

# TABLE OF CONTENTS

PRICE ELECTRIC COOPERATIVE SERVICE AREA.....	4
DIRECTOR DISTRICTS.....	4
SOURCE OF ELECTRIC POWER.....	4
WISCONSIN ENERGY COOPERATIVE NEWS .....	5
PAYMENT OF ELECTRIC BILLS .....	5
DISCONNECTION POLICY .....	5
NOTICE TO DISCONNECT POLICY .....	6
RECONNECTION POLICY .....	6
DEPOSIT POLICY .....	6
REPORTING POWER OUTAGES .....	6
ARTICLES OF INCORPORATION.....	8
ARTICLE I Name and Location.....	8
ARTICLE II Purposes.....	8
ARTICLE III Duration.....	8
ARTICLE IV Non-Stock & Member Classes .....	8
ARTICLE V Property Rights And Basis Of Distribution In The Event Of Dissolution.....	8
ARTICLE VI Directors and Officers.....	8
ARTICLE VII Disposition Of Property.....	9
RESTATED BYLAWS OF PRICE ELECTRIC COOPERATIVE .....	10
AIMS.....	10
ARTICLE I MEMBERSHIP .....	10
Section 1 Requirements for Membership.....	10
Section 2 Husband and Wife Joint Membership.....	10
Section 3 Conversion of Membership.....	11
Section 4 Purchase of Electric Energy .....	11
Section 5 Termination of Membership .....	12
Section 6 Non-Liability for Debts of the Cooperative.....	12
Section 7 Property Interest of Members .....	12
ARTICLE II SERVICE PRINCIPLES.....	13
Section 1 Area Coverage Service.....	13
Section 2 Extension and Service Rules.....	13
Section 3 Service to Non-Member Patrons .....	13
Section 4 Assumption of Public Utility Obligations .....	13
ARTICLE III MEETING OF THE MEMBERS .....	13
Section 1 Annual & Special Meeting Rules .....	13

Section 2	Annual Meeting .....	13
Section 3	Special Meetings .....	14
Section 4	Notice of Members' Meetings.....	14
Section 5	Quorum .....	14
Section 6	Voting.....	14
Section 7	Order of Business .....	15
ARTICLE IV	DIRECTORS .....	15
Section 1	General Powers .....	15
Section 2	Tenure and Qualifications.....	15
Section 3	Nominations and Elections: District Committee .....	17
Section 4	Vacancies .....	18
Section 5	Compensation.....	19
Section 6	Policies, Rules and Regulations .....	19
Section 7	Removal of Director by Members .....	19
Section 8	Accounting System and Reports.....	19
ARTICLE V	MEETING OF BOARD OF DIRECTORS.....	20
Section 1	Regular Meetings.....	20
Section 2	Special Meetings .....	20
Section 3	Notice of Board Meetings .....	20
Section 4	Quorum .....	20
ARTICLE VI	OFFICERS .....	20
Section 1	Number .....	20
Section 2	Election and Term of Office.....	20
Section 3	Removal of Officers and Agents by the Board.....	21
Section 4	Chairperson .....	21
Section 5	Vice Chairperson .....	21
Section 6	Secretary.....	21
Section 7	Treasurer .....	22
Section 8	President/Ceo .....	22
Section 9	Bonds of Officers .....	22
ARTICLE VII	NON-PROFIT OPERATION .....	22
Section 1	Interest or Dividends on Capital Prohibited.....	22
Section 2	Patronage Capital in Connection with Furnishing Electric Energy .....	22
Section 3	Patronage Refunds in Connection with Furnishing Other Service.....	23
Section 4	Classification of Business .....	23
Section 5	Retirement of Patronage Capital on Dissolution or Liquidation or Prior Thereto on Revolving Basis .....	24
Section 6	Assignment of Patronage Capital.....	24
Section 7	Prior Retirement to Estates of Deceased Patrons .....	24
Section 8	Security Interest in Patronage Capital .....	25
Section 9	Assignment for Education or Charitable Purposes.....	25
Section 10	Forfeiture of Unclaimed Funds.....	25

Section 11	Subscriptions to Wisconsin Energy Cooperative News.....	26
Section 12	Contractual Obligations.....	26
ARTICLE VIII	DISPOSITION OF PROPERTY.....	26
ARTICLE IX	SEAL.....	26
ARTICLE X	FINANCIAL TRANSACTIONS.....	27
Section 1	Contract.....	27
Section 2	Checks, Drafts, etc.....	27
Section 3	Deposits and Investments.....	27
Section 4	Fiscal Year.....	27
ARTICLE XI	MISCELLANEOUS .....	27
Section 1	Membership in Other Organizations.....	27
Section 2	Waiver of Notice .....	27
Section 3	Employee Activity.....	27
ARTICLE XII	DISPUTE RESOLUTION.....	28
ARTICLE XIII	INDEMNIFICATION OF OFFICERS, DIRECTORS, AND EMPLOYEES .....	28
ARTICLE XIV	AMENDMENTS .....	28

# PRICE ELECTRIC COOPERATIVE



Price Electric Cooperative exists today because in the 1930's only ten percent (10%) of rural America had electric service. The Rural Electrification Administration (REA) was created to provide low cost money to finance the electrification of rural areas by the federal government in 1935. Investor owned utilities were not interested in rural areas even with low cost money, so Rural Electric Cooperatives (REC's) were formed by farmers and other rural people to bring electricity to the countryside.

As it did upon incorporation in July, 1940, Price Electric continues to strive to provide access to safe, dependable, and affordable electric service. As a member you are a part of a very unique business that is owned and controlled by the people it serves.



## PRICE ELECTRIC COOPERATIVE SERVICE AREA

The map on the back cover shows the service area of the cooperative which stretches from just south of Mellen on the north to Rib Lake on the south. The system is approximately 72 miles long and 48 miles wide or about 3,500 square miles. The cooperative serves the rural areas outside the cities, villages and towns within this area.

## DIRECTOR DISTRICTS

The map on the back cover also shows the service area divided into nine (9) director districts. Each district is represented by one director on the board of directors. Directors serve terms of three (3) years. They are nominated at district meetings and elected by the total membership at the annual meeting. Each year three (3) directors are elected at the annual meeting. All members are encouraged to attend the district meeting and the annual meeting each year.

