinquent bill - A bill for which payment is not received in the office by the close of business on the 25th day from the billing date.

Electric Service - The Cooperative's legally imposed duty of supplying to an established point of delivery energy service in the form of an alternating current of frequency at nominal 60 cycles per second and of various nominal voltages.

Foreign Electricity - Any electricity used by the Member that is obtained from a source other than the Cooperative. This includes, but is not limited to, power obtained from other power suppliers and customer-owned generators.

Member - Any person or legal entity who has applied for and been accepted into membership of the Cooperative for the purpose of receiving electric service.

Member in good standing - Any Member who has fulfilled all obligations of the Member for any and all accounts under the Member's name and who, within the previous twelve months has had 1) not more than two delinquent billings, 2) no involuntary disconnections, 3) not more than two (2) returned checks, or 4) no violation of meter tampering.

Meter Tampering - Diversion of power or the unauthorized alteration or manipulation of the Cooperative's meter, wires, seals, or other apparatus in such a way as to prevent the meter from recording under seal the amount of electric service supplied to the Member. (This is a misdemeanor under law and subject to penalty and effects the status of Member

in good standing.)

NCEMC - North Carolina Electric Membership Corporation located in Raleigh, North Carolina is the wholesale supplier of electric service for 27 Cooperatives in North Carolina. NCEMC is a cooperative owned by the 27 Cooperatives in the same manner that the Members receiving retail electric service from the Cooperatives own the Cooperatives.

Permanent - Buildings which have permanent foundations and permanent water and sewer facilities.

Person 65 years or older or Disabled - The Cooperative accepts the certification of the local county social services department as applied to the energy Crisis Assistance Program.

Point of Delivery - The point at which ownership of the electric service is transferred from the seller to the buyer. The Point of Delivery will be, unless otherwise specified, where the cooperative's wiring system terminates in the delivery of electric service to the Member's wiring system. On overhead services the Point of Delivery will be the weather head, and on underground services the Point of Delivery will be the line side of the meter base; however, the Member may be required to provide and maintain certain facilities between the cooperative's facilities and the meter.

Seasonal - Member, facilities or premises which are active, in use or inhabited on a part-time basis, or during only certain months of the year.

Service Agreement - The agreement between the Cooperative and Member consisting of the following:

- Membership card and/or Application, signed by Member and Cooperative (with membership fee and security deposit, if required),
- Bylaws,
- All necessary right-of-way easements,
- Current applicable rate schedules and riders,
- Load management agreement (if applicable), and
- Current Service Rules and Regulations.

Service Voltage - The voltage at the point where the electric systems of the supplier and the user are connected (Point of Delivery). The Service Voltage is usually measured at the service meter base or entrance switch and allowable variations are usually expressed on a 120-volt base.

Standard service connection - Unless otherwise stated or agreed by the Cooperative, the standard service connection will be single phase, 60 cycles per second electric service provided to the point of delivery at the Cooperative's standard supply voltages.

GENERAL SERVICE RULES AND REGULATIONS

100 ELECTRIC SERVICE AVAILABILITY

101 Application for Membership

The Service Agreement between The Cooperative and its Member will consist of the following:

Membership card and/or Application, signed by Member and Cooperative (with membership fee and security deposit, if required),
Bylaws,
All necessary right-of -way easements,
Current applicable rate schedule and riders,
Load Management Agreement (if applicable), and
Current Service Rules and Regulations.

A supplemental written contract on a form provided by the Cooperative may be required from any applicant whose estimated demand is 50 KW or more.

The Cooperative's form of Application for Membership must be completed, signed and submitted, accompanied by a membership fee of \$5.00. Applications for joint membership require the signature of each individual. Neither the Membership nor the Service Agreement is transferable or assignable; however, capital credits may be transferred to the cooperative or to another Member if authorized by the Member. A non-refundable connection charge, as specified in the Schedule of Charges, will be required.

When two or more rate schedules and/or riders are available, the Cooperative will assist in the selection, but it is the Member's right and responsibility to determine which to select. Refer to Appendix for descriptions of the available Rate Schedule and Riders.

102 Security Deposit

A service security deposit shall be collected in advance of connection or reconnection of any service if the Cooperative determines that such is needed to assure its being saved harmless from delinquency in bill payments. In making such determination, the Cooperative will take into account a number of factors, which may include, without limitation:

- A. Type of service involved;
- B. If the potential Member is a business, the age of the business;
- C. Credit Rating of the consumer
- D. Any other factor relating to the consumer's financial dependability.

The amount of the security deposit required for residential accounts will be determined by the applicant's credit score as provided by an independent credit scoring service as follows:

- A. For scores equaling 10% or less, the security deposit will be waived.
- B. For scores of 10.1% through 25%, the security deposit will equal \$150.00.
- C. For scores of 25.1% through 50%, the security deposit will equal \$300.00.
- D. For scores exceeding 50%, the security deposit will equal \$450.00.

The amount of the security deposit required for non-residential accounts (1000 kVA or less) will be determined by the applicant's credit score as provided by On-Line Services as follows:

- A. For scores equaling 10% or less, the security deposit will be waived.
- B. For scores of 10.1% through 25%, the security deposit will equal \$275.00.
- C. For scores of 25.1% through 50%, the security deposit will equal \$550.00.
- D. For scores exceeding 50%, the security deposit will equal \$825.00.

The security deposit may be higher, if the Cooperative's Board of Directors determines that a higher amount is necessary due to extenuating circumstances. The deposit for accounts 1000 kVA or more will be determined by applicant's credit history or anticipated monthly usage. In the event that there is no established credit history for the applicant, the highest level deposit will be required.

Notwithstanding the above and in the sole discretion of the Cooperative, the Cooperative may require prospective and existing Members to participate in the Cooperative's prepaid metering program as a precondition to service. Such a requirement may be imposed for reasons other than credit history, such as (without limitation) meter tampering, an excessive number of disconnects, an excessive number of returned checks, or altercations with service personnel. Further, any Member may choose to participate in the Cooperative's prepaid metering program, regardless of credit history. The Cooperative reserves the right to waive any security deposit required in the event a Member elects prepaid metering.

As an alternative to a Service Security Deposit, the Cooperative will accept: a letter of reference indicating the Member has been a recent consumer of an electric utility and which states the prospective Member's payment record over the last twelve months service was provided satisfies the Cooperative's status of Member in Good Standing or a guarantee payment of your bills up to the amount of deposit from a Member in Good Standing.

A Member's Service Security Deposit will be refunded after a period of twenty-four (24) consecutive months only if the Member has fulfilled all Member Obligations.

Any Payment Guarantee will automatically be voided after twenty-four (24) consecutive months of satisfactory, timely payments and no violations of the member's obligations.

Upon termination of Membership, the Membership Fee and any remaining Security Deposit will be refunded or applied against any unpaid balance owed to the Cooperative.

103 Additional Service Connections

A Member may have any number of service connections under one membership. The Member may be obligated to pay, pursuant to the above Section 102, the applicable service security deposit for each additional service and will be obligated to pay for all electric demand and energy used on the premises at the Cooperative's applicable rates. A Member with more than one account is equally responsible for current payment of all accounts, and service may be denied for a new service for failure to pay on another account under the same Member.

