

Bylaws

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ARTICLE I. MEMBERSHIP

SECTION 1. Requirements for Membership Any person, firm, association, corporation, political body, or subdivision thereof will become a member ("member") of Lower Valley Energy, Inc. ("Cooperative") provided that member has first:

- (a) Made a written application for membership on forms provided by the Cooperative;
- (b) Agreed to purchase from the Cooperative electric energy or gas as specified in these bylaws or as otherwise required by the Cooperative; and
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any Rules and Regulations adopted by the Board.

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

SECTION 2. Joint Membership A husband and wife, or other individuals pursuant to a notarized written agreement, may apply for a joint membership. Subject to their compliance with the requirements set forth in Section 1 of this Article, they may be accepted for joint membership. The term "member" as used in these Bylaws will be deemed to include a husband and wife holding a joint membership, or other individuals pursuant to a notarized written agreement. Any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the following actions regarding the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or board member, provided that they meet the qualifications for such office.

SECTION 3. Conversion of Membership

- (a) A membership may be converted to a joint membership upon the written request of a member, and the agreement by such member and a spouse shall comply with these Bylaws and Rules and Regulations adopted by the Board.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased shall not be released from any debts due the Cooperative.
- (c) In the event that spouses holding a joint membership become divorced, the membership may be converted into two separate memberships. The accumulated patronage capital shall be divided equally, unless the cooperative is presented with a divorce decree that specifies some other division, or by an agreement as specified in paragraph d.
- (d) A membership, whether individual or joint, along with the accumulated patronage capital, may be divided in any manner agreed to in writing by the member(s) whose name(s) appear on the membership, and whose signatures are notarized on a written agreement.
- (e) Upon the death of a member who is not a party to a joint membership, the membership may be transferred to the estate of the deceased member or any person designated by the legal representative of the estate, by court order, or if no legal representative has been appointed as designated, then in a request signed and notarized by all of the heirs of the deceased member.

SECTION 4. Membership Fees There shall be no membership fee required to be eligible for service.

SECTION 5. Purchase of Energy Except as otherwise provided for by the Cooperative regarding energy produced by a member, each member shall purchase from the Cooperative all electric energy and gas when so elected used on the premises, as specified in the member's application for membership, and shall pay the rates approved by the Board of Directors. Production of energy by a member on a member's premises, regardless of facilities, shall be subject to appropriate regulations as shall be determined by the Cooperative. Each member shall pay to the Cooperative such minimum amount, regardless of the amount of energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed to the Cooperative when the same shall become due and payable.

SECTION 6. Termination of Membership

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or Rules and Regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable to expulsion, and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by action of the Cooperative management. The membership of a member who has not purchased energy for a period of six (6) months after service is available to the member, or if a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the Board or by action of the Cooperative management.
- (b) Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or member's estate from any debts due the Cooperative.

SECTION 7. Membership List The Cooperative shall maintain a record of current members in a form permitting the Cooperative to alphabetically list the names and mailing addresses of all members ("membership list"). The Cooperative shall make the membership list available at the Cooperative office during regular business hours, and at an Annual or Special Member Meeting. A member may inspect, copy, or receive a copy of the membership list, only if, as determined in the discretion of the Cooperative:

- (a) the member acts in good faith and for a proper purpose related to the membership list; and
- (b) the membership list is directly connected with the member's purpose. Except as otherwise provided by the Board, a member may not:
 - (1) use the membership list for a purpose unrelated to an Annual, Special Member Meeting, or a matter within the jurisdiction of the Wyoming Public Service Commission;
 - (2) use the membership list to solicit money or property, unless the money or property is used solely to solicit member votes at an Annual or Special Member Meeting;
 - (3) use the membership list for a commercial purpose; or
 - (4) sell the membership list.

