

BYLAWS
of
VERMONT ELECTRIC
COOPERATIVE, INC.



Johnson, Vermont 05656

The aim of Vermont Electric Cooperative, Inc., is to make electric energy available to its members at the lowest cost consistent with sound economy and good management; and to provide additional services which can be obtained only through operating our own electric service organization.

As Amended
May 9, 2015 Annual Meeting

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The history of amendments made to the Vermont Electric Cooperative, Inc. Bylaws shall be kept in the Vermont Electric Cooperative, Inc. archives at the principal corporate office.

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| First Printing | January, 1977 |
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VERMONT ELECTRIC COOPERATIVE, INC.

It is the policy of Vermont Electric Cooperative, Inc. not to discriminate in employment, compensation, training, promotions or program services for reasons of race, color, sex, age, religion or national origin.

Article I: Membership

Section 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof who is a customer of Vermont Electric Cooperative, Inc. on or after April 1, 2004 shall be a member in Vermont Electric Cooperative, Inc., (hereinafter called the "Cooperative") unless and until such member withdraws from membership as hereinafter provided. No member may hold more than one membership in the Cooperative.

Section 2. Membership Rolls. Membership in the Cooperative shall be evidenced by inclusion on the roll of members to be maintained at the business offices of the Cooperative in such form and manner, as shall be determined by the Board of Directors.

Section 3. Joint Membership. Two or more persons who are owners or occupants of the same property, which property is served by the Cooperative may be accepted for membership. The term "member" as used in these Bylaws shall be deemed to include two or more persons holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

(a) The presence at a meeting of any of them shall be regarded as the presence of one member and may have the effect of constituting a joint waiver of notice of the meeting;

(b) The vote of any one joint member separately or of some or of all jointly shall constitute one joint vote;

(c) A vote in person, by mail or by electronic means executed by any of them shall constitute one joint vote;

(d) A waiver of notice signed by any of them shall constitute a joint waiver;

(e) Notice to any of them shall constitute notice to all;

(f) Reduction of the number of persons holding a joint membership for any reason which results in the joint membership remaining in the name of less than two persons shall terminate the joint membership;

(g) It is expressly understood that all joint members shall be jointly and individually liable for all amounts due from their membership to the Cooperative;

(h) One but not more than one may be elected or appointed as an officer or Director, provided that they meet the qualifications for such office.

Section 4. Conversion of Membership.

(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the person or persons who intend to be joint owners.

(b) Upon the termination of a joint membership for any reason, such membership shall be held solely by the remaining member; provided, however, that the estate of any deceased member shall not be released from any debts due the Cooperative.

Section 5. Purchase of Electric Energy or Other Services, Goods or Products Furnished by the Cooperative. Each member shall pay for such electric energy and all other services at rates and times 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 facilities shall be subject to regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid by a member in excess of the cost and expenses of furnishing electric energy by the Cooperative or other services, goods or products furnished by the Cooperative when made available through the electric distribution system of the Cooperative, are furnished by members as capital and each member shall be credited with the capital furnished as provided in these Bylaws. Each member who is a customer of electric services of the Cooperative shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable. The Board of Directors shall establish procedures for certification of persons or entities which may provide electric energy for use on premises of members of the Cooperative. Only such persons and entities having been certified by the Board of Directors, and having obtained all necessary regulatory approvals from the State of Vermont and any other applicable regulatory agencies, shall be allowed to provide electric energy to members of the Cooperative. Amounts paid by any member to any person or entity, other than the Cooperative, in excess of the costs, of furnishing electric energy to such member shall not be furnished as capital to the Cooperative.

Section 6. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. A member using electricity supplied by the Cooperative, who ceases to use electricity, shall cease to be a member except as otherwise may be provided by law or these Bylaws. Termination of membership in any manner shall not release a member or his or her estate from any debts due the Cooperative.

Section 7. Transfer of Membership. Any member may transfer his or her membership in the Cooperative to any person to whom title or possession of the property served by the Cooperative shall be conveyed. The transfer of such membership shall take effect only after written notice to the Cooperative and the payment by the transferring member of any debts then due from said member to the Cooperative. Upon the transfer of said membership, said new member shall be entitled to all of the rights of the member who has made the transfer.