104 Area Coverage and Line Facilities

In providing area coverage service, the Cooperative will provide a standard service connection that requires no facilities or services in excess of those normally provided by or acceptable to the Cooperative. The Cooperative may require additional fees for line extensions beyond the limits as provided by Cooperative policy. When a Member or an individual requests that the Cooperative supply electric service in a manner which requires equipment and facilities in excess of those which the Cooperative would normally provide, and the Cooperative finds it practical to do so, such excess equipment and facilities will be provided as excess facilities at the cost of the Member. The Cooperative and the Member will collect costs through excess facilities charges and/or contributions-in-aid of construction as agreed upon.

105 Metering Facilities

The Cooperative normally provides and installs the meter and requires the Member to provide for an approved meter base and certain connection facilities to the meter base. Any meter installed at the request of the Member that would not have been installed as standard equipment will be considered an excess facility.

Members applying for more than one class of service on the same premises will arrange their wiring so that each class of service can be metered separately. Regardless of ownership of the facilities, the Cooperative will have the right, at its option, and at its own expense, to place demand meters, voltmeters, locking devices, or other instruments

on the premises of the Member for the purpose of monitoring and maintaining the Member's service.

200 CONDITIONS OF SERVICE

201 General Conditions

The Cooperative will supply electrical service to the Member after all of the Following conditions are met:

- A. The Member is in compliance with all aspects of the Service Agreement and agrees to be bound by the Cooperative's Articles of Incorporation and Bylaws.
- B. The Member agrees to furnish without cost to the Cooperative all necessary easements and right-of-ways.
- C. The Member agrees to have all streets, alleys, and driveway entrances graded to within six (6) inches of final grade and have lot lines established before installation or extension of electrical service begins.
- D. The Member agrees that the Cooperative will have right of access to Member's premises at all times for the purpose of reading meters, testing, repairing, removing, maintaining or exchanging any or all equipment and facilities which are the property of the Cooperative, or when on any other business between the Cooperative and the Member. In cases where it is reasonably necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property served by the Cooperative.
- E. Any previous outstanding debts owed by the Member, or any other person in the Member's household, to the Cooperative have been paid.
- F. Provision of service in no way conflicts with public authorities.
- G. All Member wiring and equipment has met the requirements of the National Electrical Code and of the Cooperative, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises wiring has been made available by the Member.
- H. The Member has not connected, and agrees not to connect in the future, any motors or other equipment which are not suitable for operation with the character of the service supplied by the Cooperative or which adversely affect the Cooperative's equipment or the service to other Members.
- I. The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to the Cooperative's other Members. Such loads include, but are

not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machine, shovel loads, or motor starting across the line.

J. The Member agrees to be responsible for notifying the Cooperative of any additions to or changes in the Member's equipment which might affect the quality of service or might increase the Member's demand.

K. The Member agrees that when multi-phase service is furnished, the Member will at all times maintain a reasonable balance of load between the phases. Three-phase motors with high-starting or fluctuating currents must be installed in accordance with the Cooperative's Rate Schedule and Riders and Rules and Regulations.

L. The Member agrees to promptly notify the Cooperative in writing if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system and if the Member desires special handling of the account in the event of failure to pay electric bills.

M. The Member agrees to promptly notify the Cooperative with proper certification of special handling of the Member's account with respect to the Cold Weather Disconnection provisions in Section 402.

202 Standard Supply Voltages

The Cooperative maintains one system of alternating current at a standard frequency of 60 cycles per second that is supplied throughout its system and within prudent utility practices. The Cooperative will determine the voltage, number of phases, and type of metering, which will be supplied depending upon the Cooperative's facilities available and upon the character, size and location of the load to be served. The Member will consult the Cooperative before proceeding with the purchase or installation or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and the Cooperative.

The service voltages described below are nominal, and variations permitted will not be less than 114 volts or more than 126 volts on a 120 volt basis.

Single Phase, 2 Wire,	120 Volts
Single Phase, 3 Wire,	120/240 Volts
Three Phase, 4 Wire, Wye	120/208 Volts
Three Phase, 4 Wire, Delta	120/240 Volts
Three Phase, 4 Wire, Delta	240/480 Volts
Three Phase, 4 Wire, Wye	277/480 Volts
Single Phase, 2 Wire Three	7200 Volts
Phase, 4 Wire	7200/12470 volts or 14,440/24,900 Volts

It will not be considered a violation of this voltage standard when voltages outside of the prescribed limits are caused by any of the following:

Action of the elements,
Service interruptions,
Temporary separation of parts of the system from the main system,
Infrequent fluctuations of short duration,
Voltage control for load management purposes,
Other causes beyond the control of the Cooperative,
Addition of Member equipment without proper notification to the Cooperative,
Emergency operations, or
The operation of the Member's equipment.

203 Service Interruptions

The Cooperative does not guarantee continuous and uninterrupted service and will not be liable for loss or damage to any Member's equipment, belongings, real property, business losses or consequential damages caused by any failure to supply electric service or by any interruption or reversal of the supply of electric service, if such is due to any cause beyond the reasonable control of the Cooperative.

Such causes include, but are not limited to:

A. An emergency action due to an adverse condition or disturbance on the system of the Cooperative, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electric service to some consumers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected, system.

B. An Act of God, or the public enemy, or insurrection, riot, civil disorder, fire, or earthquake, or an order from Federal, State, Municipal, County or other public authority.

C. Making necessary adjustments to, changes in, or repairs on lines, substations, and facilities, and in cases where, in the Cooperative's opinion, the continuance of service to consumers' premises would endanger persons or property.

The Member will notify the Cooperative immediately of any defect in service or of any trouble or irregularity to the electric supply.

Maintenance work on lines or equipment requiring service interruption will be done, as far as practicable, at a time that will cause the least inconvenience to the Members. The Members to be affected by such planned interruptions will be notified in advance, if practicable.

204 Right-of-Way Maintenance

The Member will grant to the Cooperative, and the Cooperative will maintain right-of-way according to its specifications with the right to cut, trim and control the growth of trees and shrubbery located within the right-of-way or that may interfere with or threaten to endanger the operation or maintenance of the Cooperative's line or system. When trimming right-of-way, the Cooperative will remove debris at its expense from "clean and maintained" areas; that is, an area that is regularly maintained free of logs and brush, but not the removal of stumps. In other areas, right-of-way debris will be left in the right-of-way limit.

Members who desire to have trees trimmed or cut which are close to Cooperative lines and, in the opinion of the Cooperative, pose a possible hazard to the lines may request assistance from the cooperative in cutting or trimming. The Cooperative will schedule such work at its convenience.

205 Power Factor

The member will at all times maintain a power factor at a point of delivery as close to one hundred (100%) as practicable. Where the overall power factor of the Member's load is less than 95 percent (95%) lagging, the Cooperative may require the Member to install at the Member's expense equipment to correct the power factor, and may adjust the Member's billing demand as specified by the applicable rate schedule. The Cooperative reserves the right to measure the power factor at any time.

206 Foreign Electricity, Parallel Service, and Standby Generation

The Member will not use the Cooperative's electric service in parallel with other electric service, nor will other electrical service be introduced on the premises of the Member for use in conjunction with or as a supplement to the Cooperative's electric service, without the prior written consent of the Cooperative.

Where approved standby and/or supplemental the member provides on-site generation, parallel operation of the Member's generating equipment with the Cooperatives system will not be allowed, without express permission of the Cooperative. The Member will install all protective devices specified in the National Electric Code, or the National Electric Safety Code, as applicable. A double throw switch must be used to prevent possible injury to the Cooperative's personnel and equipment by making it impossible for power to feed back into the main line from the emergency generator.