The Cooperative may require the member to sign an affidavit or contract stating the proper purposes, as determined in the reasonable discretion of the Cooperative, for which the list may be used. Member shall agree to indemnify, hold harmless and defend the Cooperative, including Cooperative attorney fees or other legal expenses, for the member using the membership list for an improper purpose.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid; and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws. The remaining property and assets of the Cooperative shall be distributed among the members and former members in proportion to the aggregate patronage of each year to the total patronage of all members during the ten (10) years preceding the date of the filing of the certificate of dissolution.

SECTION 2. Non-liability for Debts of the Cooperative The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 3. Grant of Property Rights. As required by the Cooperative for a Cooperative Purpose, a member shall:

- (a) provide the Cooperative safe and reliable access to or use of member property;
- (b) pursuant to terms and conditions specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written easement, right-of-way, license, or other right or interest in member property, and execute a document regarding this grant or conveyance, as prepared in the reasonable discretion of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting The annual meeting of the members shall be held during the month of April, May, or June of each year at a designated place within the service territory of the Cooperative, as selected by the Board of Directors. Such place shall be designated in the notice of the meeting, for the purpose of electing board members, and transacting other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the

annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three board members, by the President, or by ten (10) percent or more of all the members, and it shall then be the duty of the Secretary to cause notice of such meeting to be given as provided in these bylaws. A special meeting of the members may be held at any place within the service territory of the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Member Meetings Written or printed notice to each member stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than forty-five (45) days before the date of the meeting, by mail, by electronic document as described in these bylaws, or otherwise at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered to the member, 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 prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action that may be taken by the members at any such meeting.

SECTION 4. Quorum Except for member votes on Cooperative mergers, consolidations, sale or disposition of assets and dissolutions (for which a super majority vote of members may be required by applicable law), ten percent (10%) of all members of the cooperative present in person, by mail ballot or by proxy, or one hundred (100) members present in person, whichever is fewer, shall constitute a quorum for the transaction of business at all meetings of members. If less than a quorum is present at any meeting, a majority of those present, in person or represented by proxy, may adjourn the meeting without further notice, until a quorum is present.

SECTION 5. Proxies At all meetings of members, a member may vote by proxy executed in writing by the member. Any proxy so executed shall be accompanied by instructions from the member as to how that proxy shall be voted. Such proxy with instruction shall be filed with the Secretary, or other officer or agent authorized to tabulate votes at such time as designated by the Board of Directors. The proxy shall be voted by the Secretary, or other officer or agent authorized to tabulate votes at the meeting in compliance with the instructions given by the members. Proxies must designate the particular meeting at which they are to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No proxy shall be valid after ninety (90) days from the date of its execution. The spouse of a member may vote on behalf of that membership, either in person or by proxy.

SECTION 6. Vote by Ballot

- (a) A member may vote or act by mail, or by electronic document as described in these bylaws, in conjunction with a member meeting by the Cooperative delivering a mail or electronic ballot (“ballot”) to each member entitled to vote on the matter. A member submitting a completed ballot may not vote in person or by proxy at the member meeting regarding a matter described in the ballot. A member may not revoke a completed ballot received by the Cooperative. The Cooperative may count completed ballots received before the member meeting in determining whether a member quorum exists at the member meeting. The Cooperative must count as a member’s vote a properly completed ballot received on, or before, the time and date stated in the ballot for the member meeting. A member’s failure to receive a ballot does not affect a vote or action taken by ballot.
- (b) A ballot must:
 - (1) set forth and describe a proposed action, identify a candidate, and include the language of a motion, resolution or other written statement or summary of an action upon which a member is asked to vote, ratify or act;
 - (2) state the date of a member meeting at which members are scheduled to vote or act on the matter;
 - (3) provide an opportunity to vote for or against or to abstain from voting on, the matter;
 - (4) instruct the member how to complete and return the ballot; and
 - (5) state the time and date by which the Cooperative must receive the completed ballot.