Section 8. Members Easements to Cooperative.

Vermont Electric Cooperative, Inc. is a cooperative owned by the members it serves, and in serving the said members and all customers, Vermont Electric Cooperative, Inc. will neither seek to obtain, nor obtain property rights of any member or any person or legal entity in any circumstances whatsoever except according to the Constitutions and Laws of the United States of America and the State of Vermont, and to rely upon such processes of law after, and only after, earnest and good faith negotiation, or if refused, then after and only after earnest and good faith attempts so to negotiate with the owner of the property rights to be affected. In keeping with this Bylaw and pledge, all members of Vermont Electric Cooperative, Inc. are encouraged to engage in good faith negotiations for the provision of easements to Vermont Electric Cooperative, Inc. when so requested.

Article II: Rights and Liabilities of Members

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

(a) all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in these Bylaws,

(b) 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 member bears to the total patronage of all members during the seven (7) years next preceding the date of the filing of the Certificate of Dissolution, or, if the Cooperative shall have not been in existence for such period, during the period of its existence.

Section 2. Nonliability 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 individually liable or responsible for any debts or liabilities of the Cooperative.

Article III: Meeting of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held on a Saturday beginning with the year 1985 between April 1st and May 31st of each year in the State of Vermont at a time and place designated by the Board of Directors for the purpose of electing Directors, and approving minutes and reports for the previous fiscal year and transacting such other business as may come

before the 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.

(a) Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three (3) Directors, by the President, or by ten percent (10%) or more of all the members, to be held at a time and place designated by the Board of Directors.

(b) It shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

(c) Special meetings of the members may be held at any place within the State of Vermont. Special meetings shall be held in the evening or on a Saturday.

(d) The call of the meeting shall state the place, day and hour of the meeting and the business to be conducted at the meeting, including the exact wording of any question to be submitted to the meeting for a vote. Each question shall be placed on a printed secret ballot and mailed to members with the notice of the meeting unless the question or the result of an affirmative vote on the question, or vote by the members on the question shall be determined by the Board of Directors in good faith to be inconsistent with law.

(e) District or Zone meetings may be called by: (i) resolution of the Board of Directors; (ii) upon written request of that District's or Zone's Director and approved by the President; (iii) by the President; or (iv) upon written request of 250 or more members in that District or Zone. District or Zone meetings shall be held in the evening or on a Saturday in the District or Zone holding the meeting. It shall be the duty of the Secretary to cause notice of such meeting to be given to all members in the District or Zone.

Section 3. Notice of Members' Meetings.

(a) Written or printed notice stating the place, day and hour of the meeting and, in case of a special or district meeting or an annual meeting at which business other than that listed in Section 7 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) 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, to each other.

(b) If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address, as it appears on the records of the Cooperative, with postage thereon prepaid.

(c) The failure of any member to receive notice of an annual, special or district meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. One Hundred of the memberships voting either in person or by other method permitted by law and these Bylaws shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person at the meeting from time to time may adjourn it without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

Section 5. Voting. Each member shall be entitled to only one (1) vote. All questions shall be decided by a vote of a majority or in the case of election of Directors, a plurality of the members voting thereon in person, electronically or by mail except as otherwise provided by law, the Articles of Incorporation or these Bylaws. All ballot votes shall be secret. The Directors shall adopt procedures for voting in person, electronically and by mail. Such procedures shall be adopted in each calendar year no later than forty-five (45) calendar days before the date of the meeting to which it shall apply.

Section 6. Voting by Mail or Electronically.

(a) Each member will receive his or her ballot(s) with the notice of meeting and may vote by mail executed in writing by the member, or electronically, under procedures adopted by the Board of Directors.

(b) No vote by mail or electronic means shall be valid unless it shall designate the date and time of the particular meeting at which it is to be voted. A vote by mail or electronic means shall be valid at the meeting so designated or at any adjournment of such meeting.

(c) A member may not assign his or her vote by mail or electronic means.

Section 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are present in person and which members are represented by a vote by mail or electronic means in order to determine the existence of a quorum.

2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.