207 Qualifying Facilities and Independent Power Producers

The Cooperative is required to comply with the Public Utility Regulatory Policies Act of 1978 (PURPA), along with rules and regulations promulgated under PURPA as they relate to qualifying facilities (QF). Any owner/operator of a QF desiring to connect with and sell electric demand and energy to the Cooperative shall notify the Cooperative. The cooperative will provide the owner/operator with its current rates as specified in the attached Current Applicable Rate Schedule and Riders.

Any contracts for the sale of electrical demand and energy from QF will be made between the owner/operator and the Cooperative or NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

Also through a similar prior arrangement with NCEMC, all contracts for the sale of electric demand and energy from an independent power producer (IPP) will be made between the owner/operator and NCEMC.

208 Line and Facilities Conversion and Relocation

Upon request, the Cooperative will, consistent with prudent utility practice, relocate line, poles, and facilities. The Member will be required to pay in advance the nonbetterment cost of relocating the facilities. Any additional right-of-way necessary for relocation will be the responsibility of the Member to obtain.

At a Member's request, the Cooperative may convert existing adequate overhead facilities to underground, provided that the Member pays the Cooperative the cost incurred.

Under most circumstances, the Cooperative will, upon request, raise or lower lines to afford a safe passage for buildings or equipment being moved. Parties making such requests will be required to pay the cost of the labor and any material used, plus an appropriate charge for transportation equipment. Also, such parties will be required to make a deposit, in advance, of the estimated cost of the Cooperative.

209 Energy Management Assistance

The Cooperative will, at no charge, investigate, render advice and lend assistance needed for all reasonable requests of the member pertaining to the Member's account, usage, bill load management equipment, and energy conservation measures.

300 BILLING

301 Responsibility to Read Meter

Meters will be read and bills rendered by the Cooperative. When a meter cannot be read on or about the scheduled date, the meter reading and corresponding use for the period will be estimated based on prior usage. Accounts billed on an estimated basis will be adjusted as necessary when actual readings are obtained. An explanation of the meter-reading process can be obtained from the Cooperative.

302 Due Dates and Failure to Pay

Bills are due and payable upon receipt and are considered delinquent if payment is not received in the office by the close of business on the 25th day from the billing date. Members whose bills become delinquent will be charged a late payment of \$6.00. If the bill is still delinquent at the time the next month's bill is prepared, the next month's bill will show the previous month's account balance with a disconnect notice. This notice will explain the reason why the Cooperative plans to disconnect the service, state the date after which the service may be disconnected and explain what you can do to keep the service from being disconnected. The disconnect notice will state that the Cooperative's office can be contacted prior to the disconnection date to discuss credit arrangement if you cannot pay your bill.

If after seven (7) days from the mailing of the disconnect notice, the account remains delinquent, a supervisor within the Cooperative will review the account to determine if the Member has taken the necessary action to avoid disconnection.

The Cooperative may either refer the account to a collection agency at the cost of the Member or dispatch field personnel to read the meter and make the effort to notify the Member, receive payment, make satisfactory credit arrangements, agree to defer action because of death or illness or disconnect. The field personnel may require payment of all past due portions of the delinquent bill plus a field collection fee, as specified in the Schedule of Changes, or disconnect the service without further notice.

Members may request in writing that a copy of any disconnect notices be sent to a specified third party.

303 Multiple Services

If a Member has more than one account, the Cooperative reserves the right to apply any payment made by the Member to any account owed to the Cooperative by the Member. All funds received first will be applied to any interest and penalty on the delinquent account(s) with the remaining funds to be applied against the electric bill service.

304 Bill in Dispute

Failure to receive a bill does not exempt a member from payment. A duplicate bill may be obtained from the Cooperative. Neither a dispute concerning the amount of a bill nor a claim or demand by the Member against the Cooperative will alter the normal requirements for payment. See complaint procedure in Section 503 for resolution of disputed bills.

305 Method of Payment

Payments may be made:

- In person,
- In the after-hours deposit facility,
- By mail (check or money order only),
- By bank draft.

The Cooperative offers a budget billing procedure for Members who request leveled payments throughout the year by completing and signing the Cooperative's Budget Billing Agreement.

306 Returned Checks

Any member whose check for service is returned for insufficient funds will be notified immediately and a returned check fee will be added to the Member's account. Such charge will be up to the maximum allowed by North Carolina Law (GS25-3-572). If the Member is in good standing, the Cooperative will attempt to notify the Member. The returned check fee and account will be considered to be delinquent, and the delinquent billing handled in accordance with Section 302, above. If the Member is not in good standing and payment is not made within three days after the date of notification, service will be discontinued. If the Cooperative receives more than two such checks from a Member in the previous 12-month period, the Cooperative may refuse to accept further checks from that Member.

307 Corrections for Errors

Billing Adjustments- Adjustments made to the electric bill due to inaccurate metering equipment, errors in meter reading or billing will be made promptly. The Cooperative will issue immediate credit when it is in error and the Member will be expected to pay any appropriate additional charges as billed. Payments to the Cooperative may be made in installments over the same period of time during which the error occurred.

If the interval during which the error occurred cannot be determined, then the billing adjustment will be based on an appropriate estimation of usage and/or demand for a given period of time. For Members having a demand of less than 50 KW, that period will not

exceed 150 days. For Members having a demand of more than 50 KW, that period will not exceed 12 months.

When a meter stops or fails to register correctly, or if the calibration is found to be in error of more than plus or minus two percent (2%), the Member's account will be adjusted accordingly. The Cooperative will periodically test and inspect meters.

A member may request in writing that a meter be tested. A report will be supplied to the Member within a reasonable time after the completion of the test. A meter test charge, as specified in the Schedule of Charges, will be imposed and refunded if the meter is found to be in error in excess of plus or minus two percent (2%).

308 Credit

At the discretion of the Cooperative, credit may be extended to Members in accordance with the following standards:

A. When it is determined that enforcement of the policy will constitute an undue hardship in relation to the amount of the delinquent bill, and the extension of credit for a fixed time, or arrangement for installment payment of the bill will not unduly impair the Cooperative's ability to effectuate final collection of the bill; or

B. When the Member involved establishes to the satisfaction of the Cooperative that the Member's failure to pay the bill has resulted from a mistake on the Cooperative's part or a mistake for which the Member was not responsible; or

C. When the involved bill is a final bill covering service to a farm, home, or other residential structure and the main building thereof has been destroyed by fire not caused by act of arson on the part of the Member or the Member's family; or

D. When disconnection of service might impose immediate danger to the Member or other persons due to illness or some hazardous condition, or when the household is immediately and directly affected by a death; or

309 Unavoidable Cessation of Service by Member

In the event that the Member's premises is destroyed by fire, natural disaster, or other casualty, or the operation of its plant is shut down because of strike, fire, natural disaster, or other cause beyond the Member's control, making a complete cessation of service, then upon written notice by the Member to the Cooperative within thirty (30) days thereafter, advising that the Member intends to resume service as soon as possible, any minimum charge, or guarantee occurring after such cessation of service for which the Member may be liable will be extended for a corresponding period. The Member's obligation to pay for charges incurred before cessation will be postponed with interest. Otherwise, the agreement for service will immediately terminate.

400 DISCONNECTION AND RECONNECTION

401 Disconnection of Service by the Cooperative

Service may be disconnected after notice has been given and reasonable time to comply has been allowed for noncompliance with the Bylaws of the Cooperative, the Service Agreement with the Cooperative, or any applicable Federal, State or other local laws, regulations or codes, including, but not limited to, nonpayment and refusal of access to the Cooperative's meters or other facilities on the premises.