## SOURCE OF ELECTRIC POWER

Price Electric Cooperative is an electric distribution cooperative. Electric power is delivered to substations in our service area by Dairyland Power Cooperative, of La Crosse, Wisconsin, via their transmission system and partially on the transmission system of Xcel Energy. Price Electric distributes electric power from the substations to the membership covering over 1,800 miles of distribution lines.

Dairyland Power Cooperative is owned by the twenty-five (25) distribution cooperatives they serve, just as Price Electric is owned by its members. A member of Price Electric's board also serves as a director on Dairyland's board of directors. Dairyland owns and operates generating plants along the Mississippi River which provide the electric needs for about 256,000 consumers through the twenty-five distribution systems that they serve.

## WISCONSIN ENERGY COOPERATIVE NEWS

The *Wisconsin Energy Cooperative News* is a monthly magazine published on behalf of the Wisconsin Electric Cooperative Association by the Wisconsin Federation of Cooperatives. Cooperative member/owners throughout the state receive the publication. Each electric cooperative features customized pages in their edition. These pages are used by Price Electric Cooperative to inform members of news directly related to their cooperative.

## PAYMENT OF ELECTRIC BILLS

The Cooperative has numerous payment options including cash, check, money order, credit/debit card, toll free pay-by-phone, electronic payment and automatic payment plan.

**Online Payment Options:** Online payments can be made at [price-electric.com](http://price-electric.com). One time payments can be made or an automatic payment plan can be setup to debit your bank account or credit/debit card each month.

**Pay-By-Phone Option:** To make payments over the phone using a credit/debit card or check, please call 1-888-222-2135. This automated toll-free option is available 24 hours a day, 7 days a week. Automatic payment plans can also be setup by calling 1-888-222-2135.

There is no charge for either of these options.

## DISCONNECTION POLICY

The Cooperative reserves the right to discontinue service to any member or members without notice for any of the following reasons:

- a. For fraudulent representation as to use of electric service.
- b. For any disapproval of member's equipment or installation on account of defects or hazardous conditions.
- c. For emergency operations or repairs.
- d. For unavoidable shortage or interruptions in the Cooperative's source of supply.
- e. Whenever such action is necessary to protect the Cooperative from fraud or abuse.
- f. Upon cancellation of service contract by the Cooperative.

The Cooperative reserves the right to discontinue service on reasonable notice for any of the following reasons:

- a. For non-payment of bill or other indebtedness such as worthless check.
- b. If entry to its meter or meters is refused or its access thereto is obstructed or hazardous.
- c. If the rules and regulations of the Cooperative are violated.
- d. If the by-laws of the Cooperative are violated.
- e. If a member has an unpaid bill owed to the Cooperative at a previous or different location, the member shall not receive service from the Cooperative at another location.

## **NOTICE TO DISCONNECT POLICY**

A notice will be sent to the member informing them of the delinquency. The notice will also inform the member that if the bill is not paid within ten (10) days from the date of the notice a representative will be sent to collect or disconnect service. There will be a charge for any collection trip or disconnection.

## **RECONNECTION POLICY**

When service is disconnected for a valid reason the consumer shall before connection is made:

1. Pay the entire delinquent bill including the bill for any service used in addition to the amount included in the last delinquent notice plus a reconnect fee.
2. Pay a minimum bill for all months the service was disconnected, if that consumer had service disconnected for less than one year.
3. Correct any condition determined hazardous to the consumer and/or the general public.
4. Permit the Cooperative to correct any condition pertaining to the power line, including right-of-way, determined by the Cooperative to be hazardous to the consumer and/or the general public.

## **DEPOSIT POLICY**

Consumer deposit amounts will be based on the assessment of credit risk associated with all applications for new or continued service to protect the assets of the Cooperative and its members. A screening tool called the ONLINE Utility Exchange will be used to assess credit risk and charge deposits to only those potential members and existing members who pose a credit risk. The deposit will be retained by the Cooperative for a period of one year and then applied to the member's billing account provided the applicant has established a satisfactory credit rating. The deposit, when returned, will have interest, per annum, added. In the event the depositor leaves the service of the Cooperative, the deposit, plus interest, will be refunded provided all amounts due the Cooperative have been paid.

## **REPORTING POWER OUTAGES**

1. Check to see if electricity is off over your entire premises.
2. Check your meter display to see if it is flashing numbers or blank. If numbers are flashing there is power to the meter and there is a problem with your side of the service.
3. Check if fuses are blown or circuit breakers are tripped.
4. Check with your neighbors to see if they have electricity. Knowing the extent of the outage will help find the reason faster.
5. The Cooperative is allowed to perform service up to the meter. Any wires from the meter to your buildings belong to you and are your responsibility for their repair. In most instances when the damage is to your wires it is best to contact an electrician in your area. There is a service fee if the cooperative crew responds and the problem is on your side of the meter.
6. When you have determined that the outage is not on your wires, call the Cooperative and give the following information:

- A. Your name and the name of the person who is receiving service at the location.
  - B. Cause of the outage – if known. This will assist the crews in locating the problem and restoring electrical service.
7. Even though the Cooperative can view outages via automated meters, they are not monitored 24/7 and all outages should be reported to the Cooperative.

## **TO REPORT OUTAGES**

Call: 715-339-2155 or 1-800-884-0881

(Answered 24 hours per day – 7 days a week)

# ARTICLES OF INCORPORATION

ADOPTED 1986 REVISED JUNE 8, 2007

## ARTICLE I – NAME AND LOCATION

The name of this cooperative association shall be Price Electric Cooperative, and its principal office shall be in the city of Phillips, in Price County, Wisconsin, Address: 508 North Lake Avenue, Phillips, Wisconsin 54555.

## ARTICLE II – PURPOSES

The principal purpose for which this cooperative association is formed is that of furnishing its members with electric power and energy and energy services on a cooperative, non-profit basis. The Cooperative may also provide water and waste water, Internet, and satellite television services to its members on a cooperative, non-profit basis. And the Cooperative may engage in any activity within the purposes for which cooperative associations may be organized under Wisconsin law, and all such activities shall be deemed within its purposes subject to such express limitations as may be imposed pursuant to its Bylaws.

## ARTICLE III – DURATION

The duration of this cooperative association shall be perpetual.

