



Central Electric Cooperative, Inc. Membership Certificate

This certifies the holder to be a member of the Cooperative immediately upon use of electric service. This certificate and membership is not transferable and may not be terminated as provided in the Bylaws of the Cooperative, whereupon the same shall be surrendered to the Cooperative.

Membership in the Cooperative is subject to all terms and conditions of the Articles of Incorporation, Bylaws, and such rules and regulations as may, from time to time, be adopted by the Cooperative. Each member of the Cooperative shall be entitled to one vote at all meetings of the members of the Cooperative.

The Cooperative will use reasonable diligence to maintain uninterrupted service, but does not guarantee a constant or regular supply of electricity and shall not be liable for damages due to variations or cessations in such supply.

Members Name (Please Print)

Retain for your records.



1-800-521-0570
www.central.coop



(As revised October 2009)

Congratulations! You now share ownership of a successful non-profit electric distribution utility. This booklet will help you understand your ownership responsibilities and answer your questions.

Welcome to Central Electric Cooperative

Welcome to membership in Central Electric Cooperative, headquartered at 716 Route 368, just outside of Parker, Pennsylvania. At the end of this booklet is a membership certificate entitling you to all the benefits of being a member of Central Electric Cooperative. Please retain this booklet with all your important documents.

Office hours: Monday - Friday from 8 a.m. to 4:30 p.m., except holidays.

Call us for consumer service at: **1-800-521-0570**

To report an outage call: **1-800-282-8610**

Address: Central Electric Cooperative, Inc.

P.O. Box 329
Parker, PA 16049

Fax: 724-399-2300

Web Site: www.central.coop

Information About Your Cooperative

As of this publication, Central Electric Cooperative's membership has reached 24,953, with the system operating approximately 3,239 miles of line. The Cooperative employs 72 area people. Wholesale power is purchased from Allegheny Electric Cooperative, Inc., a generation and transmission cooperative organized by the 13 Pennsylvania and one New Jersey rural electric cooperatives.

Central Electric Cooperative, Inc., was legally incorporated in Pennsylvania in 1937. The incorporators signed the charter on July 12, 1937. The certificate of incorporation is dated August 6, 1937. The first section of line was energized on August 18, 1938. Today, Central Electric Cooperative is one of the largest rural electric cooperatives of the thirteen in Pennsylvania.

Central is headquartered in Parker, Pennsylvania. The service area includes large sections of Clarion, Venango and Butler Counties, parts of Armstrong and Forest counties and a few members in Mercer and Allegheny Counties.

STATEMENT OF NONDISCRIMINATION

Central Electric Cooperative, Inc. is the recipient of Federal financial assistance from the U. S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington D.C. 20250-9410, or call toll free (866) 632-9992 (voice) or (800) 877-8339 (TDD) or (866) 377-8642 (relay voice users). USDA is an equal opportunity provider and employer.

What is a Cooperative?

A cooperative is a non-profit business owned by the people who use its services. This means, as a member of Central Electric Cooperative, you are actually part owner of a non-profit electric utility. Your cooperative is not owned by the government....the people who use its services are the owners and this includes you!

Cooperatives are democratically controlled by the members, who elect directors from the membership to oversee the co-op policies and operations. Each membership represents one vote. These ideas are basic to the principles that make cooperatives unique.

These *cooperative principles* include:

Open and voluntary membership - Central Electric serves any person or organization that is willing to carry out the responsibilities of being a member.

Democratic control - Central Electric is guided by a board of directors elected by fellow members. Members can also serve on the Election Committee to oversee director elections and can also serve on the Member Advisory Committee, a regular source of member input.

Return of margins to members - Central Electric returns its margins to members in the form of patronage capital credits. This is money that remains after expenses are paid and reserves meet requirements. It is normally given once a year as a credit on the member's July bill.

Autonomy and Independence - Central Electric must be free of intervention from governments or other sources so that ultimately the members are able to control the cooperative's destiny.

Cooperation among cooperatives - Central Electric and other electric cooperatives in Pennsylvania work together to provide a reliable network of electric service.

Concern for community - Central Electric and its employees have an extensive record of service and support to the communities it serves.

Cooperative education - Central Electric helps to educate its members, officers, employees, and the general public in the principles and techniques of cooperatives.

Touchstone Energy Provides High Standards

Central Electric Cooperative is a member of Touchstone Energy, a national alliance of local, consumer-owned electric cooperatives providing high standards of service to customers large and small. More than 600 Touchstone Energy Cooperatives in 44 states are delivering energy and energy solutions to more than 22 million consumers/members every day. Touchstone Energy Cooperatives serve their members with integrity, accountability, innovation and a long-standing commitment to communities.

Annual Meeting of Members

The Annual Meeting of the members of Central Electric Cooperative is held at a time and place designated by the Board of Directors. Generally, the meeting is held in late August at Whitehall Campgrounds, near Emlenton, Pennsylvania. All members are invited to attend and hear reports on the operation of their Cooperative for the past fiscal year. They have the opportunity to elect their Directors and take an active part in the transaction of any other business that may come before the meeting.

Your CEO/General Manager and Board of Directors attempt to make Annual Meetings interesting, informative, and entertaining. By attending, you will have a better knowledge of your Cooperative and exercise your right to take an active part in the operation. You will receive a mail ballot package containing an official notice of the Annual Meeting not less than 10 days or more than 30 days prior to the event. We hope you will make every effort to attend.