The Cooperative may disconnect service immediate and without notice for the following reasons:

- A. Discovery of meter or load management equipment tampering or diversion of current.
- B. Use of power for unlawful, unauthorized or fraudulent reasons.
- C. By order of public authority.
- D. Discovery of an electrical condition determined by the Cooperative to be potentially dangerous and eminently hazardous to life or property of the Cooperative or the public.
- E. For repairs, emergency operations, unavoidable shortages, or interruptions in the Cooperative's supply source.
- F. Introduction of foreign electricity on the premises without prior written consent.

Waiver of default- Any delay or omission on the part of the Cooperative, to exercise its right to discontinue service, or the acceptance of a part of any amount due, will not be deemed a waiver by the Cooperative of such right if the Member continues to be or again becomes non-compliant with the Service Agreement.

402 Cold Weather Disconnection

With respect to bills rendered between December 15 and March 15 of every year and in the spirit of the policy regulations expressed by Congress in the Public Utility Regulatory Act (PURPA) of 1978, the notice of proposed termination shall take place without the express approval of the Cooperative's Board of Directors and notification of the North Carolina Rural Electrification Authority if the Member can establish all of the following:

- A. That a Member of the Member's household is either disabled or 65 years of age or older.
- B. That the Member is unable to pay for such service in full.

C. That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs to be eligible (whether funds are then available or not) to receive assistance under such programs.

The Cooperative may continue to charge interest on accounts that are subject to this provision. As provided in Section 201, the Member must provide advance notification and certification of meeting the requirements for special handling of the accounts.

403 Reconnection of Service by the Cooperative

Subsequent to the disconnection of electric service by the Cooperative for reasons listed in the previous sections, service may be reconnected under the following conditions:

- A. The conditions causing the disconnection are corrected.
- B. Payment has been made for the cost of repair or replacement of the Cooperative's meter or any other properties, if tampered with or otherwise damaged or destroyed.
- C. Where the service has been disconnected for non-payment of a bill, meter tampering, unauthorized or illegal use of power, the Cooperative will have the right to refuse service to the same Member or to any other applicant who is a member of the Member's household until the infraction is corrected, credit is reestablished by the Member and all applicable accounts have been paid.
- D. The Member has agreed to comply with reasonable requirements to protect the Cooperative against further infractions.
- E. A reconnection fee and/or any other applicable service charges and security deposits, as specified in the Schedule of Charges, have been paid.

404 Termination of Service by Member

For termination of service, the Member should give a minimum of one working day's notice prior to requested disconnection unless a written contract specifies otherwise.

A Member may voluntarily withdraw in good standing from membership under both of the following conditions:

- A. Payment of any and all amounts due the Cooperative, and cessation of any noncompliance with the membership obligations, all as of the effective date of withdrawal; and either removal to other premises not furnished service by the Cooperative, or ceasing to use any central station electric service whatever at any of the premises to which such service has been furnished by the Cooperative pursuant to the service agreement; and

B. Upon such withdrawal, the Member will receive a refund of the balance of the membership fee and of any service security deposit held by the Cooperative after being applied to the Member's final bill.

500 COOPERATIVE AND MEMBER OBLIGATIONS

501 Approval and Cooperative's Board Authority

The Cooperative's Board of Directors is the governing body and is the final authority for making and revising these Service Rules and Regulations. These Rules and Regulations and Rate Schedules are on file in the Cooperative's headquarters office, and such filing and publishing will constitute official notice to all Members on such changes. Failure of the Cooperative to enforce any of the terms of these Rules and Regulations will not be deemed as a waiver of its right to do so.

In case of conflict between any provision of the Bylaws and these Service Rules and Regulations, the Bylaws will prevail. In case of conflict between any provision of Rate Schedule of Rider and these Service Rules and Regulations, the Rate Schedule of the Rider will prevail.

These Rules and Regulations and Rate Schedules and any changes will be filed with the North Carolina Rural Electrification Authority and, additionally, pursuant to North Carolina Law (GS 62-138(f)), with the North Carolina Utilities Commission.

502 Responsibility of Member and Cooperative

Electric service is supplied by the Cooperative and purchased by the Member upon the express condition that after it passes the Point of Delivery it becomes the property of the Member to be used only as provided in the Service Agreement. The Cooperative will not be liable for loss or damage to any person, property, business losses or consequential damages whatsoever, resulting directly or indirectly from the use, misuse, or presence of the said electric service after it passes the Point of Delivery or for any loss or damage resulting from the presence, character, condition of the wires or equipment of the Member or for the inspection or repair of the wires or equipment of the Member.

It is understood and agreed that the Cooperative is merely a supplier of electric service, and the Cooperative will not be responsible for any damage or injury to the buildings, motors, apparatus or other property of the Member due to lightning, defects in wiring or other electrical installations, defective equipment or other cause not due to the negligence of the Cooperative. The Cooperative will not be in any way responsible for the transmission, use or control of the electric service beyond the delivery point, except as it might apply to the use of load management programs.

In maintaining the right-of-way, the Cooperative will not be liable for damage to trees, shrubs, lawns, fences, sidewalks or other obstructions incident to the installation, maintenance or replacement of facilities, unless caused by its own negligence.

All meters, service connections and other equipment furnished by the Cooperative will be, and will remain, the property of the Cooperative. The Member will not interfere with, or alter, the Cooperative's meters, seals, or other property, or permit the same to be done by others than the Cooperative's authorized agent or employee. Damage caused or permitted by the Member to the Cooperative's property will be paid for by the Member.

No person or organization will install or attach any wire, sign (s) or other material or equipment to any of the Cooperative's poles, conductors, or other fixtures, except with express written consent of the Cooperative.

To the extent that Members may require electric service at a level of less variation allowed under the standard service, any additional equipment required by the Member to ensure the level of power quality will be at the Member's expense. The Cooperative will assist the Member in the technical development of the power quality electric service.

503 Complaint Procedure

A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or rate complaints is as follows:

- A. File a complaint at the local Cooperative's office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:
- B. File a complaint with the Cooperative President, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the President to act. If the results are still not satisfactory, then:
- C. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina: 430 North Salisbury Street, Dobbs Building, Raleigh, NC 27611, (919) 733-7513. Allow reasonable time for the authority to act, then;
- D. If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to schedule the item at a regular meeting. Allow reasonable time for the Board's orders on the matter to be carried out.

ARTICLE I MEMBERSHIP

SECTION 1.01 Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision thereof, or body politic (each hereinafter referred to as “person,” “applicant,” “him,” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, Roanoke Electric Cooperative (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

SECTION 1.02 Application for Membership; Renewal of Prior Application. Application for Membership- whereby the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Certificate of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”)- shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any other special deposits that may be required by the Cooperative), which fee (and such service deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the North Carolina legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03 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 be paid by the member for each additional service connection requested by him.

SECTION 1.04 Joint membership. A husband and wife, by specifically so requested in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. The words “member,” “applicant,” “person,” “his,” and “him,” as used in these Bylaws, shall include a husband and wife

applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing-

- (a) The presence at a meeting of either or both shall constitute the presence of one member, a joint waiver of notice of the meeting, and a revocation of any proxy executed by either or both;
- (b) The vote of either or both shall constitute, respectively, one joint vote: PROVIDED, that both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote; PROVIDED FURTHER, that if each execute a separate proxy, the one most recently executed shall revoke the former and shall constitute their sole joint proxy; or, if each executes a separate proxy on the same date, the holder or holders thereof shall cast only one-half (1/2) vote in respect of each;
- (c) Notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver notice;
- (d) Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) Either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet qualifications required therefore; and
- (f) Neither will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05 Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application be denied for other good cause: PROVIDED FURTHER, that any person whose application, for sixty (sixty) days or longer, has been submitted to but not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.06 Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to ALL Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned

or directly occupied shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement; and shall pay therefore at the time, and in accordance with the rules, regulations, rate classifications and schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each Member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the Member has more than one service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and peroration. None of such power shall be resold.