## ARTICLE IV – NON-STOCK & MEMBER CLASSES

This cooperative association is organized without capital stock and there shall be only one class of members with respect to voting rights.

## ARTICLE V – PROPERTY RIGHTS AND BASIS OF DISTRIBUTION IN THE EVENT OF DISSOLUTION

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 the Bylaws,

the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the patronage capital credited to each bears to the and in accordance with such classifications of business formulas as may have been employed in allocating patronage capital to such members.

## ARTICLE VI – DIRECTORS AND OFFICERS

The business and affairs of the Cooperative shall be managed by a Board of Directors. The number of and qualifications for directors shall be specified in the Bylaws. The Bylaws may provide that directors be from specified territorial districts and may further limit voting for any director to members from within the territorial district from which such director is to be elected. The principal officers of the Cooperative shall be a Chairperson, one or more Vice Chairpersons, a Secretary and a Treasurer, or such other titles as the Bylaws may prescribe for those offices. The Bylaws may provide for the combination of offices or for such assistant offices as is allowed by law. The Bylaws shall prescribe the authority and duties of the respective offices and their terms and manner of election.

## ARTICLE VII – DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrances is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to borrow money and in connection with such borrowing to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired to be acquired, and wherever situated, as well as the revenue and income there from, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative; and provided, further, that the board of directors may, upon the authorization of a majority of the members of the Cooperative voting thereon, merge or consolidate with another cooperative organized under Wisconsin Statutes Chapter 185. The board of directors in its discretion shall determine what constitutes a substantial portion of the Cooperative's property. The foregoing requirement for the affirmative vote of two-thirds (2/3) of all members of the Cooperative shall not be reduced or repealed except upon the affirmative vote of at least two-thirds (2/3) of all members of the Cooperative.

# RESTATED BYLAWS OF PRICE ELECTRIC COOPERATIVE

ADOPTED 1986 • REVISED MAY 17, 2003, JUNE 8, 2007, JUNE 11, 2014 AND JUNE 10, 2015

## AIMS

The aims of the Cooperative are three-fold:

- (a) To make adequate and dependable electric services available to all members and to all un-served persons within its service area desiring to become members, and similarly to make other utility-type services available to members within its service area.
- (b) To render such service without discrimination on a cooperative basis at the lowest cost consistent with sound economy and good management; and
- (c) To fulfill its obligations as a responsible business citizen in furthering the general welfare of the citizens of the community in which it operates.

## ARTICLE I – MEMBERSHIP

### SECTION 1 - REQUIREMENTS FOR MEMBERSHIP

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Price Electric Cooperative (hereinafter called “Cooperative”) upon receipt of electric or other utility-type service from the Cooperative, provided that the member has first:

- (a) Made an application for membership therein in such form as the board of directors may prescribe;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified, or if not connected to the Cooperative’s electric distribution system, service from the Cooperative’s water and waste water, Internet or satellite television divisions as provided herein; and
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors.

Any person who requests service from the Cooperative subject to the conditions applicable to all patrons of the same class of service, upon receipt of such service shall be deemed a member with the same rights and privileges as each other member of such class. Members may purchase service from more than one service division of the cooperative, but 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. Two or more persons may hold a membership as tenants in common or as joint tenants with right of survivorship in accordance with the terms of their applications, these bylaws, and any rules of the board of directors applicable thereto. The provisions of Section 2(c) of this Article shall apply to a membership held by tenants in common, and to a joint membership where the holders thereof are not husband and wife.

### SECTION 2 - HUSBAND AND WIFE JOINT MEMBERSHIP

- (a) Any application for membership in the Cooperative received after June 6, 1961, from any person who is married shall be deemed and become an application for membership by husband and wife as joint tenant members with right of survivorship unless the person making such application otherwise designates in writing.

- (b) With respect to memberships issued prior to June 6, 1961, the membership of any person who on June 6, 1961, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership in husband and wife as joint tenant members with right of survivorship without further action by such member, unless within 30 days after June 6, 1961, or 30 days after date of marriage, whichever date is later, the person to whom such membership was issued otherwise has designated in writing.
- (c) The term “member” as used in these bylaws shall be deemed to include a husband and wife or other person holding a joint tenancy in common membership, and any provisions relating to the rights and liabilities of membership, including, without limitation the following, shall apply to such member:
  - (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
  - (2) The vote of either separately or jointly shall constitute a joint vote;
  - (3) A waiver of notice signed by either or both shall constitute a joint waiver;
  - (4) Notice to either shall constitute notice to both
  - (5) Expulsion of either shall terminate the joint membership;
  - (6) Withdrawal of either shall terminate the joint membership;
  - (7) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.
- (d) Upon the death of either spouse, or other person, who is the party to a joint membership, such membership shall be held solely by the survivor and the records of the Cooperative shall be changed to show membership solely in the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

### SECTION 3 - CONVERSION OF MEMBERSHIP

By a written request signed by all persons having an interest therein, a membership in the name of one person, a joint membership, or a membership as tenants in common, may be converted to a membership of another of the three types. Such written request shall contain the agreement by all persons having an interest in a membership involved, to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board of directors.

### SECTION 4 - PURCHASE OF ELECTRIC ENERGY

Each applicant for membership shall as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in the application for membership, and shall pay therefor at rates which shall from time to time be fixed by the board of directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative’s facilities, shall be subject to appropriate safety and other regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy or other utility-type services 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 by these bylaws. Regardless of the amount of electric energy or other utility services consumed, each member shall pay to the Cooperative such minimum amount as shall be fixed by the board from time to time. Each

member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

## **SECTION 5 - TERMINATION OF MEMBERSHIP**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe, subject to any regulations imposed by lawful authority. The board may, by the affirmative vote of not less than two-thirds (2/3) of all members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or reasonable rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at 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 energy or other utility service from the Cooperative, or of a member who has ceased to purchase energy or other utility service from the Cooperative, may be cancelled by resolution of the board.
- (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 the estate from any debts due the Cooperative.
- (c) Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint. This provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners, and further provided, that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership.

## **SECTION 6 – NON-LIABILITY FOR DEBTS OF THE COOPERATIVE**

The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts of the Cooperative.