Your Board of Directors

Cooperative operations are carried out under policies set by a Board of Directors. Each Director is a member of the Cooperative, just as you are, and receives electric service from the Cooperative, just as you do. As members, they are subject to the same Bylaws, policies, rates and operating practices of the Cooperative as other members.

Cooperative members elect directors through a mail ballot process. Results are announced at the Annual Meeting. Each member has *one vote*, even though he/she may have more than one meter connection on Co-op lines.

Each of the eight Directors is elected to a four-year term and may be re-elected. Two Directors are elected each year at the Annual Meeting by a plurality vote of the members. Prior to the Annual Meeting, the Board appoints a nominating committee which is made up of at least one member from each of the five counties. The committee may select a greater number of nominees than are to be elected.

Directors meet regularly on the third Monday of each month and may be called to special meetings. They are expected to attend state, regional and national meetings and are encouraged to participate in seminars for Directors whereby they gain knowledge on specialized and technical subjects on which they must make decisions.

Rates are set by the board. The Federal Rural Utilities Service (RUS) provides funds for the growth and maintenance of electric cooperative systems. Even though *they are not under the direct oversight of the Pennsylvania Public Utility Commission (PUC)*, all Pennsylvania cooperatives generally follow PUC recommendations and guidelines for policies regarding winter disconnections, member assistance programs and other procedures.

Directors receive a fee for attending each meeting, and are reimbursed for any expenses they incur, but they receive no salary or other compensation. They are expected to review all activities of the Co-op, to attend training courses to improve their ability as a Director, and to meet with other Cooperative Directors to exchange ideas.

Data Collection Information - New Members

Federal regulations require that Central Electric Cooperative identify and document as accurately as possible the racial/ethnic data on the eligible population in our service area. We would appreciate your checking the appropriate group listed below and returning the form to us within your first bill.

Please note, your response is optional. The information you provide will be used only for Federal Government Reporting purposes.

Should you have any questions, you may contact the, Director of Human Resources, Central Electric Cooperative, 724-399-2931, or the CEO & General Manager.

Thank you for your consideration in this matter.

Your Name: _____

Address: _____

Racial/Ethnic group:

- a. White (not of Hispanic origin) _____
- b. Black (not of Hispanic origin) _____
- c. Hispanic _____
- d. American Indian or Alaskan Native _____
- e. Asian or Pacific Islander _____

Please complete and return this form with your first bill to:

Director of Human Resources
Central Electric Cooperative, Inc.
P.O. Box 329
Parker, PA 16049-0329

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.

**ARTICLE XIII
AMENDMENTS**

These Bylaws may be altered, amended, or replaced by the affirmative vote of not less than two-thirds (2/3) of the total membership of the Board, at any regular or special meeting of the Board, provided that the following procedures have been observed:

1. The proposed alteration, amendment, or repeal of the Bylaws was presented to the members of the Board at a regular or special meeting of the Board at least fifteen (15) days but not more than sixty (60) days prior to the meeting at which a vote is to be taken; and
2. The members of the Board are notified in writing with the notice of the meeting that a vote will take place on a proposed change in the Bylaws along with a description of the proposed change.

ARTICLES OF INCORPORATION

On August 6, 1937, the original incorporators of Central Electric adopted the “Articles of Incorporation”, as required by Pennsylvania state law, and under the “Electric Cooperative Corporation Act” (Number 389).

Reference is made to these Articles on several pages of the Bylaws.

A copy of the “Articles” is on file at the Cooperative office and may be reviewed by any interested member.

Central Electric Cooperative Board of Directors

James M. Burd, President	Butler County
Ken D. Durrett	Butler County
Althea M. Smith, Secretary/Treasurer	Venango County
Robert F. Sterrett	Venango County
Margery S. Terwilliger, Vice President	Armstrong County
Bette D. Walters	Forest County
Jody P. Weaver	Clarion County
Richard L. Weaver	Clarion County

Member Aware Advisory Committee

The Cooperative’s Member Aware Advisory Committee structure was formed in 1985. This group consists of a minimum of eight member couples who meet periodically over a two-year period to review policies and procedures that directly affect the membership. They also make recommendations to the Board of Directors on how the Co-op can better serve you. Please contact the Co-op if you are interested in serving on this committee in the future. A new committee is selected every two years with all new volunteers.

What to do if a Power Outage Occurs

If an outage should occur, before calling, please check your fuses or circuit breakers. Check to see if your neighbors have power. If you’re still not sure, you may want to check your meter to see if you can hear a humming noise. ***If you have an automated Turtle meter, you can check to see if the green light is on. Notice: If you report a false power outage, you could be billed for the call-out.***

When you have determined the problem is not with your electrical system, dial the toll-free number **1-800-282-8610**, to report the outage. When you call in to report an outage, the Outage Reporting System immediately recognizes your phone number using the caller identification code provided by the phone company. However, Central Electric’s automated outage system may be prevented from taking your call if you have chosen to prevent your name and number from being displayed with Caller ID or line blocking features. You may either leave a message when prompted or turn off the Caller ID or blocking features before you contact Central Electric to report a power emergency. Information on deactivating this feature for a single call is included in the front of your telephone book.