SECTION 1.07 Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.08 Wiring of Premises; Responsibility Thereof; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Identification. 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 North Carolina Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. 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 apparatus 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 dos 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 service, 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, apparatus 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 there from, 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 extend beyond the point of delivery.

SECTION 1.09 Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each Member shall, upon being requested to do so 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 and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01 Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a persons membership shall automatically be suspended and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the Members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended Member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering

written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the Members, appeal to and be present and heard at such meetings, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefore as provided in Sections 1.02 and 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03 Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04 Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners a continue to won or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05 Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06 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 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.

SECTION 2.07 Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board of Directors, as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. 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 on the fourth Saturday of the month of August each year, at such place in one of the counties in North Carolina within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix; provided, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting pursuant to this Section. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage Member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the Members may be called by the Board of Directors, Director or by at least two (2%) percent of the Members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held, as set by the Board of Directors, at any place within one of the counties in North Carolina which the Cooperative serves, on such date, not sooner than forty (40) days after the call or request for such meeting is made.

SECTION 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each Member not less than seven (7) days nor, except as provided in Article XI, more than twenty-five (25) days before the date of

the meeting, by any reasonable means, by or at the direction of the President, the Secretary, or other officer or persons calling the meeting. Reasonable means of providing such notice shall include, but not be limited to, United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No matter the carrying of which, as provided by law or by the Cooperative's Certificate of Incorporation or Bylaws requires the affirmative votes of at least a majority of the then-total Members of the Cooperative shall be acted upon at any meeting of the Members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the Member's address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least seven (7) days before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any Member to receive such notice shall not invalidate any action which maybe taken by the Members at any such meeting, and the attendance in person or by proxy of a Member at any meeting of the Members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any Member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Business may not be transacted at any meeting of the Members unless there are present in person at least two (2%) percent of the Cooperative's Members except that, if less than a quorum is present at any meeting, a majority of those then present in person may adjourn the meeting to another time and date not less than thirty-five (35) days later and to any place within one of the counties in North Carolina which the Cooperative serves; provided, that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who were registered as present in person or by proxy.

SECTION 3.05. Credentials and Election Committee. The Board of Directors shall, at least forty-five (45) days before any meeting of the Members, appoint a Credentials and Election Committee consisting of an odd number of Cooperative Members not less than five (5) nor more than fifteen (15), who are not Members of the Nominating Committee or existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as hereinafter defined) or Members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the Directorate Districts served by the Cooperative. The Committee shall elect its own chairperson 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 or by proxy, 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 chairperson, not less than seven (7) days after such protest or objection is filed. The 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 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 it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. 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.

SECTION 3.06. Voting. Each Member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at any meeting of the Members. Voting by Members other than Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each Member meeting, of satisfactory evidence entitling the person presenting the same to vote. A person entitled to cast the vote of an entity, who is also a Member, may vote that person's own personal Membership as well as that of the entity represented. At all meetings of the Members, all questions shall be decided by a majority of the Members voting thereon, except as otherwise provided by law or by the Cooperative's Certificate of Incorporation or these Bylaws. Members may not cumulate their votes, vote by mail or vote by proxy, except as provided in Section 3.07.

SECTION 3.07. Proxies. No Member shall vote by proxy at any meeting of the Members except as to any matter, the carrying of which requires the affirmative votes of not less than a majority of the then-total Members of the Cooperative. Proxies to be voted on any such matter shall:

- (a) be registered with the Cooperative at its principal office during office hours on or before the third business day next preceding the date of the meeting or any adjournment thereof;
- (b) be executed by the Member in writing and designate the holder thereof (and, if the Member so desires, an alternate holder thereof and/or conferring upon the holder(s) full power of substitution), which holder(s) (or substitute(s), if any) shall be the Member's spouse, an adult close relative (18 years or older) residing in the same household as a Member, or another Member who is a natural person; and
- (c) specify the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than ninety (90) days prior to the date of such meeting or any adjournment thereof;

provided, that any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced; and provided further, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the Member at such adjournment. In the event a Member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a Member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case maybe, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. A person entitled under this Section may vote as proxy for an unlimited number of Members, and a person who is voting as the duly authorized representative of one or more Members which are not natural persons, as provided for in Section 3.05, may vote as proxy with respect to any proxies granted to the nonnatural person Member of which he is such representative. Notwithstanding the foregoing provisions of this Section, whenever a Member is absent from a meeting of the Members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such Member on any matter on which there is a vote taken and use of proxies is authorized by these Bylaws.

SECTION 3.08. Order of Business. The order of business at the annual meeting of the Members and, insofar as practicable or desirable, at all other meetings of the Members shall be essentially as follows:

- (a) Report on the number of Members present in person in order to determine the existence of a quorum;
- (b) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (c) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereof;
- (d) Presentation and consideration of reports of officers, Directors and committees;
- (e) Election of Directors;-
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the Members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, that no business other than adjournment of the meeting to another time and place maybe transacted until and unless the existence of a quorum is first established.

ARTICLE IV

DIRECTORS

SECTION 4.01. Number and 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 Cooperative's Certificate of Incorporation or Bylaws conferred upon or re-served to the Members.

SECTION 4.02. Qualifications. To become or remain a Director, an individual must comply with the following Director Qualifications during his or her term:

- (a) Be an individual.
- (b) Have the capacity to enter legally binding contracts.
- (c) Not have been convicted of a felony within the previous 10 years.
- (d) Be a Member and receive the Cooperative's electric service at his or her primary residential abode for at least the twelve (12) months period immediately preceding the date of his or her nomination.
- (e) Fulfill all Membership Obligations for any and all accounts of the Member and, for the 12 months preceding the date of his or her nomination:
 - (1) have no more than two delinquent payments to the Cooperative;
 - (2) have no involuntary disconnections; or
 - (3) have no more than two returned checks.
- (f) Have no instance of Meter Tampering at any time.
- (g) Not have been an employee of the Cooperative or its subsidiaries for at least 10 years preceding the date of his or her nomination.
- (h) Not be a close relative of an incumbent Director or of an employee of the Cooperative or its subsidiaries; provided however, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if that person becomes a close relative of another incumbent Director or of an employee of the Cooperative or its subsidiaries because of a marriage to which he or she was not a party.
- (i) Not be employed by or substantially financially interested in an enterprise in competition with the Cooperative or its subsidiaries; a business selling electric energy or supplies to the Cooperative or its subsidiaries; or a business substantially engaged in selling electrical appliances, fixtures or supplies primarily to Members of the Cooperative or its subsidiaries.

"Close Relative" as used in these Bylaws, means a person who (a) by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal or (b) resides in the same residence as the principal (collectively, "Close Relative.")

Upon election, Director Qualifications shall include regular attendance at meetings of the Board of Directors and, unless excused for good cause by the Board, a

Director who does not attend at least two-thirds (2/3) of the Board Meetings during any twelve (12) month period no longer meets Director Qualifications for being a Director.

For purposes of this provision, the date of nomination of a Member is the earlier of: (a) the date the Member is nominated by the Nominating Committee or (b) the date a nomination petition conforming with the requirements of Section 4.06 is received by the Cooperative.