## **SECTION 7 – PROPERTY INTEREST OF MEMBERS**

Upon dissolution and after,

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) Except as otherwise provided in these bylaws, all capital furnished through patronage shall have been retired as provided in the bylaws,

then the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the patronage capital credited to each bears to the total patronage capital credited to all members determined immediately prior to the final retirements of patronage capital described above, subject to and in accordance with such classifications of business as may have been employed in allocating patronage capital to such members.

## **ARTICLE II – SERVICE PRINCIPLES**

### **SECTION 1 - AREA COVERAGE SERVICE**

The Cooperative holds itself out to serve and shall make diligent efforts to extend and render adequate and dependable electric service to all un-served persons within the Cooperative service area, regardless of the size or nature of their service requirements, who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of service.

### **SECTION 2 - EXTENSION AND SERVICE RULES**

Extension and service rules of the Cooperative for its electric and other utility-type services from time to time promulgated by the board of directors shall be of general and uniform application and shall provide for service without discrimination to all patrons or members within the same classification of business.

### **SECTION 3 – SERVICE TO NON-MEMBER PATRONS**

In the event the Cooperative shall acquire all or any portion of the property of any public utility, former consumers of such public utility served through the property acquired shall be invited to become members of the Cooperative. Should any such consumer refuse to become a member of the Cooperative, then the Cooperative may continue to render electric or other utility-type service to such consumer as a patron of the Cooperative and, except for participation in the governance of the Cooperative, those patrons shall be treated in all other respects as a member.

### **SECTION 4 – ASSUMPTION OF PUBLIC UTILITY OBLIGATIONS**

Within the corporate limits of any city or village in which the Cooperative may acquire the property of any public utility, the board of directors may by rule or by agreement with the governing board of such municipality cause the Cooperative to become subject therein to all or part of the regulatory rules and jurisdiction of the Public Service Commission of Wisconsin, or other regulatory agency provided by law, provided that this shall not affect the status of the Cooperative in the balance of its service area nor require approval of its securities issued to the United States of America or to any financing institution organized by rural electric cooperatives or approved by the Administrator of the Rural Utilities Service.

## **ARTICLE III – MEETING OF THE MEMBERS**

### **SECTION 1 - ANNUAL & SPECIAL MEETING RULES**

The board of directors may in any year appoint a Rules Committee, the majority of which shall be non-director members of the Cooperative. In appointing the Committee, the board shall specify the scope of the Committee's authority and responsibilities, which may include any of the following: establishing rules to govern the conduct of the ensuing annual or special meeting of the members, which rules may include a deadline for members to submit any advisory resolutions relating to the affairs of the Cooperative that they plan to present at the annual meeting; considering any proposed advisory resolutions that are timely submitted by members; in consultation with the board and the chief executive officer, determining whether additional information should be presented to the membership to ensure a full airing of the issue and an informed decision by the membership on the matter; and reporting to the membership, including if the Committee deems it appropriate to do so making a recommendation concerning disposition of any such resolution.

### **SECTION 2 – ANNUAL MEETING**

The annual meeting of the members shall be held not earlier than May 1st nor later than June 30th of each year at such time and place within one of the counties served by the Cooperative as shall be determined by the board of directors and which shall be designated in the notice

of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal or calendar 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 3 – SPECIAL MEETINGS**

Special meetings of the members may be called by the Chairperson, by resolution of the board of directors or by twenty percent (20%) or more of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings 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 4 - NOTICE OF MEMBERS' MEETINGS**

Written or printed notice stating the place, day and hour, and in the case of a special member meeting the purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, the notice is given when it is deposited or a newsletter or other publication of the Cooperative or of an affiliated organization which includes the notice, is deposited in the United States mail with postage prepaid thereon, addressed to such person at his or her address as it appears on the records of the Cooperative. 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 5 – QUORUM**

The number of members to constitute a quorum at a meeting of members shall be fifty (50). In case of a joint membership, or a membership held by tenants in common, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting, provided a new notice is mailed to each member specifying the time and place of the adjourned meeting.

### **SECTION 6 – VOTING**

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting except as otherwise provided by law, the articles of incorporation of the Cooperative or these bylaws. Two or more persons holding a joint or tenancy in common membership shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of members. Any member which is a cooperative, corporation, government body, church or voluntary association may, acting through its governing body, designate in writing, its representative to act for it at membership meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting, except that the Chairperson of any such corporation, association, board or body politic may cast its vote at such meeting if no such written designation for any other representative is so filed. Such representative or officer may also vote as an individual if that person is a member. A guardian of any member may vote on behalf of such member. The board of directors in its discretion may make absentee ballots available for election of directors or for other matters to be presented at any meeting of the members. Where ballots are made available, a member requesting an absentee ballot shall return the ballot to the Cooperative's office by mail or personal delivery so that the ballot is received not

later than noon on the last business day prior to the day of the membership meeting. A sealed envelope bearing the signature of the member and enclosing a marked ballot shall constitute the valid absentee ballot of that member.

## **SECTION 7 - ORDER OF BUSINESS**

The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members shall be essentially as set forth in the notice of the meeting and shall include the following:

- (a) Report on registration and declaration of whether a quorum is present.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver of notice of the meeting, as the case may be.
- (c) Taking action on unapproved minutes of previous meetings of members that have been distributed to the members.
- (d) Presentation and consideration of, and if called for acting upon, reports of officers, directors and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New Business.
- (h) Adjournment.

The order of business may be changed by a two-thirds (2/3) vote of the members in attendance and voting at any such meeting. Unless the members by a two-thirds (2/3) vote of those in attendance and voting determine otherwise, the current edition of Roberts Rules of Order shall govern all other procedural questions.

## **ARTICLE IV – DIRECTORS**

### **SECTION 1 - GENERAL POWERS**

All powers of the Cooperative shall be exercised by or under authority of, and the business and affairs of the Cooperative shall be managed under the direction of, the board of directors, except as otherwise provided by law, the articles of incorporation, or these bylaws. There shall be nine (9) directors. Powers of the board of directors (without limitation because of designation) shall include the determination and fixing of classifications of business, rates to be charged by the Cooperative for services furnished, the promulgation and enforcement of rules and regulations governing service to patrons, and the selection or nomination of directors, delegates, or other representatives of the Cooperative at meetings of organizations of which the Cooperative may be a member, including the power to remove such director, delegate or representative.