SECTION 7. Election Committee Before a member meeting, the Board may appoint an election committee for the member meeting consisting of three individuals. Among other tasks, the election committee shall prepare a summary of board of director responsibilities, the process of nomination and nominee campaign requirements and duties, and meet with qualified candidates for election to the board of directors, to review such information and answer nominee questions. Specifically, the nominees shall be informed by the election committee members, that the nominee has a duty to ensure the truth of all campaign statements and materials. The nominee shall have a duty to promptly retract and correct any false information. If the nominee fails to do so, the board of directors in its sole discretion, may correct false information. The nominee shall sign an acknowledgement of receipt and understanding of the substance of this bylaw.

SECTION 8. Voting Each membership shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided

by vote of a majority of the members voting in person or by ballot, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

SECTION 9. Order of Business The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be as follows:

- (a) Report on the number of members present in person or by proxy in order to determine the existence of a quorum.
- (b) Read the notice of the meeting and proof of due publication or mailing or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Read or provide copies of unapproved minutes of previous meetings of the members and take necessary or appropriate action.
- (d) Officer presentations and consideration of reports.
- (e) Election of board members.
- (f) Other business as may be appropriate.
- (g) Adjournment.

ARTICLE IV BOARD MEMBERS

SECTION 1. General Powers The business and affairs of the Cooperative shall be managed by a board of seven (7) directors who shall exercise all of the powers of the Cooperative, except those by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

SECTION 2. Director Districts The entire territory in which the Cooperative operates and where members reside or receive service, shall be divided into seven (7) districts, as described in the Cooperative's geographical information system, and each of the districts shall be represented by one director who shall reside in the district. Directors shall be selected, nominated, and elected as provided by these Bylaws.

The districts aforesaid shall be numbered, described and divided as follows:

District #1 comprises all of the Afton area with the northern boundary being Strawberry Creek Road.

District #2 comprises all areas north of Strawberry Creek Road to County Road 119 then west of Highway 89 to the Teton County boundary, including Wayan, Freedom areas and north Alpine.

District #3 comprises all areas north of Lincoln County Road 119, east of Highway 89 through Alpine Junction and includes Hoback Junction north to Little Horsethief Canyon as well as the Bondurant and Green River Lakes area.

District #4 comprises all areas north of the Teton/Lincoln County boundary and west of Highway 89 and Fall Creek, consisting of Crescent H Guest Ranch and Indian Paintbrush. Grand Teton National Park serves as the northern boundary, including Wilson, Teton Pines, John Dodge and Teton Village.

District #5 comprises the town of Jackson, east of Cache Street and all areas north of Zenith Drive, excluding Jackson Hole Golf & Tennis Club.

District #6 comprises the western portion of the town of Jackson with Cache Street defining the eastern boundary. The southern boundary is Highway 22 with the Snake River being the western border. Zenith Drive serves as the northern boundary and includes Jackson Hole Golf & Tennis Club.

District #7 comprises all areas east of Fall Creek Road and west of Highway 89 to the Jackson Office, then all areas north of the Jackson office up to the Town of Jackson, including Hidden Ranch. Then west of Highway 89 with a northern boundary of Highway 22, consisting of Skyline Ranch.

Not less than sixty (60) days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the districts, and if it should be found that based upon the current number of members in each district inequalities in representation greater than 5% have developed which can be corrected by a revision of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

SECTION 3: Qualifications and Tenure At each annual meeting of the members, directors shall be elected by ballot as these Bylaws provide. An employee of the Cooperative may not run for the board of directors, and a former employee of the Cooperative is also prohibited from running for the board of directors for at least five years from the date of last employment by the Cooperative.

Members may not run for the board of directors or may become disqualified as a director if a near relative, as defined in Board Policy #505, Employment of Relatives, is or becomes an employee of the Cooperative as these Bylaws provide.

With respect to the removal of directors, no member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a bona-fide resident in the area and district served by the Cooperative, and in the district which the director is to represent, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or gas or who is employed by the Cooperative. When a membership is held jointly by a husband and wife, either one

but not both may be elected a director, provided however, neither shall be eligible to become or remain a director or to hold a position of trust in the Cooperative, unless both shall meet the member qualifications described in these bylaws. Nothing in this section contained shall be construed to affect in any manner, whatsoever, the validity of any action taken at any meeting of the Board of Directors.