As you listen to the greeting message the outage system is searching for the account information containing the phone number of the caller. If you are reporting an outage from a phone other than at the outage location, you may, by using your touch tone phone, enter the phone number where the actual outage is occurring. Without the caller speaking a word, the dispatcher knows in a matter of seconds the account that is experiencing the outage, and where the account is located. There is no need to leave a message to describe your location or problem. However, if you have additional information regarding the problem, you may record a message. The dispatcher is always interested in receiving information if you know what is causing the outage problem. For instance, if there’s a tree down on the line or a car has hit a pole, please leave a message. Otherwise just hang up and the outage reporting system will notify the dispatcher of your power outage. Crews are then dispatched as quickly as possible to restore the power.

If the Outage Reporting System does not recognize you, it will ask you to record a message. Please leave your name, the map location number found on your bill and a phone number where the dispatcher can reach you. It's not necessary to give your address because your map number gives us that information.

It's very important that Central Electric has your current phone or cell phone number (if this is what you use during an outage) in our records so that the Outage Reporting System can access your location immediately and dispatch a crew to fix the problem.

Call us, or provide any changes on your bill stub should your phone number change. When the lights go out, we want to get power restored to your home or business as quickly as possible.

Please note: Notify the cooperative immediately if you rely on life support equipment. The Engineering Department keeps a list of members who use life support equipment. Knowing this information is beneficial so we can notify you if line work is going to be performed in your area.

Engineering Information

If you are a new member, requiring the initial installation for electric service on your property, you will be asked to execute and submit a legal easement for construction and service for electric lines and poles on your property.

If you are already a member, you may be asked to execute and submit a legal easement for construction and service for electric lines and poles on your property even if they already exist. This is to update our files and keep them current. Your granting of right-of-way is one economy in system construction that helps keep your electric rates low and service dependable.

All wiring beyond the metering point, known as the weatherhead, is the member's responsibility. All wiring including service entrances, switch boxes, fixtures and other equipment is the property of the member. However, the installation must comply with or exceed National Electric Safety Code requirements. It must also meet the requirements of the Cooperative and any applicable state and local codes and regulations. An information sheet listing these and other requirements specific to the member's particular type of residential service may be obtained from the Consumer Service Department. Please call **1-800-521-0570** with any questions concerning new or updating of existing wiring.

Temporary service will be considered for construction purposes only and for a period not to exceed twelve (12) months. Please contact the Consumer Service Department at **1-800-521-0570** for specific requirements.

You can be very helpful in reporting line conditions that need attention such as:

- Poles broken or leaning
- Wires sagging too low
- Trees growing into the line
- Broken insulators
- Sparks coming from a main line or transformer

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

ARTICLE XII MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board, 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, allied services and the Cooperative, or with the approval of the appropriate regulatory bodies, 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 grounds that the meeting has not been lawfully called or convened.

SECTION 3. POLICIES, RULES AND REGULATIONS. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with 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 Utilities Service 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 annually to the members.

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

Notwithstanding any other provision of these bylaws the Board, at its discretion, shall have the power at any time upon the death of any patron, 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 Bylaws, to retire capital credited to any 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.

SECTION 3. DUTIES AND OBLIGATIONS OF PATRONS. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation, Bylaws and Membership Application 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 IX
DISPOSITION OF PROPERTY**

The Cooperative may sell, lease, lease-sell, exchange or otherwise dispose of all or substantially all of its assets only when authorized by the affirmative vote of two-thirds (2/3) of all the members of the Cooperative under and subject to the provisions of the *Electric Cooperative Law of 1990* including without limitation the provisions set forth in Section 7331 thereof; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds or trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchise and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

**ARTICLE X
SEAL**

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

**ARTICLE XI
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

Anytime you notice something like this, please contact our Consumer Service Department. We are very anxious to keep the lines in good shape for the best service possible to you.

Electric Disturbances

All members are expected to use the energy provided by the Cooperative in a safe and efficient manner that does not disturb the electric service of others. When such conditions exist that a member's use of service is interfering with the electric service of others, such as, but not limited to, voltage drops caused by motor starts, welders, air conditioners and the like, the member who is causing the interference will be required to take steps to eliminate the condition. This includes the addition of new load at an account to the extent that it exceeds the capacity of the Co-op's distribution system. If the Cooperative determines that facilities must be upgraded or modified to correct interference or to correct a hazardous situation, the member deemed responsible may be charged for such work. Please contact the Engineering Department if you are adding new loads, building a new building or have a question about the impact of certain equipment on the Cooperative's electric distribution system.

Value-Added Services

Central's Web Site: www.central.coop

You can conduct on-line business, email us your meter reading and find out about all our services and programs at our website any time of the day or night. Check us out at: www.central.coop

Central Electric's Wildblue Highspeed Internet Program

Central Electric offers Wildblue Satellite Speed Internet packages to members and non-members. To learn more about Wildblue call 1-866-945-6258 or visit the web site at www.cescowildblue.com

Central Electric's Water Heater Program

Members may purchase an A.O. Smith EEH/ECRT-80D high efficiency water heater with "Standard Installation" at a subsidized price from DOCTOR WATERHEATER, INC. Only residential rate class members are eligible. You must also agree to load management for a minimum term of three years. Please call our office for more information 1-800-521-0570.