### **SECTION 2 - TENURE AND QUALIFICATIONS**

- (a) Tenure. Directors shall be elected for three year terms on a staggered basis so that no more than three of such terms shall expire at each annual meeting.
- (b) Qualifications. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative, who:
  - (1) Is not a member and a bona fide resident of the director district in which he or she is nominated or has been elected to represent; or



(2) Is in any way employed by or financially interested in a competing enterprise or a business selling energy, services or supplies to the Cooperative, unless the board determines according to standards set forth in formal board policy that the relationship does not and is not likely to create an actual conflict of interest or otherwise influence the person's discharge of his or her duties as a director or who, while serving as director or at any time in the three years preceding election or appointment, (A) has been employed by the Cooperative or any entity controlled by the Cooperative, (B) has pursued any litigation or claim against the Cooperative or any of its employees or directors, or (C) has been in default on any obligation owed to the Cooperative, or was ever convicted of any felony or of any other offense involving a breach of trust.

When a membership is held jointly or by tenants in common, one of the joint tenants or one of the tenants in common, but not more than one, may be elected a director, provided, however, that such person shall not be eligible to become or remain a director or hold a position of trust in the Cooperative unless both joint tenants or all tenants in common shall meet the qualifications hereinabove set forth. When a membership is held by a partnership, one, but not more than one, of the partners designated in writing by the partnership may be elected a director; provided, however, that none of the partners shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b)(1), as to residency, and as to (b)(2), above, and unless all partners shall meet the qualifications in (b)(2), above. When a membership is held by a corporation, one, but not more than one, of the officers thereof designated in writing by the corporation may be elected a director, provided, however, that none of the officers shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b)(1) as to residency and in (b)(2), above, and unless all of the officers shall meet the qualifications set forth in (b)(2), above. When a membership is held by a limited liability company, one, but not more than one, of the members designated in writing by the limited liability company may be elected a director; provided, however, that none of the members shall be eligible to become or remain a director or hold a position of trust in the Cooperative unless the candidate shall meet the qualifications set forth in (b)(1), as to residency, and unless all the members shall meet the qualifications in (b)(2), above.

Nothing in this section shall be construed to preclude any member from serving as a director or from holding any position of trust in the Cooperative because such member is also a member or a director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, or which is engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of this Cooperative.

(c) Disqualification.

- (1) Upon establishment of the fact that a nominee for director lacks eligibility under this section it shall be the duty of the Chairperson presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee.
- (2) Upon the establishment of the fact that any person being considered for or already holding a position of director may lack eligibility to become or remain a director, it shall be the duty of the board of directors, upon reasonable notice to the person whose eligibility is in question, to hold a hearing on such matter.

The directors shall find and determine whether such person is ineligible to become a director, or if already a director, is ineligible to remain a director under the qualifications provided in these bylaws. In making such determination, if the person whose eligibility is being considered is a director, that person may not vote. If the remaining directors determine by a majority vote that the person, if a candidate, is ineligible to become a director, then such person's name shall be withdrawn as a candidate for director. If the person is already a director, then that person shall be ineligible to remain a director, and his or her office as a director shall forthwith become vacant. The remaining directors shall appoint a successor until the next membership meeting.

### SECTION 3 - NOMINATIONS AND ELECTIONS: DISTRICT COMMITTEE

(a) Voting Districts. The territory served or to be served by the Cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as practicable the same number of members. Each district shall be represented on the board of directors by one director. The territorial boundaries of such district shall be initially determined by the board, and may be changed from time to time by the board, provided, however, that the members may take actions with reference to the boundaries of said districts, which action shall be deemed binding upon the board.

Not less than ninety (90) days before any meeting of the members at which directors are to be elected, the board shall review the composition of several districts, and if it should be found that inequalities in representation have developed which can be corrected by a re-delineation of districts, the board shall reconstitute the districts so that each shall contain as nearly as practicable the same number of members. The board of directors may from time to time change the boundaries of the director districts, provided, however, that any such change may be modified on a prospective basis by the members at the next membership meeting. Any such change shall not affect the eligibility of any director to complete the term which he or she was elected to serve prior to the change of boundaries.

(b) Nominations.

- (1) The members of each district shall, not less than forty (40) days, nor more than ninety (90) days prior to the date of the annual meeting at which directors are to be elected, meet and use their best efforts to select two (2) members from said district as candidates for the office of the board of directors, and shall then file the names of the nominees at the main office of the Cooperative at least thirty (30) days before the annual meeting. The district meeting may, but shall not be required to, cause minutes of the meeting to be prepared.
- (2) Notice of the time, place and purpose of the district meeting shall be given to the members of said district at least ten (10) days previous thereto. The meeting may be held jointly with the meetings of other districts electing directors at the same annual meeting. In the event minutes are prepared of any such joint meeting, they shall be subject to correction and approval at the next district meeting of any of the districts participating in the meeting.
- (3) Any fifteen (15) or more members may make other nominations in writing, over their signatures, by filing the same with the main office of the Cooperative not less than twenty-five (25) days prior to the annual meeting.
- (4) If for any reason no nomination shall be made at the district meeting, or in the event that at the time of the annual meeting of members all persons nominated at the district meeting are unable or unwilling to serve as a director, then at the

annual meeting of members of the Cooperative, nominations may be made from the floor by any member who is a resident of the district for which the nominations for director are made.

