

**BYLAWS**

**OF**

**WARREN**

**ELECTRIC**

**COOPERATIVE, INC.**

Rev. November 19, 2014



## **ARTICLE I MEMBERSHIP**

### **Section 1. Requirements for Membership.**

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of WARREN ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- a. Made a written application for membership therein;
- b. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- 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 and;
- d. Paid the membership fee and such other applicable fees as are hereinafter specified.

### **Section 2. Membership Certificates.**

Membership in the Cooperative shall be evidenced by a membership certificate, which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the Chairman and by the Secretary of the Cooperative, and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

### **Section 3. Joint Memberships.**

A husband and wife or two consenting adults cohabiting at the same residence may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife and/or two consenting adults holding a joint membership and 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 hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a. The presence at a meeting of 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 both meet the qualifications for such office.

#### **Section 4. Conversion of Membership.**

a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse or another adult to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the Board.

b. Upon the death of either spouse who is a party to the joint membership or upon the death of either non-married adult who is a party to a joint membership, such membership shall be held solely by the surviving spouse or the surviving adult. Provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

c. Upon the divorce and/or termination of cohabitation of the holders of a joint membership, the joint membership shall cease. The person who continues directly to occupy or use the premises previously covered by the joint membership must apply and pay the appropriate fee for a new, single membership in that individual's name alone. Nothing herein shall be construed to release the departing spouse, cohabitant or new individual member from any debts or liabilities due the Cooperative.

#### **Section 5. Membership Fees and Other Fees.**

a. The membership fee shall be as from time to time established by resolution of the Board. Payment of the membership fee, in addition to the fees provided in the next paragraph, shall entitle the member to one service. A fee in a like amount shall be paid for each additional service, but no member may have more than one membership. The membership fee shall not be refunded, except only under the provisions for refund contained in the membership application.

b. With the application for membership the applicant shall submit payment of any service security deposit, service connection deposit or fee, facilities extension deposit, or other contribution in aid of construction that may be required by the cooperative. Said fees shall be refunded in the event the application is not approved.

c. Any former member of the Cooperative may, by the sole act of paying any outstanding account together with any fees which are due and described in the preceding paragraph, renew or reactivate any prior application for a membership with the same effect as the original application.

#### **Section 6. Purchase of Electric Energy.**

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same become due and payable.

## **Section 7. Termination of Membership.**

- a. 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 noncompliance with his membership obligations, a person's 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 it's members.
- b. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at an annual or special meeting. A member who has ceased to purchase energy from the Cooperative, shall automatically be suspended and the member's name dropped from the rolls except for the maintenance of the member's capital credits.
- c. 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 his estate from any debts due the Cooperative.
- d. Upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, the membership of the partners shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to the membership in the same manner and to the same effect as though such membership had never been held by different partners. Provided further, however, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.
- e. Persons other than a husband and wife, owning property as joint tenants, tenants in common, or otherwise, shall, for all purposes of these bylaws and the rules and regulations of the Cooperative, be treated as a partnership. Such joint owners shall designate one of their number to act as agent for them in all affairs concerning the Cooperative and that agent shall be treated as the member, and the Cooperative may deal with him alone and for all purposes treat him as sole owner.
- f. In the event of sale by a member of the property serviced by the Cooperative, the new owner shall not be entitled to receive electric energy until the owner has signed an application for membership and paid the requisite fees as provided hereunder.

## **Section 8. Electric Energy.**

Electric energy shall be furnished only to members of the Cooperative.

**Section 9. Membership Responsibilities.**

Cooperative members shall receive the statewide magazine, Penn Lines, or any successor or equivalent thereto, each month, or such other periodic time as it shall be published, and the subscription price, as approved from time to time by the Board, shall be deducted from funds accruing in the members' favor.

**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 the proportion which the aggregate unretired patronage of each bears to the total unretired patronage of all members at the time 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.