Central Electric's Long Distance Phone Service

Priceless calls don't have to be costly. Central Electric is always looking for new and better ways to serve you. We now offer no-hassle long distance calling with these features:

- 6.9 cents a minute (anytime) across the U.S.
- 6.9 cents a minute (anytime) for in-state calls (includes local long distance)

- A low monthly service charge of \$2.95
- An 800 number (5.9 cents in-state and 6.9 cents out of state - in the lower 48 states) for an additional \$1.00 per month
- Calling card (12.9 cents per minute) available
- Switching fees reimbursed
- Incremental billing every 6 seconds
- No hidden charges, no term agreements and no codes to dial

Call us to set up your account: **1-888-843-1517**.

Central Electric's Energy-Saving Load Management Program

Central Electric offers an energy-saving Load Management program. If you have an electric water heater, please allow us to install a load control receiver (LCR) on it. During peak demand times, when Central must pay high demand charges to the power supplier, we send a signal that interrupts power to the water heater for several hours. You will not notice these interruptions because well-insulated water heaters can keep water hot for many hours, even with the power interrupted. When an LCR is installed on your water heater, you receive a \$2.50 credit every month on your bill for helping the Cooperative save money.

The LCR can be removed at any time if it causes you inconvenience. However, most of our members with LCR's are never aware they are working. The LCR is installed by Central Electric at your convenience and at no cost to you. If you move into a home that has an LCR on the electric water heater, just call the Cooperative if you have any questions about it.

Protect your Electronic Equipment

Surge suppression equipment can be bought from Central Electric to protect your expensive electronic equipment. Call our Communications & Marketing Department at **1-800-521-0570** for pricing information.

Off Peak Heating Rate

You can save money while heating your home! If you install electric as your primary heating source, you can purchase kilowatt-hours (kWhs) for at least 40 percent lower than our residential rate. Take advantage of this special off-peak rate and heat your home with low cost electricity.

Home Energy Audits

Central Electric's Marketing Department can conduct a free energy audit of your home. Energy audits are available for consumers who have high electrical use or want to make improvements in their heating and/or cooling systems. A Central Electric Communications & Marketing Representative will help you make informed decisions concerning insulation levels, weatherization, and heating and/or cooling systems. Just call the Communications & Marketing Department for more information at **1-800-521-0570**.

SECTION 2. ALLOCATING AND CREDITING CAPITAL. In the furnishing of electric service 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 service in excess of operating costs and expenses properly chargeable against the furnishing of electric service. All such amounts in excess of the aforesaid 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 capital. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of such capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative in excess of cost and expenses may, insofar as permitted by law, be (a) used to pay or offset any Cooperative cost or expense incurred during the current or any prior fiscal year and/or (b) may be allocated all or in part to patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided, and/or (c) retained by the Cooperative as permanent, non-allocated capital, devoted to such reserves for improvement, new construction, depreciation and contingencies as the Board of Directors may, from time to time, prescribe.

Provided further, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notification to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year of any capital credited to patrons for any fiscal year.

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. Any retirement of capital shall be made in a manner selected by the Board of Directors as fair and equitable to the members of the Cooperative.

(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 documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws; the foregoing books, records, and seal as aforesaid shall be kept and housed in a place and location at the Cooperative's home office as the Board provides and directs;

(d) keeping a register of the names and post office addresses of all members;

(e) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments 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

(f) 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 the 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. MANAGER. The Board 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 and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. BOND 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 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.

SECTION 11. REPORTS. The officers of the Cooperative shall submit annually to the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VIII 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.

Security Lighting and Floodlighting

Central Electric offers a security lighting program as a service to members for as little as 28 cents a day. For that small monthly fee, the Cooperative installs and maintains the outdoor light for you. We also have 400-watt floodlights to illuminate commercial parking lots, churchyards, schools, and other applications for \$25 a month. Street lighting is also available. Call us for details at **1-800-521-0570**.

Automated Metering System - The Turtle

Central Electric has converted from a member-read metering system to an automated reporting system called the Turtle system. A Turtle is an automated meter reading device that transmits meter readings over the electric lines from the consumer's home or business to Central Electric Cooperative automatically so that the consumer and/or the Cooperative no longer has to read the meter. The Turtle transmitter is a small circuit board that installs into standard meters. It measures kilowatt-hours and transmits the data continuously over the electric line.

Central Electric Offers Payment by Automatic Bank Draft and Credit Card

If you would like the convenience of having your electric payment automatically deducted from your bank account or credit card, please call our toll-free consumer service number **1- 800-521-0570**. A consumer service representative will send you an automatic bank draft authorization form. Fill it out, return it and when your automatic bank draft is activated, simply call in your meter readings monthly on the toll-free customer service number. If you have the automated reporting system/turtle, your monthly meter reading will be called in for you.

Visa, Discover, American Express and MasterCard are also accepted as payment for your electric bill and other Cooperative services. Just call our toll-free consumer service number: **1-800-521-0570** or visit our website to pay on-line ***www.central.coop***.