- (c) Election. The Secretary shall post the list of all nominees at the main office of the Cooperative at least twenty-five (25) days prior to the annual meeting. The Secretary shall also prepare for the annual meeting a ballot for election of directors. The ballot shall contain a statement of the number of directors to be elected, and a list, alphabetically arranged by district, of the names and addresses of those nominated by petition for each district, indicating in each case the manner by which each candidate was nominated. The ballot shall also inform the members of the manner in which they may vote for directors, as provided in this section, by marking on the ballot an "X", opposite the names of the number of candidates, equal to the number of directors to be elected, but not for more than one candidate from each district. The members may, at any meeting, at which a director or directors shall be removed as hereinafter provided, elect a successor or successors thereto, without compliance with the foregoing provisions with respect to nominations, provided they are elected from the districts where the vacancies occur. If a husband and wife hold a joint membership they may vote by jointly marking the ballot hereinabove provided for. Not with standing anything in this section contained, failure to comply with any of the provisions of this section shall not affect, in any manner whatsoever, the validity of any election of directors.
- (d) District Committee persons. The members of each district shall elect three members of the district to serve with the director as members of the district committee. The director shall act as presiding officer at all meetings of said committee but have no vote except in case of a tie. Meetings shall be called by the director from the district or two members of the committee. The district committee shall have charge of all district meetings for (a) the nomination of candidates for director to represent the district; and (b) to receive reports of the director of the district and any and all other business that may be properly brought before the district. It shall be the duty of the committee persons to confer with the district director:
- (1) To assist in planning and conducting district meetings;
  - (2) To assist with legislative programs of the Cooperative;
  - (3) To assist with member-information and education;
  - (4) Regarding any other matters referred to them by the board of directors or initiated by themselves or the members.
- (e) District Committee Conference. The committee persons from all nine (9) districts shall hold a conference meeting yearly, preceding the nomination of directors by the districts; and such other meetings as the board of directors may call or may be called by petition of one-third (1/3) of all committee persons. Ten (10) days' notice of such meetings shall be given by mail unless two-thirds (2/3) of all committee persons sign a waiver of notice of said meeting.

#### **SECTION 4 - VACANCIES**

Subject to the provisions of these bylaws with respect to the removal of directors, a vacancy in the office of director shall be filled by a majority vote of the remaining directors and a director thus elected shall serve until the next annual meeting of the members or until his successor shall have been elected and shall have qualified.

#### **SECTION 5 - COMPENSATION**

Directors shall not receive any salary for their services as such, but by resolution of the board of directors, a fixed sum for each day or portion thereof spent on board meetings, conferences, and training programs, or performance of committee assignments or other services when authorized by the board, along with reasonable expenses actually and necessarily incurred, may be allowed. If authorized by the board, the directors may be granted a reasonable per diem allowance in lieu of detailed accounting for some of these expenses, or may be advanced funds therefor. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by the director or a director's close relative shall have been certified by the board as an emergency measure.

The term "close relative", as used herein, applies to the following: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, half-sister, half-brother, and includes father and mother-in-law, sister and brother-in-law, and son and daughter-in-law.

#### **SECTION 6 - POLICIES, RULES AND REGULATIONS**

The board of directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. Such policies, rules and regulations shall be binding upon all members provided that they have access, on request, to copies of any and all policies, rules and regulations affecting the terms of their service and provided, further, that they receive notice of the substance of any changes to those policies, rules and regulations. For purpose of this section, notice shall be deemed sufficient if it is mailed to the member at the member's address as it appears on the records of the Cooperative, postage duly prepaid, whether as a bill insert or otherwise, or if it is published in a newsletter sent by the Cooperative to its members, is published in the WISCONSIN ENERGY COOPERATIVE NEWS, or in another newspaper circulated in the service area of the Cooperative.

#### **SECTION 7 - REMOVAL OF DIRECTOR BY MEMBERS**

Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members or 300, whichever is the lesser, may request the removal of such director by reason thereof. Upon receipt of such petition it shall be the duty of the Chairperson or the board of directors to call a special meeting of the members to hear the same. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, and the person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members. Removal shall be by a majority vote of those members voting thereon. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

#### **SECTION 8 - ACCOUNTING SYSTEM AND REPORTS**

The board of directors shall cause to be established and maintained a complete accounting system which shall conform to generally accepted accounting principles and to such other accounting requirements as may be imposed by law or contract. The board of directors shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts and financial

condition of the Cooperative as of the end of such fiscal year. A report covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year shall be presented to the members at each annual meeting.

## **ARTICLE V – MEETING OF BOARD OF DIRECTORS**

### **SECTION 1 - REGULAR MEETINGS**

A regular meeting of the board of directors may be held without notice immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board shall also 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 meeting may be held without notice other than such resolution fixing the time and place thereof.

### **SECTION 2 - SPECIAL MEETINGS**

Special meetings of the board of directors may be called by the Chairperson or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairperson or directors calling the meeting shall fix the time and place for the holding of the meeting.

### **SECTION 3 - NOTICE OF BOARD MEETINGS**

Written notice of the time, place and purpose of any special meeting of the board of directors shall be delivered to each director either personally, by mail, or electronically if the method of transmission provides an acknowledgment of receipt, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairperson or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at the address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

### **SECTION 4 - QUORUM**

A majority of the board of directors 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 directors of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

## **ARTICLE VI - OFFICERS**

### **SECTION 1 - NUMBER**

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

### **SECTION 2 - ELECTION AND TERM OF OFFICE**

The officers shall be elected by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each 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 a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the un-expired portion of the term.

## **SECTION 3 - REMOVAL OF OFFICERS AND AGENTS BY THE BOARD**

Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the Cooperative will be served thereby.

## **SECTION 4 - CHAIRPERSON**

The Chairperson shall:

- (a) Be the principal officer of the Cooperative and, unless otherwise determined by the members or the board of directors, shall preside at all meetings of the members and the board;
- (b) Sign, with the Secretary, 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, agent, or employee 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 Chairperson and such other duties as may be prescribed by the board of directors from time to time.

## **SECTION 5 - VICE CHAIRPERSON**

In the absence of the Chairperson, or in the event of the Chairperson's inability or refusal to act, the Vice Chairperson shall perform the duties of the Chairperson, and when so acting, shall have all the powers and be subject to all the restrictions upon the Chairperson. The Vice Chairperson shall also perform such other duties as from time to time may be prescribed by the board.

## **SECTION 6 - SECRETARY**

The Secretary shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the President/CEO:

- (a) Keeping the minutes of the meetings of the members and of the board of directors in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) The safekeeping of the corporate books and records 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;
- (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 prescribed by the board of directors.

## **SECTION 7 - TREASURER**

The Treasurer shall be responsible for the following, but the actual execution of the duties and functions may be delegated to employees of the Cooperative under the direction of the President/CEO:

- (a) Custody of all funds and securities of the Cooperative:
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) The general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be prescribed by the board of directors.

## **SECTION 8 - PRESIDENT/CEO**

The board of directors may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the board may from time to time prescribe.

## **SECTION 9 - BONDS OF OFFICERS**

The treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board of directors 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.