SECTION 4. Nominations Nominations may be made by petition and signed by ten (10) or more members from any district, at least sixty (60) days but not more than 120 days prior to the day of the annual meeting. Such nominations shall be added to the posting list. The Secretary shall mail with the Notice of the Meeting the names of candidates for directors including a ballot or electronic document notice, arranged by districts and identifying the candidates that have been nominated up to the time of mailing or transmitting the notice. Failure to comply with any of the provisions of this section shall not affect the validity of the election of any director.

SECTION 5. Elections Nominees for Board of Director shall reside within the district from which they are nominated. All elections shall be by the total membership represented in person by ballot, by proxy, or electronic document of the members in attendance at the meeting in which the respective nominee is elected. In the event an elected board member moves into another district within the certified area of the Cooperative, or the boundaries are moved by board action in order to retain equality of member representation and the board member no longer lives in the district the board member was elected to serve, or the board member moves away from the area served by the Cooperative, then the board member's term of office shall be automatically terminated. The vacancy created may be filled by the remaining Board of Directors as provided in these Bylaws. If only one (1) qualified nomination is made for a particular director district, such nominee shall automatically be declared elected and balloting shall be dispensed with in respect to that district.

SECTION 6. Vacancies Subject to the provisions of these Bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors so elected shall serve until the next annual meeting of the members, or until their successor shall have been elected. The member elected as director to fill any vacancy must reside in the same district as the prior director. If a vacancy occurs within 180 days of an annual meeting, the Board of Directors may determine to leave the vacancy unfilled until the annual meeting.

SECTION 7. Compensation Directors shall be compensated for time and expenses spent on company business as established from time to time by resolutions or policies adopted by the Board of Directors.

SECTION 8. Director Standard of Conduct A Director shall discharge the Director's duties, including duties as a Board Committee member:

- (a) in good faith;

- (b) in a manner the Director reasonably believes to be in the Cooperative's best interests;
- (c) when becoming informed in connection with the Director's decision-making function or devoting attention to the Director's oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and
- (d) in a manner in which the Director discloses or causes to be disclosed to other Directors or Board Committee members information not known by them, but known by the Director to be material to discharging their decision-making or oversight functions.

SECTION 9. Removal of Directors by Members Any member may bring one or more charge in good faith, for legitimate cause against any one or more director, and may request the removal of such director. "Good faith" means honesty in fact, and a legitimate cause means a charge relevant to the Director Standard of Conduct. Such charges must be filed with the Secretary, in writing, together with a petition signed by not less than ten percent (10%) of the then total members of the Cooperative. The purpose of the petition shall be to convene a member meeting to hear and act upon such charge, and if one or more directors are recalled, to elect their successor. The petition must specify the place, time, and date of the member meeting, which date shall not be sooner than forty (40) days after filing of such petition, or that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days after the filing of such petition. The petition shall: state the name and address of the members filing charges, a verbatim statement of the charges, and the names of the director against whom such charges are being made. The petition shall be signed by each member in the same name as it appears on the most recent Cooperative billing. Notice of charges, identification of the director against whom the charges have been made, and identification of the members filing the charges and the purpose of the member meeting, shall be contained in the notice of the meeting, or separately noticed to the members not less than twenty (20) days prior to the member meeting at which the matter will be acted upon.

Such director shall be informed, in writing, of the charges after they have been validly filed at least twenty (20) days prior to the meeting of the members at which the charges are to be considered. The Director shall have an opportunity at the meeting to be heard in person, by witness, by counsel, or any combination of such, and to present evidence in respect of the charge(s). The members bringing the charges shall have the same opportunity, but must be heard first. The question of the removal of a director shall be considered and voted upon at the meeting separately for each, if more than one director has been charged, and any vacancy created by removal of director shall be filled by a vote of the remaining directors as provided in these Bylaws.