**ARTICLE III  
MEETING OF MEMBERS**

**Section 1. Annual Meeting.**

The annual meeting of the members shall be held on the 15th day of May each year beginning with the year 1943, at such place in Warren County, Pennsylvania, as shall be designated by the Board, for the purpose of electing directors, passing upon reports, etc. covering the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the annual meeting shall be a Sunday or legal holiday, such meeting of the members shall be held on the next succeeding business day. If the election of directors shall not be held on the day which is designated herein for any annual meeting, or at any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.**

Special meetings of the members may be called by the Chairman, the Board, or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Warren in the State of Pennsylvania, specified in the notice of the special meeting.

### **Section 3. Notice of Members' Meetings.**

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at such meeting.

### **Section 4. Quorum.**

As long as the total number of the members does not exceed one thousand (1,000) at least ten per centum (10%) of the total number present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members, provided at least five per centum (5%) of the total number of members are present in person. In case the total number of members shall exceed one thousand (1,000) then at least one hundred (100) of the members present in person or represented by proxy shall constitute a quorum for the transaction at all meetings of the 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 from time to time without further notice.

### **Section 5. Voting.**

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these bylaws. Each member shall, when voting for Directors, be entitled to cast as many votes as there are Directors to be elected, provided; however, that cumulative voting shall not be permitted and that no member may cast more than one vote for any candidate.

### **Section 6. Proxies.**

At all meetings of the members a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted; no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may assign his proxy only to another member. No member shall vote as proxy for more than three (3) absent members at any meetings of the members; no proxy shall be valid after sixty (60) days from the date of its execution; a written proxy which does not designate on its face, at the time of its receipt by a director, officer, manager or other employee, the name of the member who is to act as proxy, shall not be used to cast any vote for a director of the Cooperative. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

## **Section 7. Order of Business.**

The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members shall be essentially as follows, except as otherwise determined by the members at such meetings.

- a. Call to Order.
- b. Announcement of a Quorum.
- c. Action on prior meeting minutes.
- d. Election of directors.
- e. Reports and presentations.
- f. Unfinished business.
- g. New business.
- h. Adjournments.

## **ARTICLE IV DIRECTORS**

### **Section 1. General Powers.**

The business and affairs of the Cooperative shall be managed by a Board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

### **Section 2. Qualification and Tenure.**

The members shall serve staggered terms and at each annual meeting of the members, three (3) directors shall be elected by secret ballot, by and from the members to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified. If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members.

**Section 3. Qualifications.** All directors and director candidates must be eligible to serve in compliance with this bylaw.

**A. General Qualifications.** To become or remain a director, a person must:

1. Be a natural person; and
2. Have the capacity to enter legally binding contracts; and
3. Be bondable; and
4. Not, while a director and during the five (5) years immediately prior to becoming a



director, be nor have been, convicted of a criminal offense (excluding summary or traffic) or have pled guilty or no contest to a criminal offense (excluding summary or traffic); and

5. Unless excused for a good cause by the Board, attend at least two-thirds (2/3) of all Regular Board meetings during any twelve (12) month period; and

6. While a director, make a reasonable effort to receive a Credentialed Cooperative Director designation, Director's Certificate, or similar certification from the National Rural Electric Cooperative Association within six (6) years of becoming a Director.

**B. Membership Qualifications.** To become or remain a director, a person must:

1. Be a member of the Cooperative in good standing by virtue of individual or joint membership at his or her primary residence for a minimum of two (2) years; and

2. Permanently occupy and continuously and materially use the Cooperative's electric energy and service at his or her principal place of abode at a location within the area served by the Cooperative; and

3. Be a legal citizen of the United States of America.

**C. Conflict of Interest Qualifications.** To become or remain a director, a person must not be:

1. A close relative of any existing Director; nor

2. An employee, or a past employee, within five (5) years preceding the date of election, or a close relative of an existing or ineligible employee; nor

3. Employed by, or affiliated with, nor sharing a financial interest with, any other director or employee of the Cooperative; nor

4. Engaged in any business, nor employed by, materially affiliated with, nor having a material financial interest in any individual, or entity, that regularly, directly, or substantially competes with the Cooperative or any entity in which the Cooperative owns a substantial interest; or that regularly sells goods or services to the Cooperative or a Cooperative subsidiary in a material amount; or that possesses any other substantial and recognizable conflict of interest with the Cooperative or a Cooperative subsidiary.