# **ARTICLE VII – NON-PROFIT OPERATION**

## **SECTION 1 - INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

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

## **SECTION 2 - PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY**

In the furnishing of electric energy and any other utility services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. The Cooperative will account separately for the costs and receipts of its respective electric and energy services, water and waste water services, Internet, and satellite television divisions. 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 within a particular service division, or business classification within any such division for all amounts received and receivable from the furnishing of service and any related goods to patrons within such division or classification in excess of operating costs and expenses properly chargeable against the furnishing of services and goods to patrons within such division or classification. Where there is substantial common membership in two or more service divisions, the board of directors in its discretion may in any year combine such divisions for purposes of such accounting.

Subject to the provisions hereof relating to adjustments between and among classes of business, all such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by patrons as capital.

Subject to the provisions hereof relating to adjustments between and among classes of business, the Cooperative is obligated to pay as credits to a capital account for each patron all such amounts in excess of the operating costs and expenses. The books and records of the Cooperative shall be kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's class of business and to its account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be apportioned among the various classes of business on a total patronage basis and shall 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 within such business classifications 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.

Subject to the provisions of Section 4, below, in the event the costs and expenses of the Cooperative in furnishing of any goods or services should in any year exceed the receipts therefor, the resulting deficit shall be assigned on the books of the Cooperative to the division or class of business furnishing such receipts in the year the loss was incurred.

Notwithstanding anything to the contrary in this article, the board of directors, in its discretion, may in any year credit to unallocated surplus or reserves of the Cooperative a portion of the net proceeds not exceeding the amount of margins from any subsidiaries of the Cooperative and other non-operating margins, but not including patronage capital from the Cooperative's wholesale power supplier or cooperative lenders.

## **SECTION 3 - PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICE**

In the event that the Cooperative should engage to a substantial extent in the business of furnishing goods or services other than electric energy and energy services, water and waste water services, Internet services, and satellite television services, all amounts received and receivable there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned or allocated to those patrons, members, or non-members alike, from whom such amounts were obtained.

## **SECTION 4 - CLASSIFICATION OF BUSINESS**

In determining and allocating the operating costs and expenses properly chargeable against the amounts paid for services, to determine the respective amounts of capital furnished by patrons through their patronage, the board of directors shall classify the business done by the Cooperative with its patrons by service division as described in Section 2, above, and may classify the business done by the Cooperative with its patrons within any division into appropriate classes of business and patronage. Such classifications shall be based on factors relating to the cost of rendering service and the rates lawfully chargeable in connection therewith, in accordance with reasonable accounting, engineering and utility standards and practice. The board of directors may apply to such classes of business formulas designed to equitably determine for each class so established any amounts paid by patrons within such class in excess of the costs for service for such class. In

developing such formulas and in determining the respective amounts of capital so furnished by all patrons within such classes the board shall give regard to the level of capital contributed by each such class of business during the current or any prior fiscal year so as to equitably adjust the aggregate capital accounts between and among classes of business.

If the receipts from every division and class of business in any year exceed the costs and expenses allocable and chargeable thereto, then the excess of receipts over expenses for each division and class of business shall be allocable to each such class as capital credits and to patrons within each such class on a dollar patronage basis. If, however, the costs and expenses chargeable or allocable against any one or more divisions or classes of business exceed the receipts from all patrons within such divisions or classes of business, then such deficit shall be charged against the patronage margins otherwise assignable to any remaining divisions or classes of business, on a dollar volume patronage basis, so that in no year shall there be credited to patrons as patronage capital an amount greater than the excess of receipts from all patrons over the costs and expenses of doing business with all patrons. Notwithstanding the foregoing, no margin allocation shall be made to patrons in a division or class until any prior years' losses incurred by such division or class have been offset by subsequent years' margin allocations for the division or class.

All patronage margins contributed by patrons within a given class of business shall be assigned to such patrons on a dollar volume basis of patronage, but no patronage capital shall be deemed to have been contributed by, or shall be allocated to, any patron within any class of business if the receipts from all patrons within such class do not exceed the costs and expenses chargeable or allocable to such class. In the event patronage from any patron falls into two or more classes of business, capital credits assigned to such patron shall be the net amount of the capital credits determined after debiting and crediting such patron's account with all patronage debts and credits from all such classes of business.

#### **SECTION 5 - RETIREMENT OF PATRONAGE CAPITAL ON DISSOLUTION OR LIQUIDATION OR PRIOR THERETO ON REVOLVING BASIS**

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 of directors shall determine that the financial condition of the Cooperative shall 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 under rules of general application the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least 25 percent of the total assets of the Cooperative.

#### **SECTION 6 - ASSIGNMENT OF PATRONAGE CAPITAL**

Except as provided in Section 9 and 10 hereof, capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

#### **SECTION 7 - PRIOR RETIREMENT TO ESTATES OF DECEASED PATRONS**

Notwithstanding any other provision of these bylaws, the board of directors, at its discretion, shall have the power at anytime upon the death of any patron, who was a natural person, if

the legal representatives of the estate shall request in writing that the capital credits 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 credits 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. The board is authorized, but not required to provide for prior retirements to surviving joint tenancy patrons and to heirs of deceased patrons on the same basis as retirements hereunder may be made to estates of deceased patrons.

#### **SECTION 8 - SECURITY INTEREST IN PATRONAGE CAPITAL**

The Cooperative shall have a continuing security interest in the patronage capital allocated and credited to any patron for any indebtedness due and owing from such patron to the Cooperative. The patron shall execute such documents as the Cooperative may request to create and perfect this security interest. The rights of the Cooperative under the security interest hereby granted may be exercised in the event of the default in payment by the patron of the patron's obligations, or in the event of the bankruptcy of the patron, and such indebtedness of the patron shall be subtracted from the capital allocated and credited to the patron in any retirement thereof made hereunder to said patron or to the estate, heirs, or surviving joint member.

#### **SECTION 9 - ASSIGNMENT FOR EDUCATION OR CHARITABLE PURPOSES**

Any patron may assign all or any portion of the patronage capital now or hereafter expected to be credited to his or her account pursuant to this Article to the Cooperative in trust, however, to be used only for Federal Youth Foundation, Inc., or such other educational or charitable purpose as may be designated by this assignor or the board of directors, effective as of the date of assignment subject to the Cooperative's prior lien for unpaid charges under Section 8 of this Article.