ARTICLE V MEETINGS OF BOARD

SECTION 1. Regular Meetings A regular meeting of the Board of Directors shall be

held as deemed necessary within one of the counties served by the Cooperative as designated by the Board of Directors. Such regular meeting may be held without notice other than such resolution fixing the time and place.

SECTION 2. Special Meetings Special meetings of the Board of Directors may be called by the Chairman or by any three (3) board members. It shall be the duty of the Secretary to cause notice of such meeting to be given as provided in these Bylaws, and shall fix the time and place for holding of the meeting.

SECTION 3. Notice of Board Meetings Written notice or Electronic Document concerning the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each board member either personally, by mail or electronic document, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum A majority of the Board of Directors shall constitute a quorum. If less than a majority of the Board of Directors is present at a meeting, a majority of the Board of Directors present may adjourn the meeting. Furthermore, the Secretary shall notify any absent board member(s) of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

ARTICLE VI OFFICERS

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

SECTION 2. Election and Term of Office The officers shall be elected by ballot annually, by and from the Board of Directors, at the meeting of the Board of Directors. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever it is in the best interest of the Cooperative.

SECTION 4. Chairman of the Board of Directors

- (a) is the principal executive officer of the Board of Directors, and serves as its Chairman and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) signs any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) perform all duties incident to the office of Chairman of the Board of Directors and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Vice Chairman In the absence of the Chairman of the Board, or in the event of the Chairman's inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman. The Vice Chairman shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board of Directors in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) the safekeeping of the corporate books and records;
- (d) the keeping of a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments. Consistent with legal requirements, the copy shall be open to the inspection of any member and a copy of the Bylaws and of all amendments shall be provided to any member upon a qualified request;
- (f) the performance of all duties incident to the office of Secretary and such other duties assigned by the Board.

SECTION 7. Treasurer The treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;

- (b) the receipt of and the issuance of receipts for all money due and payable to the Cooperative and for the deposit of all such money in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws;
- (c) performance of all the duties incident to the office of Treasurer and such other duties assigned by the Board.

SECTION 8. President/Chief Executive Officer (CEO) The Board of Directors may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the Board of Directors may determine. The basic responsibilities for the office of President/CEO shall be as follows:

- (a) The President/CEO shall provide the managerial leadership and direction for the Cooperative. The President/CEO shall implement policies established by the Board of Directors and take such steps necessary or appropriate to meet the Cooperative's purpose and mission described by the Articles of Incorporation, Bylaws, and other policies of the Board of Directors.
- (b) The President/CEO is directly responsible for all aspects of managerial leadership of the Cooperative. The President/CEO shall discharge all specific requests of the Board of Directors upon appropriate resolution of the Board of Directors. The Board of Directors shall delegate the authority to the President/CEO to manage all aspects of the Cooperative.
- (c) The President/CEO shall have the authority to designate administrative responsibility for various aspects of the Cooperative business to employees with demonstrated competence. However, the final responsibility for all managerial, financial and operational aspects of the business of the Cooperative shall be that of the President/CEO.
- (d) The President/CEO shall be accountable to the Board of Directors consistent with Board policies adopted from time to time by the Board of Directors.

SECTION 9. Bonds of Officers The Treasurer, and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property may be bonded in such sum and with such surety as the Board of Directors shall determine. The Board of Directors, in its discretion, may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation The powers, duties and wage policies concerning

compensation of officers, agents and employees shall be fixed by the Board of Directors.

SECTION 11. Reports The officers of the Cooperative shall submit at such annual meeting of the members, reports covering the business of the Cooperative for the previous calendar year. Such reports shall set forth the condition of the Cooperative at the close of such calendar year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Allocation of Capital Credits The term “patron” means, during a fiscal year: (1) a member of the Cooperative and (2) any other individual or entity purchasing a good or service from the Cooperative to whom the Cooperative is obligated to allocate capital credits, which obligation existed before the Cooperative received payment for the good or service.

