

# WEC Bylaws

## WASHINGTON ELECTRIC COOPERATIVE, INC.

Organized in 1939  
**BYLAWS**

Includes All Amendments  
As of May 5, 2022

## ARTICLE I

### Membership

#### Section 1. Qualifications and Obligations.

Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or a body politic or other entity may become a member in the Cooperative at such time as the following criteria have been met:

- (a) Paying the membership or service fees hereinafter specified in Section 2(B);
- (b) Using electric energy or other services, goods or products furnished by the Cooperative when they are made available through its electric distribution facilities, or by purchasing and paying the Cooperative for renewable energy certificates or other environmental attributes associated with the generation of electricity, pursuant to state statute; and
- (c) Executing an application for membership and agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these bylaws and any amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors.

No natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or a body politic or other entity may own more than one (1) membership in the Cooperative. Memberships given to two or more persons in a partnership may be transferable to the surviving member or members of a partnership in the event of the death or withdrawal from business of one or more of the partners, and the membership in the name of the head of a family who dies, may be transferred to the succeeding head of that family who lives on the premises and is receiving services from the Cooperative. Otherwise, no membership in the Cooperative shall be transferable.

#### Section 2A. Record of Members.

The Cooperative shall maintain a record of members at its business office in such form and manner as determined by the Board of Directors.

#### Section 2B. Membership, Service Connection and Transfer Fees.

For payment of a membership, service connection or transfer fee in the amount of twenty dollars (\$20.00), a member shall be eligible to utilize one service connection. A member shall be charged a service fee of twenty dollars (\$20.00) for each additional service connection.

#### Section 2C. Joint Membership.

A joint membership held by two or more owners or occupants using one service connection, subject to their compliance with the requirements set forth in Section 1 of Article I. The term "member" as used in these bylaws shall be deemed to include the persons 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 to the holders of a joint membership shall be as follows:

- (a) In case any membership is issued jointly, the person whose name appears first in that membership listing on the record of members, if present at the meeting of the Cooperative, shall have the voting right of that membership, if not present, the name next appearing shall have the voting right;
- (b) A vote by mail executed by any one of the joint members shall constitute one vote;
- (c) A waiver of notice signed by any one of the joint members shall constitute a joint waiver;
- (d) Notice to any one of the joint members shall constitute notice to all;
- (e) Only one of the joint members may be elected or appointed as an officer or a Director, provided that the one so chosen meets the qualifications for such office; and
- (f) In case of any dispute arising between the holders of a joint membership, the Cooperative shall consider the person whose name appears first in that membership

listing on the record of members as having preferred rights.

#### Section 2D. Conversion of Membership.

- (a) A membership may be converted to a joint membership as limited in Section 2C upon the written request of the holder thereof and the agreement by such holder and proposed joint holders to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Directors.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of any of the holders of a joint membership, such membership shall be held solely by the remaining or surviving holder(s); provided, however, that the estate of a deceased member shall not be released from any debts due the Cooperative. If the person whose name appears first in a joint membership listing on the record of members withdraws, dies, ceases to exist or is expelled, the remaining holders shall then be entitled to the rights of membership in the order in which their names appear in that membership listing.

#### Section 3. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy which is purchased for use on the premises specified in their application for membership, and shall pay therefor as billed at rates which shall from time to time be fixed by the Board of Directors, provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member.

Production of electric energy on such premises, regardless of the source thereof, by means of facilities which are connected to the Cooperative's facilities, and all associated use of electric energy, shall be subject to regulations as shall from time to time be fixed by the Board of Directors.

It is expressly understood that amounts paid for electric energy and renewable energy certificates or other environmental attributes associated with the generation of electricity in excess of the cost of service are furnished by the members as capital and each member shall be credited with the capital so furnished as provided in these bylaws.

Each member receiving electric energy shall pay to the Cooperative such minimum amount per month regardless of the electric energy consumed, as shall be fixed by the Board of Directors from time to time, and subject to the approval of the Public Service Board. Each member shall also pay all amounts owed by that member to the Cooperative as and when the same shall become due and payable.

By signing the application for membership, the member:

- 1) specifically authorizes and consents to the placement of a lien on their real property if they fail to pay all amounts owed the Cooperative when the same shall become due after the member ceases to purchase electric energy; and
- 2) authorizes the Cooperative to charge costs of collection, attorney's fees, and reasonable interest on the unpaid amount.

These provisions are intended to reduce losses to the Cooperative from uncollectible amounts owed by former members.