Note: For the purpose of this section a "close relative" is defined as a person who by blood or marriage is either a spouse, child, stepchild, grandchild, parent, grandparent, brother, sister; or by blood an aunt, uncle, nephew, niece, or first cousin.

**D. Director Disqualifications.** Only individuals complying with or meeting all of the General Qualifications, Membership Qualifications, and the Conflict of Interest Qualifications (collectively "Director Qualifications") may become or remain a director. Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors at which the disqualified director was part of the quorum.

**E. Removal by the Board.** The Board may remove a director for cause only as provided in this section.

1. "Cause" for removal by the Board shall mean that the director has failed to comply with or meet any Director Qualification, is alleged to have violated applicable policies of the Cooperative, or has been convicted of a felony.

2. No director shall be removed by the Board except upon certification that the following procedures have been followed:

- a. A written motion must be presented to the Board, which shall:
  - i. Describe in detail the basis for the proposed removal; and
  - ii. Be signed by a minimum of a majority of the directors;

b. Written notice must be provided to the director of the basis for the proposed removal within seven (7) days of receipt by the Board of the written motion;

c. If a majority of the Board determines that the motion complies with paragraph (a) hereof, a meeting of the directors shall be noticed in accordance with these Bylaws and shall be held within ninety (90) days after receipt by the Board of the written motion;

d. At such meeting, facts must be presented in support of the proposed removal. The director shall have the opportunity to refute the basis for the proposed removal before a vote of the directors is taken; and

e. At least two-thirds (2/3) of the directors present at duly constituted meeting of the Board called to consider the proposed removal affirmatively vote to approve the proposed removal.

#### **Section 4. Nominations.**

**A. Nominating Committee.** It shall be the duty of the Board to appoint, not less than thirty (30) days nor more than one hundred and twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board shall be appointed a member of such committee.

#### **C. Nominating Process.**

1. The Cooperative will supply any interested member with a director election packet containing;

- (a) Director Candidate Application form
- (b) Copy of the bylaws
- (c) Official Director Nomination Petition
- (d) Director Qualification Certification form
- (e) Director biography form
- (f) Instruction sheet.

2. Nominations for director shall be made by the Nominating Committee or by the submission to the Nominating Committee of a written petition signed by not less than fifteen (15) members of the

Cooperative in good standing. Such petition shall contain the statements and conform to the requirements established by the Board of Directors from time to time to assure that each candidate meets the qualifications established by these Bylaws for service as a director.

3. The Nominating Committee shall only consider candidates for the office of Director who have submitted a described in item 2 above. The Nominating Committee shall nominate at least one individual for the office of Director for each Director position for which Members are scheduled to vote at the Annual Meeting of the Members.

4. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for directors. The Secretary shall post the same at the place where the list of nominations made by the committee is posted and such nominations will be listed at the annual meeting in the same manner as those nominations made by the nominating committee. The Secretary shall mail to each member at least ten (10) days before a meeting a statement of the number of directors to be elected and showing the nominations made by the committee on nominations.

**C. Nominations from the Floor.** No additional nominations shall be made from the floor at the meeting of the members.

Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

#### **Section 5. Removal of Board Member by Members.**

Any member may bring charges against a board member and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten per centum (10%) of the members may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members, and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

#### **Section 6. Vacancies.**

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term.

#### **Section 7. Compensation.**

Board members shall not receive any salary for their services as such, except that members of the Board may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity except for which shall be approved by

a TWO-THIRDS (2/3) majority of the Board. With reference to compensation to a board member, this would also apply to the spouse, son or daughter of the board member.