For each good or service provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall equitably allocate to each patron, in proportion to the quantity or value of the good or service purchased by the patron during the fiscal year, the Cooperative’s patronage margins from providing the good or service during the fiscal year. Patronage margins is the amount by which the Cooperative’s patronage sourced revenues from providing the good or service exceed the Cooperative’s patronage sourced expenses of providing the good or service, all as determined under federal cooperative tax law.

If the Cooperative’s patronage expenses of providing the good or service during the fiscal year exceed the Cooperative’s patronage sourced revenues from providing the good or service during the fiscal year, all as determined under federal cooperative tax law, then the Cooperative shall: (1) offset this patronage loss with the Cooperative’s patronage margins from providing the good or service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); or (2) offset this patronage loss first with the Cooperative’s nonpatronage margins during the current fiscal year, second with the Cooperative’s unallocated nonpatronage margins during any past fiscal year(s), and third with the Cooperative’s nonpatronage margins during any future fiscal year(s).

For each fiscal year, as determined by the Board, the Cooperative may equitably allocate the Cooperative’s nonpatronage margins, which is the amount by which the Cooperative’s nonpatronage sourced revenues during a fiscal year exceed the Cooperative’s nonpatronage sourced expenses during the fiscal year, less any amount needed to offset a patronage loss. If the Cooperative’s nonpatronage sourced expenses during the fiscal year exceed the Cooperative’s nonpatronage sourced revenues during the fiscal year, then the Cooperative shall allocate this nonpatronage loss to each patron

in proportion to the quantity or value of goods or services purchased by the patron during the fiscal year or offset this nonpatronage loss with the Cooperative's nonpatronage margins during any fiscal year.

For each amount allocated to a patron, the patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative shall credit all capital contributions from a patron to a capital account for the patron. The Cooperative shall maintain books and records reflecting the capital contributed by each patron. At the time of receipt by the Cooperative, each capital contribution will be treated as though the Cooperative paid the allocated amount to the patron in cash pursuant to a pre-existing legal obligation and the patron contributed the corresponding amount to the Cooperative as capital. The term "capital credits" means the amounts allocated to a patron and contributed by the patron to the Cooperative as capital.

Consistent with this bylaw, the allocation of capital credits is in the discretion of the Board and the Board shall determine the manner, method, and timing of allocating capital credits. As reasonable and fair, the Cooperative may allocate capital credits to classes of similarly situated patrons under different manners, methods, and timing, provided the Cooperative allocates capital credits to similarly situated patrons under the same manner, method, and timing. The Cooperative may use or invest unretired capital credits as determined by the Board.

SECTION 3: Notification and Assignment of Capital Credits Within a reasonable time following the end of each calendar year, unless the Board determines otherwise, the Cooperative shall notify each patron in writing of the stated dollar amount of capital credits allocated to the patron for the preceding calendar year. Unless the Board determines otherwise, and unless these bylaws provide otherwise, the Cooperative may assign or transfer a patron's capital credits only if: (1) the Cooperative receives a written request signed by the patron to assign or transfer the capital credits, (2) the patron and the assignee or transferee comply with all reasonable requirements specified by the Cooperative, and (3) the Board approves the assignment or transfer.

SECTION 4: Retirement of Capital Credits At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all capital credits allocated to patrons and former patrons.

Upon the death of an individual patron or former patron, upon receiving a written request from the deceased individual's legal representative, and under terms and conditions agreed upon by the Cooperative and the deceased individual's legal representative, the Cooperative may specially retire some or all capital credits allocated to the individual. Upon the Cooperative receiving written notice and sufficient proof of the death of a patron in a joint membership, the Cooperative shall assign and transfer to the surviving patron the capital credits allocated, or to be allocated, to the joint membership.

Upon the Cooperative receiving written notice and sufficient proof of the dissolution of marriage between spouses in a joint membership, and unless otherwise instructed by a

court or administrative body of competent jurisdiction, the Cooperative shall assign and transfer to each spouse one-half (1/2) of the capital credits allocated to the joint membership.