#### Section 4. Property Interest of Members.

Members shall have no individual or separate interest in the property or assets of the Cooperative, except that upon dissolution, the property and assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, including Capital Credits as provided by Article X hereinafter set forth, shall be distributed among the members and former members in proportion to the patronage of the respective members and former members during the seven years next preceding the date of the filing of the certificate of dissolution.

#### Section 5. Termination of Membership.

Any member may withdraw from membership compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all Directors, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules or regulations adopted by the Board of Directors, but only if such members shall have been given written notice by the Secretary of the Cooperative that such refusal or failure make him or her liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting duly warned.

Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Membership shall terminate 30 days from the date that a member ceases to use electric energy or other services, goods or products furnished by the Cooperative when they are made available through its electric distribution facilities, or one year from the date a member ceases to purchase and pay for renewable energy certificates or other environmental attributes associated with the generation of electricity. Termination of membership in any manner shall operate as a release of all rights, title and interest of the members in the property and assets of the Cooperative, except as otherwise provided in Section 4 above.

#### Section 6. Members' Liability.

A member shall not be liable or responsible for debts of the Cooperative, and the property of the members shall not be subject to attachment or execution thereof.

## ARTICLE II

### Meetings of Members

#### Section 1. Annual Meeting.

The annual meeting of the members shall be held in May of each year at a time and place to be designated by the Board of Directors. Should the Directors fail to set the time and place for the call of the annual meeting in May, thereafter one percent of the membership shall be authorized to issue a call for an annual meeting designating the time and place where the meeting shall be held.

#### Section 2. Special Meetings.

Special meetings of the members may be called by the President of the Board of Directors, by a majority of the Board of Directors, by three (3) Directors acting at a regular or special Board of Directors meeting, or upon written request signed by at least ten (10) percent of all members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. A request for a special meeting must specify any matters which are proposed to be decided by a vote of the members. The Secretary may not refuse to call such a meeting; however, the Board of Directors may refuse to submit to a vote any matter which it believes the members do not have authority to decide, according to law, the Articles of Incorporation of the Cooperative, or these Bylaws. Special meetings of the members may be held at any place within the County of Washington, in the State of Vermont, or other designated place, specified in the notice of the special meeting.

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

Written, printed, or electronic 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 to each member not less than fifteen (15) nor more than twenty-five (25) days before the date of the meeting, either personally, electronically, or by mail, by or at the direction of the Secretary, or by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. If delivered electronically, such notice shall be deemed to be delivered if given pursuant to procedures adopted by the Board of Directors. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

#### Section 4. Quorum.

As long as the total number of members does not exceed one thousand (1,000) at least fifteen percent (15%) of the total number, present in person, or represented by mailed or electronic ballot, shall constitute a quorum for the transaction of business at all meetings of the members, provided at least five percent (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 fifty (150) of the members present in person, or represented by mailed or electronic ballot shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by mailed or electronic ballot, may adjourn the meeting from time to time without further notice, provided that the Secretary shall notify absent members of the time and place of the adjourned meeting, but no business may validly be enacted at any meeting without the presence of a quorum. In case of a joint membership, the presence at a meeting of more than one

member of the joint membership, shall be regarded as the presence of one member.

#### Section 5. Voting

Each membership shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person or by mailed or electronic ballot, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. The Director candidates or candidate who receive the greatest number of votes shall be deemed to have been elected. Ballots shall be prepared and counted in accordance with procedures adopted by the Board of Directors. All ballot votes shall be by secret ballot.

#### Section 6. Voting by Mail.

At any regular or special meeting of members, a member may, under reliable and secure procedures adopted by the Board of Directors, vote by mail, or by electronic ballot. There shall be no voting by proxy.

A vote-by-mail ballot and a stamped, self-addressed envelope marked "Official Ballot" will be forwarded to each member at the same time that notice of the meeting is mailed. Upon adoption of procedures for electronic ballots, instructions for casting electronic ballots will also be forwarded to each member at the same time that notice of the meeting is given. Each member who elects to use the vote-by-mail or electronic ballot may vote the same under procedures as herein prescribed or adopted by the Board of Directors:

- (a) No vote by mail or electronic ballot shall be valid unless received no later than 3:00 p.m. on the day before the scheduled day of the regular, special, or adjourned meeting at which it is to be voted;
- (b) No vote by mail or electronic ballot shall be valid unless the ballot shall designate the date and time of the particular meeting at which it is to be voted. A vote by mail or electronic ballot shall be valid at the meeting so designated or any adjournment of such meeting;
- (c) A vote-by-mail or electronic ballot of a corporate or municipal member may be signed by such person as the governing body of the corporation, or municipality may designate. Proof of such designation in the form of a copy of the appropriate corporate resolution, excerpt from the minutes of the Selectboard meeting, or other proof of designation shall be supplied with a municipal or corporate member's ballot;
- (d) A member may not assign his or her vote by mail or electronic ballot;
- (e) A vote-by-mail ballot shall be returned in the envelope supplied by the Washington Electric Cooperative, Inc. as set forth in this section.
- (f) The instructions accompanying the vote-by-mail or electronic ballot shall govern the validity of the ballot.

#### Section 7. Order of Business.

The order of business at the annual meeting of the members, and so far as possible at all meetings of the members, shall be essentially as follows:

1. Report as to members present in person and members represented by mailed ballot in order to determine whether a quorum exists.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meeting of the members, and the taking of necessary action thereof.
4. Presentation and consideration of, and acting upon, reports of officers, Directors, and committees.
5. Election of Directors.
6. Unfinished business.
7. New Business.
8. Adjournment.

#### Section 8. Amendment of Bylaws.

The proposed amendment shall be presented to a meeting of the members, the notice of

which shall set forth or have attached thereto the proposed amendment. The proposed amendment shall be effective upon approval by the affirmative vote of not less than a majority of those members voting thereon at such meeting.

An amendment may be proposed by the Directors or by a petition of not less than fifty (50) members; said petition to be filed with the Cooperative Office on or before the tenth of February preceding the Annual Meeting.

## ARTICLE III

### Directors

#### Section 1. General Powers and Tenure.

The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors.

At each annual meeting of the members, or adjournment thereof, three Directors shall be elected to serve a term of three years and until their successors shall have been elected and shall have qualified.

The Board of Directors 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. Qualifications.

No person shall be eligible to become a Director, or to hold any position of trust in the Cooperative who:

- (a) is not a member of the Cooperative in good standing for at least six months;
- (b) is not a resident of the State of Vermont;
- (c) is an employee of the Cooperative; or
- (d) is an employee, officer or director of, or has a direct, material interest in any retail or wholesale electric utility within the state of Vermont or any entity selling electric energy or supplies to the Cooperative, except a cooperative formed under Section 3045 of Title 30, Vermont Statutes Annotated; any entity formed pursuant to Chapter 83, Title 30, Vermont Statutes Annotated; and the Vermont Public Power Supply Authority formed under Chapter 84, Title 30, Vermont Statutes Annotated; provided that nothing contained herein shall disqualify persons generating electric energy on their own premises and selling capacity or energy to the Cooperative through interconnection with Cooperative facilities.

The Board of Directors shall forthwith remove from office any person holding such office in contravention of the foregoing provisions.

#### Section 3. Vacancies.

Except for vacancies caused by the removal of Directors as set forth in 3B, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining Directors, and Directors thus elected shall serve until the next annual meeting of the members, or until their successors shall have been elected by the members at the next annual meeting, or at any duly called special meeting held prior thereto, and until their successors shall have qualified.

#### Section 3A. Candidates.

It is the policy of Washington Electric Cooperative, Inc. that members shall be encouraged to enter their candidacy for the position of Director and shall become candidates upon submission of a petition supporting their candidacy signed by not less than twenty-five (25) members, not less than sixty (60) days prior to the meeting. It shall be the duty of the Board of Directors to select a process whereby they appoint not less than 90 days before the notice of any meeting of the members at which Directors are to be elected, a committee on candidates consisting of not less than seven (7) 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 nor member of the Board of Directors shall be appointed a member of such Committee. Neither shall any member of the Board of Directors whose term is expiring in a given year participate in any decisions concerning the Committee

on Candidates or the election process, whether or not that Director is seeking re-election.

The function of the Committee on Candidates shall be:

- (1) to make certain there is at least one candidate for each Director position, whether by petition or otherwise, with a goal of multiple candidates (if there are too few candidates, the Committee has the obligation to recruit more);
- (2) to ensure that the candidate petitions contain the proper number of verified signatures;
- (3) to ensure that all candidates meet the qualifications for Director set forth in Article III, Section 2, of these bylaws; and
- (4) to ensure that all candidates have received information as to the responsibilities and time commitments associated with the position of Director.

The Committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days prior to the meeting, the list of all candidates for the position of Director. The Clerk shall mail with the notice of the meeting a statement of the number of Directors to be elected with a list of the candidates accompanied by brief statements by the candidates.

### Section 3B. Removal of Directors and Officers.

A Director or Directors may be removed for cause. Any member may bring allegations of cause against a Director by filing them in writing with the Secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the Director in question. Cause shall be defined as violation of law relating to the operation of the Cooperative, violation of these bylaws, gross negligence or malfeasance.

The Director against whom such allegations of cause have been brought shall be informed by the Secretary in writing of the allegations at least fifteen (15) days prior to a special meeting of the members to hear such allegations (hearing) and shall have an opportunity at the hearing to be heard in person or by counsel, and to present evidence; and the person or persons bringing the allegations shall have the same opportunity.

Unless the Board determines following the hearing, that the allegations, even if true, do not constitute cause as defined above, the requested removal shall be voted upon at the next regular or special meeting of the members. The Secretary shall cause to be mailed to each member the notice of the meeting of the members at which the requested removal will be voted upon, along with a written summary of the testimony presented at the hearing and a statement that a copy of the full record of the hearing is available for inspection at the Cooperative office.

Vacancies created by the removal of a Director or Directors shall be filled by a majority vote of the remaining Directors. Directors thus elected serve until the next annual meeting of the members, or until their successors shall have been elected by the members at the next annual meeting, or at any duly called special meeting held prior thereto, and until their successors shall have qualified.

### Section 4. Compensation.

The Directors, as such, shall not receive any salary for their services but by resolution of the Board of Directors, a fixed sum and expenses, if any, may be allowed for attendance at each meeting of the Board of Directors, or a committee thereof, or other customary activities necessary to carry out the duties of a Director. Except in emergencies, no Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation unless such compensation shall be specifically authorized by a unanimous vote of the Board of Directors.

### Section 5. Rules and Regulations.

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

### Section 6. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may

from time to time be designated by the Administrator of the Rural Utilities Service of the United States Department of Agriculture, or any successor federal agency. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors.

The Board of Directors shall also, after the close of each fiscal year, cause to be made a full and complete audit of accounts, books, and financial condition of the Cooperative as of the end of such fiscal year by an independent certified public accounting firm. Such audit reports shall be submitted to the members at the following annual meeting.

#### Section 7. Change in Rates.

All rates and tariffs shall be filed with the Public Service Board as required by law.

#### Section 8. Fiscal Year.

The fiscal year of the Cooperative shall be established by the Board of Directors.

### ARTICLE IV

#### Meetings of the Directors

##### Section 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice, other than this bylaw, at the principal office of the Cooperative at 7 o'clock in the evening on the first business day immediately following the date of the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may provide by resolution fixing the time and place thereof if approved by a majority of the Board.

##### Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

##### Section 3. Notice.

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each Director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been called or convened.

##### Section 4. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

##### Section 5. Manner of Acting.

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

##### Section 6. Members Attending Board Meetings.

Meetings of the Board of Directors shall be opened to the membership. Members desiring to present specific matters for consideration shall do so in writing setting forth the specific matter to be presented, and hand delivered or mailed so as to be received by the Cooperative office not later than ten (10) days prior to the Board of Directors' meeting. Notice will then be given to the member stating a time to appear. The Board of Directors may waive the foregoing requirement notice at any time when informed that a member wishes to appear before the Board to present a subject which could be classified under the term "emergency." Nothing contained herein shall be construed in derogation of the Board of Directors' right to conduct meetings, or portions thereof, in executive sessions.



Section 7. Non-Members Attending Board Meetings.

Attendance at Board of Directors' meetings by non-members shall be at the pleasure of and within the discretion of the Board of Directors.

ARTICLE V

Officers

Section 1. Number.

The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer, and such other officers as may be appointed by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 1A.

The Board of Directors may elect or appoint such other officers, agents or employees as it deems necessary or advisable, and shall prescribe their duties and powers.

Section 2. Election and Term of Office.

The officers shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of the officers shall not be held at such meetings, such election shall be held as soon thereafter as conveniently may be.

Section 3. Removal.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served.

Section 4. Vacancies.

Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term, and the person so elected shall hold office until his or her successor shall have been elected by the Board of Directors.

Section 5. President.

The President shall:

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

Section 6. Vice President.

In the absence of the President, or in the event of his or her inability or refusal to act, the vice-president shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President, and shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 7. Secretary.