Power Lines

Power Lines newsletter is published monthly and sent to members with the electric bill. One of the principles of a Cooperative is to educate and inform its members. Power Lines offers insights into energy efficiency and safety, and informs members about co-op meetings, policy changes and program offerings. It costs about 17 cents to publish each Power Lines and deliver it to your home with your monthly electric bill. You can also find Power Lines on our website (www.central.coop).

Billing and Meter Reading Information

An electric bill is mailed monthly to each member within his or her designated cycle billing period. For those members without the automated reporting system, they will need to read their meters when they receive the bill. This reading is recorded in the blocks provided on the payment stub; the submitted meter reading is used to compute the next bill. It is a good habit to read the meter on the same day each month to avoid kWh fluctuations in the bill. If you wish, you may submit your meter reading monthly by calling us on the toll free consumer service number: **1-800-521-0570**. If you prefer, you may email us your reading at the website: **www.central.coop**. ***Please do not estimate your meter reading—doing so will generate an incorrect bill.***

If you don't read your meter every month and have been estimated three times, Central Electric will send cooperative personnel to read the meter. A \$15.00 charge is added to your bill to cover the cost of the service call.

Cottages and camps are billed as seasonal accounts. All seasonal accounts are sent a monthly bill for cost of service. Your meter will be read once a year by a CEC meter reader and the usage billed at that time. Owners of seasonal accounts may read their own meters at any time and submit the meter reading on their monthly bill or by calling our toll free number: **1-800-521-0570**. If your reading is submitted monthly, the kWh and cost of service will be billed at that time. However, if a meter reading is not submitted, only the cost of service will be billed until a CEC meter reader obtains the meter reading once per year. ***Please do not estimate your meter reading—doing so will generate an incorrect bill.***

You may pay your bill by mail, online, over the phone, or in person at Central's office. Our regular business hours are from 8 a.m. to 4:30 p.m., Monday through Friday. There is a night deposit box at the office also.

Budget Billing

Members who have abnormally high bills during a part of the year and lower bills in other parts of the year, such as electric heat in winter and air conditioning in summer, may, on request, have their accounts established on the ***budget payment plan***.

Budget payment still requires meter reading and payment submitted to the Co-op office. Payment under this plan permits members to pay a specified amount each month for electric service.

All accounts using budget payments must be paid in full at the end of each budget year. Should this bill show a credit balance, which would indicate an overpayment for the year, the credit may be applied toward the next budget year or, upon request, it will be refunded.

Payment Assistance

If you need assistance paying your heating bills during the winter, you may contact your local office of the state Department of Public Assistance for information on the ***Low Income Home Energy Assistance Program (LIHEAP)***. You can apply for Energy Assistance through the following County offices:

The President, Vice President, Secretary and Treasurer shall be elected by the Board and must be a member of the Board of Directors.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, annually by and from the Board at the first meeting of the Board held after the Annual Meeting of the members. If the election of 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 selected and shall have qualified. A vacancy in any such office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD FOR JUST CAUSE. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer for just cause, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members may request the removal of such officer. The period between the first signature and the last signature on the petition shall not exceed sixty (60) days. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten 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 of 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. PRESIDENT. The President shall:

(a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) 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 President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. VICE PRESIDENT. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the restrictions upon the President. The Vice President 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;

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

SECTION 5.11. RELIANCE ON PROVISIONS. Each person who shall act as an authorized representative of the Cooperative shall be deemed to be doing so in reliance upon the rights of indemnification provided by this Article.

ARTICLE VI MEETINGS OF BOARD

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by any three 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 President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. NOTICE OF BOARD MEETING. Notice of the time, place and purpose of any special meeting of the Board shall be given 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 President 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.

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 in these Bylaws or in the written Policy Bulletin of the Board.

SECTION 5. PROCEDURE. All meetings of the Board shall be conducted by the procedures set forth in *Robert's Rules of Order*, except where the same is inconsistent with any provisions contained in the Bylaws.

ARTICLE VII OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice President, 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.

Allegheny County: 412-350-3911
Armstrong County: 724-543-6076 or toll-free at: 1-800-424-5235
Butler County: 724-284-8855
Clarion County: 814-226-1760 or toll-free at: 1-800-253-3488
Forest County: 814-755-3552 / Venango County: 814-437-4354

Making Payment Arrangements

If you have trouble making a payment, please contact the co-op as soon as possible. If you fail to pay your bill by the due date you may receive a reminder. If you fail to pay by the due date indicated on the reminder notice, you will be subject to disconnection. Fees vary for reconnecting electric service and include trip charges to the property by co-op personnel.

When You Move

You are responsible for the electric service recorded by your meter until you notify Central Electric to disconnect service in your name. If you plan to move, please notify us in advance. You will be asked to read the meter on the moving day and submit your final reading. Also, please provide us with your forwarding address so we can send the final bill and your future capital credit refunds, if applicable.

Central Electric's Family Fund

Central Electric has its own program called ***Cooperative Family Fund*** which was formed to assist members who have difficulties paying their electric bills. Funds are collected through contributions from members, cooperative employees and Cooperative matching funds.