Upon the dissolution, liquidation, or other cessation of existence of an entity patron or former patron, upon receiving a written request from the former entity's legal representative, and under terms and conditions agreed upon by the Cooperative and the former entity's legal representative, the Cooperative may specially retire and pay some or all capital credits allocated to the former entity.

After retiring and before paying capital credits allocated to a patron or former patron, the Cooperative may recoup, offset, or setoff any amount owed to the Cooperative by the patron or former patron, including any compounded interest and late payment fee, by reducing the amount of retired capital credits paid to the patron or former patron by the amount owed.

The Cooperative may retire and pay capital credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. Consistent with this bylaw, the retirement and payment of capital credits are in the discretion of the Board and the Board shall determine the manner, method, and timing of retiring and paying capital credits.

As reasonable and fair, the Cooperative may retire and pay capital credits to classes of similarly situated patrons under different manners, methods, and timing, provided the Cooperative retires and pays capital credits to similarly situated patrons under the same manner, method, and timing.

As agreed upon by the Cooperative and a patron or former patron, before the time the Cooperative anticipates normally retiring and paying capital credits allocated to the patron or former patron, the Cooperative may retire some or all of the capital credits and pay the discounted net present value of the retired capital credits. If the Cooperative retires and pays the net present value of Capital Credits to a Patron or former Patron before the time the Cooperative anticipates normally retiring and paying the Capital Credits, then the amount of Capital Credits not paid may be used or retained as permanent, unallocated equity, or equitably allocated in the name of the Patron or former Patron and paid to the Patron or former Patron upon the Cooperative's dissolution, liquidation, or other cessation of existence.

In addition, the Board shall have the discretion to approve other general or special retirements and discounting of such retirements consistent with board policies.

SECTION 5: Unclaimed Capital Credits. The Cooperative may regularly impose a reasonable dormancy or service charge for each year a Patron or former Patron fails to claim Capital Credits retired and paid to the Patron or former Patron. As allowed by Law, the Cooperative may retain Capital Credits retired and paid to a Patron or former Patron,

but not claimed by the Patron or former Patron within two years of retirement and payment, to be used by the Cooperative for the benefit of the general membership.

ARTICLE VIII DISPOSITION OF PROPERTY

(This article paraphrases Wyoming Statute § 17-20-1201.) When not in the regular course of business, a cooperative utility may dispose of all or a substantial portion of its assets only after certain action by the Board of Directors and members. The Board of Directors must take the following action before the members may meet to vote on approval of disposition of assets:

- (a) Two qualified independent analysts shall review the asset disposition proposal and determine its effect on rates for utility services and equity position of members;
- (b) The utility must provide at least 90 days notice to members of the meeting date to vote on the disposition, with a summary of the proposal and noting the availability for review of the full proposal at the utility offices;
- (c) Up to 30 days prior to the meeting date, any alternate purchase proposals that are submitted shall be summarized and mailed to members.

Two-thirds of all members must approve the sale or disposition. Statutory provisions concerning the merger or consolidation of the Cooperative are at Sections 17-20-1103, 1106, 1112, 1115 of Wyoming Statutes as amended.

ARTICLE IX FINANCIAL TRANSACTIONS

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

SECTION 2. Checks and Drafts All checks, drafts or other orders for the payment of money, all notes, bonds or other evidences or indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative determined by resolution of the Board of Directors.

SECTION 3. Deposits All funds, except petty cash of the Cooperative, shall be deposited to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

SECTION 4. Fiscal Year The fiscal year of the Cooperative shall be the calendar year.

ARTICLE X MISCELLANEOUS

SECTION 1. Membership in Other Organizations The Cooperative shall not become a member of, or purchase stock in, any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may, upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or any other corporation for the purpose of acquiring facilities.