Only persons meeting and complying with the Director Qualifications of these Bylaws may become or remain a Director. The Credentials and Election Committee shall have the sole responsibility as to matters relating to member voting and the election of Directors and compliance of nominees, as set forth in Section 3.05 of these Bylaws, and the decisions of the Credentials and Election Committee on those issues shall be final and binding. Upon establishment of the fact that a nominee for Director lacks eligibility under these Bylaws, it shall be the duty of the Credentials and Election Committee to disqualify such nominee.

Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as maybe provided elsewhere in these Bylaws, it shall be the duty of the chairperson presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed there from, as the case may be. After being elected, if any Director fails to comply with or meet any Director Qualification, the Board shall disqualify the Director and the individual is no longer a Director if:

- (a) The Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding the Board's proposed disqualification; and
- (b) Within ten (10) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

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, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the Members, Directors shall be elected by secret written ballot by the Members from among those Members who are natural persons and who meet the Director Qualifications as provided of Section 4.02 of these Bylaws; provided, when the number of nominees does not exceed the number of Directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the Members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the Members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie vote.

SECTION 4.04. Tenure. Directors shall be so nominated and elected that one Director from or with respect to each of Directorate Districts Nos. 1, 5 and 9 shall be elected for three-year terms at an annual Member meeting; one Director from each of Directorate Districts Nos. 2, 6 and 8 shall be elected for three-year terms at the next succeeding annual Member meeting; and one Director from each of Directorate Districts 3, 4 and 7 shall be elected for three-year terms at the next succeeding annual Member meeting, and so forth; provided, that the terms of no two Directors from the same Directorate District shall coincide. Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the annual meeting of the Members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of Directors shall not be held at an annual meeting of the Members duly fixed and called pursuant to these Bylaws, such election maybe held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the Members. Failure of an election for a given year shall allow the incumbents whose Directorships would have been voted on to hold over only until the next Member meeting at which a quorum is present.

SECTION 4.05 Directorate Districts. The territory served by the Cooperative shall be divided into nine (9) Directorate Districts. Each District shall be represented by one Director. The Directorate Districts shall be as follows (all map section numbers refer to the map sections of the Cooperative's official key maps, which are on record in the Cooperative's office in Aulander, North Carolina, and by such references fully incorporated herein):

Directorate	<u>District No.</u>	(Description)
1		(1) Beginning at that point where the Northampton-Halifax County Line, being the Roanoke river, is shown coming southeasterly onto Map Section 7, 6-26, and running thence southeasterly along said River to the point where the same is precisely due east of the Town of Halifax, North Carolina, as shown on Map Section 16, 6-33; (2) running thence directly west to the Seaboard Coastline Railroad as shown on the same Map Section; (3) running thence southerly along said Railroad to the point just west of Enfield, North Carolina, where the same is shown going off the Map Section 23, 6-39; and (4) containing all areas west of the foregoing calls and lying in Halifax County, North Carolina.

Directorate	<u>District No.</u>	(Description)
2		(1) The western boundary consists of that portion of the eastern boundary of District No. 1 which begins at the Roanoke River (the Halifax-Northampton County Line) directly east of Halifax and runs thence from that point westward to and then southwesterly along the Seaboard Coastline Railroad; (2) the northern boundary consists of that portion of the southern boundary of District 3 (hereafter described) that begins at a point in the Roanoke River directly east of Halifax and runs thence with said River to a point just northeast of Caledonia State Prison Farm; (3) running thence southeasterly along the

Roanoke River to the point of its crossing by Highway No. 258; (4) running thence southerly along said Highway No. 258 to that point near Scotland Neck where the same intersects the southern border of Map Section 24,6-40;(5) running thence westward along the southern boundary of Map Sections 24, 6-40 and 23,6-39 to the end of said border in the latter Map Section; and (6) running thence north along the western border of -said latter Map Section number to the intersection with the southeastern boundary of District No. 1 near Enfield.

Directorate

<u>District No.</u>	(Description)
3	(1) Beginning at that point where the Northampton-Halifax County Line, being the Roanoke River, is shown coming southeasterly onto Map Section 7, 6-26, and running thence along the northern and eastern border of said River and County Line to a point where said river makes an approximate-mate 90° turn from northeasterly to southeasterly, just northeasterly from the Caledonia State Prison Farm in Map Section 17, 6-34; (2) continuing thence from said point in a straight line which if extended would intersect the intersection of North Carolina Power's (formerly VEPCO's) 110 KV transmission line and another Seaboard Coastline Railroad, as shown in Map Section 18, 6-35; (3) proceeding thence northerly along said Railroad to the point where it crosses the North Carolina-Virginia State Line in Map Section 2, 6-23; (4) continuing thence westward along said State border to that point which is directly north of the beginning call of this District; and (5) proceeding thence directly south along a straight line which would thusly intersect the said beginning point.

Directorate

<u>District No.</u>	(Description)
4	(1) Its western boundary is the eastern boundary of District No. 3, running from the point where that boundary inter-sects the North Carolina-Virginia border southerly to where the Seaboard Coastline Railroad intersects with North Carolina Power's (formerly VEPCO's) 110 KV transmission line;(2) running thence southeasterly along said transmission line to the point where the same intersects another Seaboard Coastline (formerly Atlantic Coastline) Railroad just north of the Hertford-Bertie County line; (3) running thence northeasterly along said Railroad to the point where the same intersects the Chowan River;(4) running thence northerly along said River to the point where the same first intersects the North Carolina-Virginia border; and (5) running thence westerly along said State border to the point of beginning.

Directorate

<u>District No.</u>	(Description)
5	(1) The western border of said District consists of that portion of the eastern border of District No. 4, being the Chowan River, from

the point at which said River is crossed by Highway No. 97 to the point that said River first intersects the North Carolina-Virginia border; (2) running thence northerly and then easterly along said North Carolina-Virginia border to the point where said border is intersected by Highway No. 32; (3) running thence southerly along said Highway No.32 to the point that said Highway is intersected by North Carolina Power's (formerly VEPCO's) 230 KV transmission line; (4) running thence southerly along said North Carolina Power transmission line to the point of its intersection with Highway No. 158; (5) running thence westerly along said Highway No. 158 to the point east of Eleanor's Crossroads where it is intersected by North Carolina Power's 33 KV transmission line; (6) running thence a straight line to the center of Gatesville; (7) running thence a straight line to the point where Highway No. 97 first enters Storys going north; and (8) running thence southerly along said Highway No. 97 to the point of beginning.

Directorate
District No.

6

(Description)

(1) The northern border of District No. 6 is the southern border of District No.5, beginning at the point where Highway No. 97 crosses the Chowan River and ending at the point where North Carolina Power's (formerly VEPCO's) 230 KV transmission line intersects Highway No. 158; (2) running thence from said point southerly along said transmission line to the point where the same intersects the border between Map Sections 14, 7-27 and 22, 7-33; (3) running thence east along said border to its end; (4) running thence down the eastern border of Map Section 22, 7-33, to its end; (5) running thence westerly along the southern border of said Map Sections 22, 7-33 and 21, 7-32 to the point where the same intersects the Chowan-Hertford County line in the Chowan River; (6) running thence northerly and northeasterly along said River to the point of beginning, being where Highway No. 97 crosses said River near Winton.

Directorate
District No.