The Secretary shall:

- (a) Keep a record of all votes and proceedings of the members and the Board of Directors, in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these bylaws or as required by law;
- (c) Be custodian of the corporate records, which shall be kept within the State of Vermont, and of the seal of the Cooperative, and see that the seal of the Cooperative is affixed to all documents, the execution of which, on behalf of the Cooperative, under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) Keep a record of the names of the members, the date of their membership and of others served by the Cooperative and of the place of residence of each, which record shall always be open to the inspection of the members during business hours. Subject to the requirements of Section 7(i), a copy of the up-to-date membership list shall be made available to any member upon request and payment by the member of the actual cost of reproduction;
- (e) Have general charge of the books of the Cooperative in which a record of members is kept;
- (f) Keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forward a copy of the bylaws and of all amendments thereto to each member;
- (g) Procure and file in the office of the Clerk of the town where the principal office of the Cooperative is located, and also keep on file in his or her own office, certified copies of all papers required by law to be filed with the Secretary of State, except the annual report;
- (h) In general perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him or her by the Board of Directors; and
- (i) Any member of record, upon written demand stating the purpose thereof, shall have the right to examine in person, or by agent or attorney at any reasonable time or times, for any proper purpose, its books and records of account, minutes and records of membership other than energy accounts and personal records, and make extracts therefrom. No member may use, or make available for use, information obtained for any use other than a use related to the management or business of the Cooperative. Membership will be informed of a set charge for the actual reproduction costs of material and will set up a mechanism whereby owner members may discuss with the manager, and if necessary, the Board, the feasibility of gathering information that a member may request that isn't readily reproducible or viewable and would take extensive time to gather. Misuse will be liable to court action in accordance with State Statutes, Title 11 VSA, Chapter 17, §1896(C).

#### Section 8. Treasurer.

The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Be responsible for the receipt of and issuance of receipts for moneys due and payable to the Cooperative from any source whatsoever, and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) In general perform all duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him by the Board of Directors.

#### Section 9. Manager.

The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him or her, and shall have such authority as the Board of Directors may from time to time vest in

him or her.

Section 10. Bonds of Officers.

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

Section 11. Compensations.

The compensation, if any, of any officer, agent or employee, who is also a Director or close relative of a Director, shall be determined as provided in Article III, Section 4 of these bylaws, and the powers, duties and compensation of any other officer, agents, and employees shall be fixed by the Board of Directors.

Section 12. Reports.

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year, and showing the condition of the Cooperative at the close of such year.

ARTICLE VI

Contracts, Checks and Deposits

Section 1. Contracts.

Except as otherwise provided in these bylaws, the Board of Directors may authorize any office 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 or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits.

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

ARTICLE VII

This article repealed on May 8, 2001.

ARTICLE VIII

Waiver of Notice

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

ARTICLE IX

Disposition of Property

Section 1. Mortgage of Property.

1. The Board of Directors shall have full power and authority, without authorization by the members of the Cooperative, to mortgage, pledge or encumber any or all of the property of the Cooperative in the ordinary course of the Cooperative's electric business.
2. The Board of Directors shall have full power and authority, with the approval

of two-thirds (2/3) of those members of the Cooperative voting on such authorization, to mortgage, pledge or encumber any or all of the property of the Cooperative for purposes authorized by statute other than operation of the Cooperative's electric business.

#### Section 2. Investment of Equity.

Investment of member equity in business activities authorized by statute, other than electric activities, shall be as permitted by statute.

#### Section 3. Sale or Lease of Property.

Upon the authorization of two-thirds (2/3) of all the members of the Cooperative, the Board of Directors may sell, lease or otherwise dispose of all or a substantial portion of the Cooperative's property. For purposes of this bylaw, a substantial portion shall be considered to be a portion which would substantially diminish the ability of the Cooperative to accomplish its core function as an electric distribution utility.

### ARTICLE X

#### 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 or Selling Renewable Energy Certificates or Other Environmental Attributes Associated with the Generation of Electricity.

In furnishing of electric energy or selling renewable energy certificates or other environmental attributes associated with the generation of electricity, 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 or sale of renewable energy certificates or other environmental attributes associated with the generation of electricity in excess of operating costs and expenses properly chargeable against all such amounts, i.e., operating margins. All such amounts in excess of operating costs and expenses at the moment such amounts are booked as receivable 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.