SECTION 2. Waiver of Notice Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

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

SECTION 4. Accounting System and Reports The Board of Directors shall cause to be established and maintained, a complete accounting system subject to applicable laws and rules and regulations of any regulatory body. The Board of Directors shall retain a certified public accountant to perform an audit of the accounts and books to determine the financial conditions of the Cooperative. A report of such audit shall be submitted to the members at the next following annual meeting. The Board of Directors shall also designate a given twelve (12) month period to serve as the Cooperative's financial year.

SECTION 5. Area Coverage The Board of Directors shall make diligent effort to see that electric and gas service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Indemnification In addition to the other powers now or hereafter conferred upon the Corporation by these Articles of Incorporation, the Wyoming Business Corporation Act or otherwise, the Corporation shall possess and may exercise all powers to indemnify directors, officers, employees, fiduciaries, and other persons and all powers whatsoever incidental thereto (including, without limitation, the power to advance expenses and the power to purchase and maintain insurance with respect thereto), without regard to whether such powers are expressly provided for by the Wyoming Business Corporation Act. The Board of Directors is authorized on behalf of the Corporation and without member action to exercise all of the Corporation's powers of indemnification, whether by provision in the Bylaws or otherwise.

SECTION 7. Elimination of Certain Liabilities of Directors There shall be no personal liability, either direct or indirect, of any director of the Corporation to the Corporation or its members for monetary damages for any breach or breaches of fiduciary duty as a director; provided, however, that this provision shall not eliminate or limit the liability of a director to the Corporation or its members for monetary damages for any breach, act, omission, or transaction as to which the Wyoming Business Corporation Act (as in effect from time to time) expressly prohibits the elimination of liability. This provision shall not limit the rights of directors of the Corporation for indemnification or other assistance from the Corporation. Any repeal or modification of the foregoing provisions by the members of the Corporation or any repeal or modification of the provisions of the Wyoming Business Corporation Act that permits the elimination of liability of directors by this language, shall not affect adversely any elimination of liability, right or protection of a director of the Corporation with respect to any breach, act, omission, or transaction of such director occurring prior to the time of such repeal or modification.

SECTION 8. Notice Whenever these bylaws require notice to a meeting of or a vote by the board of directors, such notice may be given consistent with then current Wyoming law providing for electronic notice.

SECTION 9. Electronic Documents and Actions If a member or director owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by law:

- (a) the member or director consents and agrees to:
 - (1) use, accept, send, receive, and transmit an electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Cooperative (“Electronic Document”);
 - (2) Electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and
 - (3) Electronically give or confirm this consent and agreement;
- (b) an electronic document sent or transmitted to, or received or transmitted from, the member or director satisfies any requirement that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing;
- (c) electronically sending or transmitting an electronic document to, or receiving or transmitting an electronic document from, the member or

director satisfies a requirement that the underlying signature, contract, record, notice, vote, communication, comment, or other document be sent or received personally or by mail; and

- (d) The member or director acknowledges electronically taking an action provided in these Bylaws satisfies a requirement regarding the form or manner of taking the action.

An electronic document electronically sent or transmitted to a member or director or former member's last known electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative. An electronic document electronically received or transmitted from a member or director is considered sent, received, transmitted, and effective on the date received by the Cooperative.

As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board:

- (a) Electronic document and electronic transmission mean, relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- (b) To sign an electronic document means, with present intent to authenticate or adopt the electronic document, to attach to, or logically associate with, the electronic document an electronic sound, symbol, or process; and
- (c) Electronic transmission includes transmission through:
 - (1) Electronic mail;
 - (2) the Cooperative's website; or
 - (3) a website or information processing system that the Cooperative has designated or uses to send, receive, or transmit electronic documents or electronic information or to electronically conduct an action, transaction, business, meeting, or activity.

ARTICLE XI AMENDMENTS

These Bylaws may be altered, amended or repealed by the Board of Directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

This total Review and Revision of the Bylaws was adopted by the Board of Directors, following consideration of the Bylaw Revision Guide of the Electric Cooperative Bar Association of NRECA