7

(Description)

(1) Beginning at the Seaboard Coastline Railroad at the midpoint of its passage through the town of Ahoskie, and then proceeding on a straight line southeasterly to the center of the Chowan River at the point where said River is intersected by the border separating Map Section 7-38 from Map Section 31, 7-44; (2) thence proceeding down the Chowan River, being the Chowan-Bertie County Line, to the point where said line intersects the eastern border of Map Section 31, 744; (3) running thence south on said Map border and continuing on down the eastern border of Map Section 34, 17-2, to the point where the same intersects the Washington-Bertie County line; (4) running thence down said

County line to the point where the same intersects the southern border of Map Section 34, 17-2; (5) running thence west along the border of said Map Section 34, 17-2 to its intersection with the Roanoke River; (6) running thence northwesterly along said Roanoke River to its intersection with Cashie Creek; (7) running thence northwesterly along Cashie Creek to the point of its intersection with North Carolina Power's (formerly VEPCO's) 230 KV transmission line northwest of Butlers; (8) running thence northwesterly a straight line to the point where North Carolina Power's 33 KV transmission line intersects the Seaboard Coastline Railroad near Aulander; and (9) running thence along said Railroad to the point of beginning.

<p>Directorate <u>District No.</u> 8</p>	<p>(Description) (1) Beginning at the point in the northern boundary of Map Section 29, 6-48, which is intersected by the next to the last call in the preceding description for District No. 7, and proceeding southeasterly along the southwestern border with District No. 7 to Cashie Creek, and continuing down Cashie Creek, a southwestern border of District No. 7, to its confluence with the Roanoke River; (2) running thence westerly and northerly with the Roanoke River as it meanders to the point that the same intersects the northern border of Map Section 28, 6-47; and (3) proceeding thence east along the northern border of said Map Section and of Map Section 29, 6-48 to the point of beginning.</p>
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<p>Directorate <u>District No.</u> 9</p>	<p>(Description) (1) Beginning at the point where the Roanoke River intersects the northern border of Map Section 28, 6-47, and running thence northwesterly with said River to the point therein where the River turns an almost 90° angle from northwesterly to southeasterly, a short distance northeast of Caledonia State Prison Farm, a corner in the description of District No.3; (2) running thence a straight line easterly to the point where North Carolina Power's (formerly VEPCO's) 110 KV transmission line intersects the Seaboard Coastline Railroad, also a common boundary and boundary point with District No. 3; (3) running thence along said North Carolina Power's 110 KV transmission line to the point of its intersection with another Seaboard Coastline Railroad near the Hertford-Bertie County line, a common boundary and boundary point for District No. 4; (4) running thence southeasterly down said Railroad to the point where the same is intersected by North Carolina Power's 110 KV transmission line; (5) running thence a straight line to the northern border of Map Section 29, 6-48, the latter two boundary segments being in common with District No. 7 and the latter point being in common with District Nos. 7 and 8; and (6) running</p>
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thence westward along the northern border of Map Section 29, 6-48 and 28, 6-47 to the point of beginning.

Notwithstanding the foregoing number of Districts and District descriptions, every year the Board of Directors, not less than ninety (90) days prior to the earliest date on which the annual member meeting may be scheduled pursuant these Bylaws to be held, shall review the Districts and Directorships. If the Board determines that the boundaries or number of Districts should be altered or that the number of District Directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residence of Members, the number or the geographic location of Districts or the number of District Directors, the Board shall amend these Bylaws accordingly and may, after such amendments become effective, appoint any additional Directors provided for by such amendments, and may fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses and initial terms of any such newly appointed additional Directors to be noticed in writing to the Members not less than five (5) days prior to the date on which the Nominating Committee for the next annual Member meeting shall first convene, and shall also, in timely advance of such Committee meeting, inform the Members of the names, addresses and telephone numbers of the Members of the Nominating Committee and of the date, hour and place of that Committee's first meeting.

SECTION 4.06. Nominations. It shall be the duty of the Board of Directors to appoint, not less than sixty (60) nor more than one hundred (100) days prior to the date of a meeting of the Members at which Directors are to be elected, a Nominating Committee, consisting of not less than five (5) or more than fifteen (15) Members of the Cooperative, who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director, who are not Close Relatives, as defined in Bylaw Section 4.02, or Members of the same household thereof, and who are so selected that each of the Cooperative's nine (9) Directorate Districts shall have equitable representative thereon. The Committee shall prepare and post at the principal office of the Cooperative at least thirty-five (35) days before the meeting a list of nominations for Directors to be elected, listing separately the nominee(s) with respect to each Directorate District from which a Director must, pursuant to this Article, be elected at the meeting. Any fifteen (15) or more Members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, not less than thirty-five (35) days prior to the meeting, and the Secretary shall post such nominations confirmed by the Credentials and Election Committee at the same place where the list of nominations made by the Nominating Committee is posted. The Secretary shall mail to the Members with the notice of the meeting, or separately, but at least seven (7) days prior to the date of the meeting, a statement of the names and addresses of all nominee(s), from or with respect to each Directorate District, showing clearly those nominated by the Nominating Committee and those nominated by petition, if any. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.07. Voting for Directors; Validity of Board Action. In the election of Directors, each Member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of Directors to be elected, but no Member may vote for more nominees than the number of Directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such Directorate District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.08. Removal of Directors by Members. A Director may be removed by the Members for any grossly negligent, fraudulent, or criminal commission or omission significantly and adversely affecting the Cooperative. No Director may be removed for lawfully opposing or resisting any transfer of Cooperative assets or any Cooperative dissolution.

(a) The Director Removal Petition. For each Director for whom removal is requested, the Member(s) seeking removal shall deliver to the Board President or Secretary a dated, written petition (“Director Removal Petition”):

1. Identifying the Director on each page;
2. Explaining, on each page, the basis for seeking the Director’s removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
3. Containing the printed names, printed addresses, and original and dated signatures of at least two percent (2%) of the Cooperative’s Membership obtained in a sixty (60) day period.

Within ten (10) days following receipt of a Director Removal Petition by the President or Secretary, the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director, and within thirty (30) days following receipt of the Director Removal Petition, the Board shall meet to review the Director Removal Petition.

(b) Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member meeting within sixty (60) days following the Board’s determination. Notice of the Member meeting must contain the verbatim language of the charge against the Director, and state that:

1. A purpose of the Member meeting is to consider removing a Director;
2. Evidence may be presented, and a Member vote taken, regarding the removal of the Director; and
3. In the event the Director is removed, the Members may elect a successor Director.

If a quorum of Members are present at the Member meeting, then for the Director named in each Director Removal Petition:

1. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute and present evidence opposing the basis for removing the Director; and
3. Following the Director's presentation, and following Member discussion on the matter, the Members must vote, by secret ballot, whether to remove the Director.

(c) Effect of Removal. If a majority of the Members in attendance vote to remove a Director, then that Director is removed effective the time and date of the Member vote. At the same Member meeting at which the Director is removed, the Members may elect a new Director to succeed the former Director without complying with the Director nomination or notice provisions of these Bylaws; however, any successor Director must comply with the Director Qualifications, including being from the same Directorate District as the Director who was removed, and shall serve the removed Director's unexpired term. Neither a Director Removal Petition nor Director Removal shall affect the legality of any Board action.

SECTION 4.09. Director Resignation and Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the Members, a vacancy occurring in the board of Directors shall be filled by the Board of Directors. A Director thus elected shall serve out the unexpired term of the Director whose office was originally vacated and until his successor is elected and qualified. Provided, however, a Director so filling a vacancy shall comply with the Director Qualifications of these Bylaws, including being from the same Directorate District as was the Director whose office was vacated. A vacancy as used herein does not include Director positions vacated due to an expired Director Term. A Director may resign at any time by delivering written notice of resignation to the Board, President or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the receipt of the same by the Board, its President or its Secretary. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, the pending Director vacancy may be filled before the effective date of the Director's resignation.