Although the Cooperative collects the donated funds, it does not determine the eligibility of a prospective recipient. Five participating agencies accept the applications and determine who qualifies and for how much. They are:

Armstrong County Community Action Office 724-548-3405
Butler County—Salvation Army 724-287-5532
Clarion County Charitable Deeds 814-797-0286
Forest County Information & Referral Service 1-800-222-1706
Venango County Office of Economic Opportunity 814-432-9767

Members can participate in the Family Fund program by authorizing the Cooperative to round up their bill to the nearest dollar amount. Members may also make a onetime donation to this fund or donate a small fixed monthly amount to help others. Members may start or stop their participation in the Family Fund program by notifying the Cooperative using our toll-free consumer service number ***1-800-521-0570***.

Reconnection Policy

When service is disconnected for any reason other than the sale of the property, and reconnection is requested for the same member less than one year after disconnection, a connection fee will be assessed. This fee will consist of the minimum charge for each month the service was idle plus the standard reconnect fee; any unpaid balances and/or a deposit may also be required before the service can be reconnected.

If reconnection is requested more than twelve months after disconnection was made, the minimum charge for the idle months is not applicable.

If the member requests removal of the Cooperative's facilities and then asks for service to be restored, that member would be required to pay the cost of removal plus the cost of replacement, prior to restoration of service.

If a 48-hour Disconnection Notice is issued and the service is later disconnected for non-payment, the member must pay all charges calculated to the disconnection reading prior to reconnection of service. A reconnect charge and/or a deposit will also be assessed and must be paid prior to reconnection.

Capital Credits

Central Electric Cooperative is a non-profit corporation. This means that no stock is sold, there are no dividends declared, and any excess revenue over expenses (Net Margin) belongs to the members who provided that margin by purchasing electricity. Each year, this is credited to the capital account of each member in proportion to the amount of electricity they purchased. At such time as the financial position of the Cooperative permits, these credits are refunded. Such refunds are regulated by the terms of the mortgage held by the federal government.

Central Electric Cooperative's capital is rotated by using a percentage method of return. Most members should receive cash annually, based on the amount of capital credits in their account. Long-term members, with higher value in their capital credits account, receive a larger capital credit refund when margins are retired. As newer members continue receiving service, their capital credit accounts will grow and their refund with it. The refund will be made as a credit on the electric bill.

Deceased estate settlements are also available to retire the capital credit account in full. This method was started in 1991 and a 7 discount factor is used to clear out the account. It is **important** to notify Central Electric of name changes (person on the account is deceased or has married, etc.) and address changes. Upon request, a form will be sent to you which will require a signature.

Good Neighbor Scholarship Fund

The "Good Neighbor Scholarship Fund" consists of fifteen scholarships to be awarded annually. Funds are given in the form of one-time scholarships to selected students to attend an accredited post-secondary education institution. To be eligible, Central Electric Cooperative, Inc. must serve the student or family members permanent residence. The three main determining factors for eligibility are based on the students' community involvement, academic standing and financial need. Eligible high schools are those that are located in Central Electric Cooperative's service territory and have CEC members' children or dependents enrolled. Scholarship amounts may vary from year to year. For details on how to apply for a scholarship, contact the Cooperative's Communications and Marketing Department at 1-800-521-0570.

SECTION 5.05. MANDATORY INDEMNIFICATION. Notwithstanding any contrary provision of the Articles or these Bylaws, to the extent that a representative of the Cooperative has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in either Section 5.03 or Section 5.04 above, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

SECTION 5.06. DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION. Unless ordered by a court, any indemnification under Section 5.03 or 5.04 above shall be made by the Cooperative only as authorized in the specific case upon determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such paragraph. Such determination shall be made:

(a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(b) if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

SECTION 5.07. NONEXCLUSIVITY AND SUPPLEMENTARY COVERAGE. The provisions of Section 5.03, 5.04 and 5.05, or any other provisions of law providing for indemnification or advancement of expenses applicable to the Cooperative shall not be deemed exclusive of any other rights to which Cooperative representatives seeking indemnification or advancement of expenses may be entitled under any agreement, vote of members or disinterested directors or otherwise. The Cooperative may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to Section 5.03, 5.04, 5.05, or otherwise. Indemnification, however, shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

SECTION 5.08. ADVANCE PAYMENT OF EXPENSES. Expenses incurred by a director, officer, employee or agent of the Cooperative in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Cooperative.

SECTION 5.09. INDEMNIFICATION OF FORMER REPRESENTATIVES. The indemnification and advancement of expenses provided by, or granted pursuant to, the provisions of this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 5.10. INSURANCE. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other

accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

(b) In discharging the duties of their respective positions, the Board, committees of the Board and individual directors may, in considering the best interests of the Cooperative, consider the effects of any action upon employees, upon persons with whom the Cooperative has business and other relations and upon communities which the offices or other establishments of or related to the Cooperative are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (a) of this section.

SECTION 5.03. INDEMNIFICATION IN THIRD PARTY PROCEEDINGS. The Cooperative may indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Cooperative) by reason of the fact that he or she is or was a representative of the Cooperative, or is or was serving at the request of the Cooperative as a representative of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 5.04. INDEMNIFICATION IN DERIVATIVE ACTIONS. The Cooperative may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Cooperative to produce a judgment in its favor by reason of the fact the he or she is or was a representative of the Cooperative, or is or was serving at the request of the Cooperative as a representative of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Cooperative unless and only to the extent that the Court of Common Pleas of Armstrong County or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the said Court of Common Pleas or such other court shall deem proper.