#### Section 3. Contributions-in-Aid-of-Construction.

The Cooperative may require a patron seeking service which requires an extension of the Cooperative's system to contribute all or a portion of the cost thereof, pursuant to the rules, regulations and policies of the Cooperative and the Vermont Public Service Board, as a Contribution-in-Aid-of-Construction. The accounting treatment of such contributions shall conform to the current rules, regulations, and applicable Orders of the Public Service Board.

The Cooperative may require a patron seeking service which utilizes an extension, for which another patron made a prior contribution, to also pay a portion of the value thereof, pursuant to the rules, regulations and policies of the Cooperative and of the Vermont Public Service Board. The Cooperative may use such payment to return to the prior payor(s) a portion of the prior Contribution-in-Aid-of-Construction.

#### Section 4. Capital Accounts.

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, furnished through patronage is clearly reflected and credited in an appropriate record to the capital account of such patron. The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron in writing of the amount of capital so credited to the patron's 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. Unretired amounts outstanding in the capital accounts of patrons are referred to herein as Capital Credits.

#### Section 5. Allocation of Non-Operating Margins.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, in so far as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year; and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the credit to the capital accounts of patrons as herein provided.

#### Section 6. Retirement of Credits.

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 on a pro rata basis pursuant to a plan adopted by the Board of Directors before any payments are made on account of property rights of members. If, at any time prior to the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. To minimize administrative expense, the Board of Directors may set a minimum amount below which individual retirement distributions shall not be paid directly. The Board may provide for an alternative payment method or for deferral of such distribution. Any deferred distributions shall be maintained in patrons' accounts and added to the amount to be retired in the next distribution. If, at any time a former member is entitled to a scheduled distribution, and the total remaining amount in the member's account is below the minimum, then the Cooperative shall retire and pay all remaining capital credits allocated to that former member. At no time, however, shall a distribution be made to a patron who is not a member of the Cooperative. If such person does not become a member of the Cooperative within one year after the amount of his or her distributive share equals the membership fee required by the bylaws of the Cooperative, he or she shall cease to be entitled to such distribution, in which case, the amount of distribution shall be paid into the Cooperative education fund, as authorized by statute.

The Board of Directors may adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons for the purchase of and payment for renewable energy certificates or other environmental attributes associated with the generation of electricity.

In no event, however, may any such capital be retired, unless, after the proposed retirement, the capital of the Cooperative shall equal at least thirty percentum (30%) of the total assets of the Cooperative.

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 of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of such patron's 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 bylaws, to retire capital credited to such patron immediately upon such terms and conditions as the Board of Directors, 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.

The Cooperative, before retiring capital credited to any patron's account, shall deduct therefrom any amount owed by such patron to the Cooperative for more than ninety days, together with simple interest thereon at the Vermont legal rate on judgements in effect when such amount became overdue, from the date of

delinquency to the date of retirement.

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 assigned a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

#### Section 7. Unclaimed Capital Credits.

Capital credits which have been declared payable by the Board of Directors, as hereinabove set forth and which cannot be paid because of the member's whereabouts are unknown and no known estate of his or her or any exists, and cannot be ascertained following reasonable search and inquiry, which search and inquiry shall include an advertisement in newspapers with a combined circulation sufficient to cover the Cooperative's entire service territory, that all such sums due and payable as capital credits shall be retained in the member's patronage account until such time as the member or a rightful heir of said member comes forward and presents proof to the satisfaction of the Board of Directors of his or her or their rights to said capital credits so declared, that such sums shall be paid to said claimant or former member without interest, and such payments shall be in full discharge of the Cooperative's obligation to the member and his or her or their heirs.

The Cooperative may periodically impose a reasonable dormancy or service charge for each year a patron or former member fails to claim capital credits required and payable to the patron or former patron

### ARTICLE XI

#### Right-of-Way Easements

The intent of this article is to protect members' property rights

1. Early easements the Cooperative calls "blanket easements" that encumber the entire property of a member will be limited to existing power lines only. Any changes to existing power line corridors will require new right-of-way easements, and the old "blanket easement" will be deeded back to the property owner.
2. When power lines are relocated, a new surveyed right-of-way easement will be obtained, the Cooperative will relinquish all rights in the old right-of-way, and the old easement will be deeded back to the property owner. When the Cooperative wishes to retain its rights in an old power-line corridor, it will include them in the new right-of-way easement.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Utilities Service  
STATEMENT OF NON-DISCRIMINATION

Non-Discrimination Statement

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- (1) mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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For a large type version of this booklet, please contact the Co-op.

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