#### **SECTION 10 - FORFEITURE OF UNCLAIMED FUNDS**

- (a) The Cooperative shall effect the forfeiture of all unclaimed funds, including all forms of distributions or capital credits, membership fees, deposits, and dividends, and shall do the following in connection therewith:
  - (1) No earlier than three years and no later than five years after the funds are first made available to the owners, the board of directors shall declare the funds forfeited to the Cooperative unless claimed by a specified date.
  - (2) After the declaration of forfeiture, the Cooperative shall give notice that states that the funds shall be forfeited if not claimed by the specified date, which date shall be a business day at least 60 days after the mailing of the notice.
  - (3) The notice under paragraph (2) shall be mailed to the last known address of each owner and shall be published on or before the date of mailing in a newspaper published in the municipality containing the service area of the Cooperative.
  - (4) The Cooperative shall dedicate any funds remaining unclaimed after the date specified in paragraph (2) to education purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the board of directors determines, within one year after the date the funds are declared forfeited under paragraph (1). Educational purposes shall not include political purposes as defined in section 11.01 (16), Wisconsin Statutes.

- (b) At any time subsequent to forfeiture under this bylaw, the owner of forfeited funds may submit a claim to the board of directors and if the board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.
- (c) The board of directors may establish a reasonable reserve for payment of claims, which reserve shall be credited to patrons in accordance with the ratio which their patronage bears to total patronage. This reserve shall be reimbursed for claims charged thereto, out of funds subsequently declared forfeited.

**SECTION II - SUBSCRIPTIONS TO WISCONSIN ENERGY COOPERATIVE NEWS**

The Cooperative, through action of its board of directors, is authorized in the name and on behalf of each member of the Cooperative to subscribe for the *Wisconsin Energy Cooperative News*. The expense of such subscriptions for all members shall be charged to the aggregate of capital deposited by members under Section 2 of this Article for electric service in the same manner as are charged other appropriate expenses of the Cooperative.

**SECTION 12 - CONTRACTUAL OBLIGATIONS**

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 patron 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 Section shall be called to the attention of each patron of the Cooperative by posting same in a conspicuous place in the Cooperative’s office, by including it in the membership application, or by posting it on the Cooperative’s website.

**ARTICLE VIII – DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrances shall have been contained in the notice of the meeting, provided, however, that notwithstanding anything herein contained, the board of directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to borrow money and in connection with such borrowing to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired to be acquired, and wherever situated, as well as the revenue and income there from, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative; and provided, further, that the board of directors may, upon the authorization of a majority of the members of the Cooperative voting thereon, merge or consolidate with another cooperative organized under the Wisconsin Statutes Chapter 185. The board of directors in its discretion shall determine what constitutes a substantial portion of the Cooperative’s property.

**ARTICLE IX - SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, “Corporate Seal, Wisconsin.”

**ARTICLE X – FINANCIAL TRANSACTIONS**

**SECTION 1 - CONTRACT**

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

**SECTION 2 - CHECKS, DRAFTS, ETC.**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

**SECTION 3 - DEPOSITS AND INVESTMENTS**

All funds except petty cash of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the board of directors may select. Nothing herein shall be deemed to prohibit the board from extending loans to members for proper purposes in the interest of the Cooperative.

**SECTION 4 FISCAL YEAR**

The fiscal year of the Cooperative shall begin on the first day of April of each year and shall end on the thirty-first day of March of the next year.

**ARTICLE XI - MISCELLANEOUS**

**SECTION 1 - MEMBERSHIP IN OTHER ORGANIZATIONS**

The Cooperative shall not become a member of 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, provided, however, that the Cooperative may upon the authorization of the board of directors by a two-thirds (2/3) vote become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or any civic organization.

**SECTION 2 - WAIVER OF NOTICE**

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

**SECTION 3 EMPLOYEE ACTIVITY**

No employee of the Cooperative shall take part or participate in any campaign to elect or defeat any candidate for director or to adopt or reject any change in the bylaws. Such activity shall constitute grounds for dismissal.

## **ARTICLE XII – DISPUTE RESOLUTION**

Any and all disputes, claims or controversies arising from or related in any way to the Cooperative's provision of electric energy or other services, or its furnishing of any goods or its conduct of its operations, that are not resolved by agreement of the parties, shall, at the request of any party, be resolved by binding arbitration by an impartial arbitrator or panel of arbitrators, pursuant to written procedures to be established from time to time by the board of directors; provided, however, that matters within the jurisdictional limits of the small claims courts may be pursued in such courts. As with the other terms of the contract between the patrons and the Cooperative, each patron, member or non-member alike, and the Cooperative agree to arbitrate all such claims or controversies according to this bylaw and the regulations and policies prescribed by the board of directors pursuant to this bylaw, and further agree to abide by and perform any resulting arbitration awards.

## **ARTICLE XIII – INDEMNIFICATION OF OFFICERS, DIRECTORS, AND EMPLOYEES**

To the extent permitted by law, the Cooperative shall indemnify an individual against liability and expenses incurred in any proceeding in which the individual was joined as a party because of his or her service at any time as an officer or director of this Cooperative, and shall indemnify employees to the same extent permitted for officers and directors. Entitlement to indemnification shall be determined by majority vote of the disinterested directors. If a quorum cannot be obtained, then the determination shall be made by majority vote of a committee duly appointed by the board of directors or by independent legal counsel selected by the board. The board may refer the matter to the members for their determination by majority vote at a meeting of the disinterested members duly called and held. The board in its discretion may advance the expenses incurred by the officer, director, or employee prior to final resolution of the matter. The Cooperative may purchase and maintain insurance covering the risk of such claims, and the scope of such coverage may be broader than the undertaking for indemnification described in this Article.

## **ARTICLE XIV - AMENDMENTS**

These bylaws may be altered, amended or repealed by a majority of the members of the Cooperative voting at any annual or special meeting; provided, however, that these bylaws shall not be altered, amended or repealed at any meeting of the members unless notice of the purpose of such alterations, amendments, or repeal shall have been contained in the notice of such meeting; and provided, further, that the required majorities set forth in Article VIII may not be amended by a vote of less than that majority proposed to be amended.