SECTION 4.10. Compensation, Expenses. As allowed by law and the Certificate of Incorporation, and as determined by resolution of the Board of Directors, Board members shall receive a fixed fee or fees, which may include insurance benefits, for each day or portion thereof spent on Cooperative business, for attendance at Board and annual meetings, and meetings at which the Board member has been selected by the Board to represent the Cooperative and, when such as had the prior approval of the Board of Directors, for attendance at such conferences and training programs or performing committee assignments relating to the Cooperative or reasonably enhancing the Director's ability to serve the role of Director. If determined by resolution of the Board of Directors, 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. No close relative of a Director shall be employed by the Cooperative and no Director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such Director is temporary, is certified by the Board as an emergency measure, and is approved by unanimous vote of the remaining Directors; provided however, 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 unanimous vote of the remaining Directors. In consideration for serving as a Director, and as determined by the Board, and without granting a Director or former Director any contract or other vested rights, the Cooperative may reasonably provide medical insurance coverage after the Director ceases service as a Director. After a Director ceases serving as a Director, the Board shall 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.

SECTION 4.11. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the Members at or prior to the succeeding annual meeting of the Members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

ARTICLE V **MEETINGS OF THE DIRECTORS**

SECTION 5.01 Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time, and place in one of the counties in North Carolina within which the Cooperative serves, as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time, and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any director absent from any

meeting of the Board at which such a resolution initially determines or makes any change in the date, time, or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER that, if a Policy therefore is established by the Board, the President may change the date, time, or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors.

SECTION 5.02 Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, by the President, or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03 Notice of Directors' Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any other director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04 Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken: PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time, and place of such adjourned meeting.

ARTICLE VI **OFFICERS; MISCELLANEOUS**

SECTION 6.01 Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The same person may hold the offices of Secretary and Treasurer.

SECTION 6.02 Election and Term of Office. The four officers named in Section 6.01 shall be elected from the Board of Directors at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been

duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors by the members and to the removal of officers by the Board of Directors. The Board from among such persons and with such title, tenure, responsibilities and authorities may elect any other officers, as the Board of Directors may from time to time deem advisable.

SECTION 6.03 Removal. Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served.

SECTION 6.04 Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05 President. The President shall—

- (a) Be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;
- (b) 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 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, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6.06 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 upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.07 Secretary. The Secretary shall—

- (a) Keep, or cause to be kept, the minutes of meetings of the members and of the 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 as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- (d) Keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative 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, or cause to be kept on file at all times, a complete copy of the Cooperative's Certificate of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
- (h) In general, perform all duties incident to the office of the Secretary and other such duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.08 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 or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general, perform all 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 6.09 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 6.07 and 6.08, 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 to 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 either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10 General Manager; Executive Vice President. The Board of Directors may appoint a general manager, who may be but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. He shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 6.11 Bonds. The Board of Directors shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as it will determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12 Compensation; Indemnification. The compensation, if any, of any officer, agent, or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties, and compensation of any other officers, agents, and employees shall be fixed or a plan therefore approved by the Board of Directors. The Cooperative shall indemnify present and former directors, officers, including the General Manager (or, if so entitled, the

Executive Vice President) 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 interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13 Reports. The officers of the Cooperative shall submit at each annual meeting of the member's reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of the fiscal year.

ARTICLE VII CONTRACTS, CHECKS, AND DEPOSITS

SECTION 7.01 Contracts. Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent, or employee 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 7.02 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 or countersigned by such officer, agent, or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03 Deposits; Investments. All funds 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 of Directors may select.

ARTICLE VIII MEMBERSHIP CERTIFICATES

SECTION 8.01 Certificate of Membership. Membership in the Cooperative may, if the board so resolves, 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 Cooperative's Certificate of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

Section 8.02 Issue of Membership Certificates. No membership certificate shall be issued for less than the membership fee, nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

SECTION 8.03 Lost Certificate. In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX

NON-PROFIT OPERATION

SECTION 9.01 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.

SECTION 9.02 Patronage Capital in Connection with Furnishing Electric Energy. In the furnishings of electric 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 and receivable from the furnishings of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account for each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if 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 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 pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members: PROVIDED, that insofar as gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board of Directors, 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, except that, due to administrative costs; capital credit checks in the amounts of \$2.00 or less will not be mailed. After February 24, 1986, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital:

PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to their account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method of determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions 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. Capital credited to the account of each patron 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 patron's premises served by the Cooperative, unless the Board of directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person or if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of patron, which assignee was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative, before retiring any capital credited to any patron's account, shall deduct there from any amount owing by such patronage to the Cooperative. Together with interest thereon at the North Carolina legal rate on judgments in affect when such amount became overdue, compounded annually.

SECTION 9.03 Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable there from 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 prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

ARTICLE X

WAIVER OF NOTICE

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

ARTICLE XI

DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01 Disposition and Pledging of Property. (a) Not inconsistently with the provisions of subsection (b) hereof, the Cooperative shall not sell, mortgage, lease, or otherwise encumber or dispose of any of its property (other than merchandise and property which lie within the limits of an incorporated city or town, or which shall represent not in excess of ten (10%) percent of the total value of the Cooperative's assets, or which in the judgment of the Board of Directors are not necessary or useful in operating the Cooperative) unless authorized so to do by the votes of at least a majority of its total membership and by the consent of the holders of seventy-five (75) percent in amount of the Cooperative's outstanding bonds, except that the members of the Cooperative may, by the affirmative majority of the votes cast in person at any meeting of the members, delegate to the Board of Directors the power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine to and (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security thereof.

(b) Notwithstanding the foregoing subsection (a) or any other provisions of these Bylaws, no sale, lease, lease-sale, exchange, or other disposition of all or in excess of ten (10) percent of the Cooperative's assets (other than merchandise and property which lies within the limits of an incorporated city or town or which in the judgment of the Board of Directors are not necessary or useful in operating the Cooperative) to any other entity shall be authorized except in conformity with the following:

- (1) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, or other disposition it shall first cause three (3) independent opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Superior Court Resident Judge for the Judicial District in North Carolina in which the Cooperative's headquarters are located. If such judge refuses to make such designations, the Board of Directors shall make them.
- (2) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are recommended, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric membership corporation corporately sited and operating in North Carolina (which has not made such an offer for

such sale, lease, lease-sale, exchange, or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the report(s) of the three (3) appraisers. Such electric membership corporations shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which the proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that the favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof, which the meeting shall not be held sooner than ninety (90) days after the giving of such notice to the members: PROVIDED, that consideration thereof by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, or other disposition to one or more other electric membership corporations if the substantive effect thereof is to merge or consolidate with such other one or more electric membership corporations.

SECTION 11.02 Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors and not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative for any period during its existence, on the basis that their respective patronage during such period bears to the total receipts of the Cooperative since its inception: PROVIDED, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distributing, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XII

FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

ARTICLE XIII

RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws, and of any other committee of the members or 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 Certificate of Incorporation or Bylaws.

ARTICLE XIV

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, North Carolina."

ARTICLE XV

AMENDMENTS

These Bylaws may be altered, amended, or repealed by the affirmative vote of not less than a majority of the total directors in office, or by a majority of the votes cast by the members represented, at any regular or special Board or member meeting, as the case may be, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

NOTES