## **ARTICLE V MEETING OF DIRECTORS**

### **Section 1. Regular Meeting.**

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

### **Section 2. Special Meeting.**

Special meetings of the Board may be called by the Chairman or by any three (3) board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or board members calling the meeting shall fix the time and place (which shall be in Warren County, Pennsylvania) for the holding of the meeting.

### **Section 3. Notice of Board Meetings.**

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman, or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting. The attendance of a director at any meeting shall constitute waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

### **Section 4. Quorum.**

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided by these bylaws.

## **ARTICLE VI OFFICERS Section 1. Number.**

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

### **Section 2. Election and Term of Office.**

The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board next following the annual meeting of the members. If the election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office

until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board 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 may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing, together with a petition signed by ten per centum (10%) of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

### **Section 4. Chairman.**

The Chairman shall:

- a. Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board.
- b. Sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. In general perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board from time to time.

### **Section 5. Vice-Chairman.**

In the absence of the Chairman, or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting 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 in books provided for that purpose;
- b. Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c. The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all

documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

d. Keeping a register of the names and post office addresses of all members;

e. Signing with the Chairman, certificates of membership, the issue of which shall have been authorized by the Board or the members.

f. Keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and

g. In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him 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 monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and

c. The general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

### **Section 8. CEO.**

The Board may appoint a CEO who maybe, but who shall not be required to be, a member of the Cooperative. The CEO shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

### **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 shall be bonded in such sum and with such surety, if any, as the Board shall determine. The Board, in its discretion, may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

### **Section 10. Compensation.**

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these bylaws with respect to compensation for a board member and close relatives of a board member.

## ARTICLE VII NON-PROFIT OPERATION

### **Section 1. Interest or Dividends on Capital Prohibited.**

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

### **Section 2. Patronage Capital in Connection with Furnishing Electric Energy.**

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons 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 furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of 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, accumulated in the appropriate "nonoperating margin" account as permanent equity.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part.

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

Notwithstanding any other provisions of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby; provided further, however, that the aggregate

amounts so retired in any one year shall not exceed such amount as the Board of Directors may from time to time establish by resolution; and provided further, that, if acting under policies of general application the amount mentioned above is not sufficient to retire the capital credited to any such patron or patrons, such patron or patrons shall have the capital credited to them in the next succeeding year before any other retirements are made in such succeeding year.

**Section 3. 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 therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be accumulated in the appropriate "Unappropriated Undistributed Subsidiary Earnings" account as permanent equity.

**Section 4. Patrons Bound by Bylaws.**

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

**ARTICLE VIII  
INCREASE OF INDEBTNESS**

The indebtedness of the Cooperative other than in the usual course of business shall not be increased until the Board of Directors of the Cooperative shall adopt a resolution setting forth the desired increase and directing that the question of the proposed increase be submitted for the consent of the members at a meeting of the members to be held after sixty (60) days notice, and upon such consent the Board of Directors may proceed to increase the indebtedness.

**ARTICLE IX  
SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Pennsylvania".

**ARTICLE X  
FINANCIAL TRANSACTIONS**

**Section 1. Contracts.**

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

**Section 2. Checks, Drafts, etc.**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or



officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

**Section 3. Deposits.**

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

**Section 4. Change in Rates.**

Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

**Section 5. Fiscal Year.**

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

**ARTICLE XI  
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 authorization of the Board, purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of rural electrification and allied services, or with the approval of the Administrator of REA, of any other corporation for the purpose of acquiring electric 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. Rates for Service, Policies, Rules and Regulations.**

The Board shall have power to make and adopt rates for service, 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 shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board shall also after the close of each fiscal year cause

to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

**Section 5. Area Coverage.**

The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service. The aim of the Warren Electric Cooperative, Inc. is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

**ARTICLE XII  
AMENDMENTS**

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