BYLAWS
CENTRAL ELECTRIC COOPERATIVE, INC.
As Amended March 20, 2006

ARTICLE I
MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Central Electric Cooperative, Inc. (hereinafter called the "Cooperative"), upon receipt of electric service from the Cooperative, provided that he or it has first:

(a) made an application for membership and agreed to the terms and conditions therein;

(b) agreed to purchase from the Cooperative electric service 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 of Directors (hereinafter called the "Board"); and

(d) paid the membership fee hereinafter specified.

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

SECTION 2. 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. No membership certificate shall be issued for less than the membership fee fixed by these Bylaws, nor until such membership fee has been fully paid.

SECTION 3. JOINT MEMBERSHIP. The "member" as used in these Bylaws may include a husband and wife, as holding a joint membership as title by the entireties, and any provisions relating to the rights and liabilities of membership shall apply equally to each. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holder 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 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 not terminate the membership of the other;

(f) Withdrawal of either shall not terminate the membership of the other;

(g) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such offer;

(h) Upon the death of either spouse who is part of the joint membership such membership shall be held solely by the survivor;

(i) The membership certificate issued in the name of one member of a marriage, whether husband or wife, shall not be construed a joint member or deemed to include both.

SECTION 4. MEMBERSHIP FEE. The membership fee, if any, shall be as determined from time to time by resolution of the Board of Directors of the Cooperative. Such resolution shall indicate whether such fee shall be refundable and may eliminate the fee entirely.

SECTION 5. PURCHASE OF ELECTRIC SERVICE. Each member shall, as soon as electric service becomes available, purchase and pay for electric service to the premises specified in the application for membership at rates which shall from time to time be fixed by the Board subject to the following: Production or the use of electric energy on such premises, regardless of the source thereof, by means of facilities, whether interconnected or not with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 6. TERMINATION OF MEMBERSHIP.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such 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 or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric service from the Cooperative, or of a member who has ceased to purchase service from the Cooperative, shall be cancelled automatically.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee any amount of any debts or obligations owed by the member to the Cooperative.

**ARTICLE II
RIGHTS AND RESPONSIBILITIES 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 patronage of each bears to the total patronage of all members during the next ten years preceding the date of the filing of the certificate of dissolution.

(ii) in the election of the director or directors whose vacancy he or she was appointed to fill; or

(iii) in the election of directors conducted at the last annual meeting.

(E) Nothing contained herein, however, shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 6. VACANCIES. A vacancy occurring in the Board by reason of removal, death, resignation or expulsion shall be filled by the affirmative vote of no less than two-thirds of the remaining Board members for the unexpired portion of the term.

SECTION 7. COMPENSATION. Directors shall not receive any salary for their services as such, except that by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board, or at any other meeting or activity which will promote the interest of rural electrification or be of benefit to the Cooperative.

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

SECTION 5.01. LIMITATION OF PERSONAL LIABILITY OF DIRECTORS.

A director of the Cooperative shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(a) the director has breached or failed to perform the duties of his or her office as defined in Section 5.02 below; and

(b) the breach or failure to perform constitutes self dealing, willful misconduct or recklessness.

The provisions of this section shall not apply to (1) the responsibility or liability of a director pursuant to any criminal statute or (2) the liability of a director for the payment of taxes pursuant to local, state or federal law.

SECTION 5.02. STANDARD OF CARE AND JUSTIFIABLE RELIANCE.

(a) A director of the Cooperative shall stand in a fiduciary relationship to the Cooperative, and shall perform his or her duties as a director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Cooperative, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any one of the following:

(i) One or more officers or employees of the Cooperative whom the director reasonably believes to be reliable and competent in the matters presented;

(ii) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person;

(iii) A committee of the Board upon which he or she does not serve, duly designated in

SECTION 4. NOMINATIONS. All incumbent Directors are automatically nominated to run for the office of Director unless they shall refrain, decline, and refuse to run, and the nominating committee shall make the incumbent Director one of the nominees to run for the office of Director.

It shall be the duty of the Board to appoint, not less than thirty days before the date of a meeting of the members at which Board members are to be elected, a committee on nominations, consisting of not less than one member from each of the five counties having the largest number in the Cooperative; for said purposes, the county of Mercer shall be considered a part of Venango County and the county of Allegheny shall be considered to be a part of Butler County. No member of the Board shall serve on such committee.

The committee so appointed shall only consider candidates for the office of Director who have submitted a petition for such office which has been signed by twenty (20) members of the Cooperative and submitted on or before a date set by the Board prior to the meeting of the Nominating Committee. The committee shall post at the principal office of the Cooperative at least twenty days before the meeting a list of nominations for Board Members, which may include a greater number of candidates than are to be elected. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates by the committee on nominations. The nominations for the office of Director shall be limited to those individuals who have applied for candidacy by petitioning the Nominating Committee. There shall be no nominations from the floor of the meeting.

SECTION 5. REMOVAL OF BOARD MEMBER BY MEMBERS.

(A) A director may be removed for cause by the affirmative vote of a majority of the members present at a special meeting of the members called for such purpose in accordance with the Bylaws.

(B) "Cause" for removal shall mean that the director is alleged to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to gross negligence, fraud or criminal conduct.

(C) No director shall be removed except upon certification that the following procedures have been followed:

(i) A written petition must be presented to the Board, which shall:

(a) Describe in detail each of the charges and the basis therefor. If more than one director is sought to be removed, individual charges for removal shall be specified.

(b) Be signed by a minimum of 10% of the members of the Cooperative within sixty (60) days of the date of the petition.

(ii) If the Board determines that the petition complies with paragraph (C) (i) and only if the Secretary certifies the authenticity of the petition, a special meeting of the members shall be noticed in accordance with these Bylaws and shall be held within sixty (60) days after receipt by the Cooperative of the written petition.

(iii) At such special meeting, evidence must be presented in support of the charges. The director shall be entitled to be represented by counsel and shall have the opportunity to refute such charges and present evidence in his or her defense before a vote of the members is taken.

(D) The required quorum at the special meeting for the removal of a director or directors shall be determined to be the greater in number of the members who voted:

(i) in the election of said director or directors;

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 at such time and such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports from the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the President, or by ten per centum or more 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. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered to each member not less than ten days nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, 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 any such meeting.

SECTION 4. QUORUM. A quorum for the transaction of business at any meeting of the members shall consist of at least one hundred fifty (150) members. Members voting by mail or by electronic means, as well as members present at the meeting, shall be counted for the purpose of establishing a quorum. If less than a quorum is present at any meeting of the members, the majority of those present may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member shall be entitled to only one (1) vote on each matter submitted to a vote of the membership. All questions shall be decided by a vote of a majority of the members voting thereon except as provided by law, or otherwise provided in the Articles of Incorporation, or these Bylaws.

All voting on the election of Directors, and on any motion or resolution or other matters which are necessary to be voted on by the membership may, if so provided, be by hand delivery, mail or electronic means. Voting as required by Article IV, Section 5, and article IX of these Bylaws, or any other matter or resolution not provided to be voted on by hand delivery, mail, or electronic means, may only be by members personally present at such meeting.

Unless otherwise determined by the Board, official ballots received by mail, electronic means, or hand delivered to the Cooperative shall be counted if received by the Cooperative at the close of business on the day of any such meeting. Official Ballots may also be deposited at the meeting. The failure of any member to receive a copy of any such ballot shall not invalidate any action which may be taken at the meeting at which the ballot is to be voted.

SECTION 6. 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 meeting:

1. Report on the number of members present in person.
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, Directors and committees.
5. Election of Board members.
6. Unfinished business.
7. New business.
8. Adjournment.

SECTION 7. PROCEDURE. All meetings of the members shall be conducted in accordance with procedures set forth in *Robert's Rules of Order*, except where otherwise provided by the provisions of these Bylaws.

ARTICLE IV BOARD MEMBERS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of eight Directors which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 2. ELECTION AND TENURE OF OFFICE. Two Directors shall be elected by ballot at each Annual Meeting of the members to serve a term beginning on the day of the next regular Board of Directors meeting held following the Annual Meeting until the regular Board of Directors meeting held following the Annual Meeting of members four years hence. If an election of Board members shall not be held on the day designated 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.

The two Directors elected shall be elected from the Counties of the Commonwealth of Pennsylvania, in the following rotation and order and from year to year commencing at the Annual Meeting in the year 1980.

- Clarion County and Butler County
- Venango County and Clarion County
- Armstrong County and Butler County
- Venango County and Forest County

*Mercer County shall be considered a part of Venango County, and Allegheny County shall be considered a part of Butler County.

SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a Board member of the Cooperative who:

- (a) is not at least eighteen (18) years of age and a natural person;
- (b) is not a member in good standing with a good credit history with no outstanding balances due the Cooperative;
- (c) has been convicted of a felony within the last five (5) years;
- (d) is not a bonafide resident of the county which he is to represent for a minimum period of one continuous year immediately preceding his election;
- (e) is, or a member of his or her immediate family is, in any other way employed in any other business enterprise engaged in selling or distributing electric energy, or is a retired employee of such business enterprise;
- (f) is not consuming and taking service from the facilities of Central Electric Cooperative, Inc., at his or her residence home;
- (g) if the proposed or elected Director is, or a member of his or her immediate family is, engaged in selling at wholesale or retail goods, equipment, or material that is used or could be used in and about the business of the Cooperative, the proposed or elected Director shall refrain from sale to the Cooperative during his term of office and candidacy to office;
- (h) is unwilling to acquaint himself and does not acquaint himself in and about the business and workings of the Cooperative; does not become familiar and informed in and about the business and affairs of the Cooperative, including training and attendance at seminars and sessions for Directors;
- (i) shall miss three (3) consecutive regular meetings of the Board;
- (j) is not willing and able to attend all regular and special meetings of the Board, unless prevented by unavoidable circumstances;
- (k) is in any way employed or was previously employed by the Cooperative;
- (l) is the parent, husband, wife, son, daughter, brother, sister, step-father, stepmother, step-son, step-daughter, step-brother, step-sister, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, uncle, aunt, niece or nephew of a person regularly employed by the Cooperative, or currently a member of the Board, whether by the whole or half-blood or adoptive;
- (m) has a spouse, whether a joint member or not, who does not meet the qualifications set forth hereinbefore.

Upon the establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board, by the affirmative vote of not less than two-thirds of the Board at any regular or special meeting, may remove such Board member 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.