3. Taking necessary action on the unapproved minutes of previous meetings of the members.

4. Presentation and consideration of reports of officers, Directors and committees.

5. Election of Directors.

6. Unfinished business.

7. New business.

8. Adjournment.

Section 8. Conduct of Meetings. All meetings of the members shall be conducted in accordance with the latest edition of Robert's Rules of Order, provided, nevertheless, that any act of the members, which otherwise would be valid and binding, shall not be rendered otherwise

on account of an infraction of Robert's Rules of Order unless an objection to the infraction is timely made and noted. An affirmative vote of a member on a question shall be deemed to waive such objection with respect thereto. A question which carries unanimously shall not be rendered otherwise on account of an infraction of Robert's Rules of Order under any circumstances.

Article IV: Directors

Section 1. General Powers; Districts.

(a) The business and affairs of the Cooperative shall be managed by a board of thirteen (13) Directors until the annual meeting to be held in the year 2010 in accordance with these Bylaws, and twelve (12) Directors thereafter, which shall exercise all of the powers of the Cooperative except those that are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members. The Cooperative encourages all eligible members to seek election to the VEC Board of Directors, particularly members with the experience, skills, education, critical judgment, and integrity critical to shaping the success and future direction of the Cooperative.

(b) Beginning upon the 2010 annual meeting and thereafter, the Board of Directors shall consist of seven (7) District Directors and five (5) At-large Directors.

(c) Except as provided for in Article VI (Officers) of these Bylaws all District Directors and At-large Directors shall have powers, authority, and responsibilities that are equivalent in every respect.

(d) Each District Director chosen by and from the membership shall represent one district of the Cooperative. The districts of the Cooperative shall be as follows:

| District | Towns in District | |
|-----------------|--------------------------|---------------|
| 1 | Averill | Lewis |
| | Averys Gore | Lyndon |
| | Barton | Maidstone |
| | Bloomfield | Morgan |
| | Brighton | Newark |
| | Brownington | Norton |
| | Brunswick | Sheffield |
| | Canaan | Sutton |
| | Charleston | Warners Grant |
| | Ferdinand | Warren Gore |
| | Guildhall | Westmore |
| | Holland | Wheelock |
| | Lemington | |
| 2 | Coventry | Newport City |
| | Derby | |
| 3 | Albany | Jay |
| | Craftsbury | Lowell |
| | Glover | Newport Town |
| | Greensboro | Troy |
| | Irasburg | Westfield |

| | | |
|---|---|---|
| 4 | Bakersfield Belvidere Cambridge Eden Fairfax Fairfield | Fletcher Hyde Park Johnson Morristown Stowe Waterville |
| 5 | Bolton Essex Hinesburg Huntington Jericho Milton Richmond | Shelburne Starksboro St. George Underhill Westford Williston |
| 6 | Berkshire Enosburg Franklin Georgia Highgate | Montgomery Richford Sheldon St. Albans Town Swanton |
| 7 | Alburgh Grand Isle Isle LaMotte | North Hero South Hero |

(e) Two (2) At-large Directors shall be elected as provided in these Bylaws to represent districts 1, 2, and 3, which shall be called the East Zone. Three (3) At-large Directors shall be elected as provided in these Bylaws to represent districts 4, 5, 6, and 7, which shall be called the West Zone. At-large Directors shall be members in the Zone they represent.

(f) A member of the Cooperative shall be a member of the district in which that member has agreed to receive electric service, except that a member who has agreed to receive electric service from the Cooperative, but not in any one of the towns listed above, shall be a member of the district in which the substation, from which that member is to be served, is located. If the same member has agreed to receive electric service from the Cooperative in more than one district, or if the same member has agreed to receive not in any district of the Cooperative but is to be served from more than one substation, then the said member shall select the one district of which to be a member.

(g) The districts shall be deemed to be as set forth above as of the date of the 2010 annual meeting.

Section 2. Nominations.

(a) Any fifteen (15) or more members acting together may make nominations by petition which petition shall be received by the Secretary not less than the time of the close of business at the Corporate Office place of the Cooperative forty-five (45) days prior to the Annual Members' Meeting and the Secretary shall post such nominations.

(b) A candidate submitting a nomination petition must

declare on said petition his or her intention to be elected either as the Director of the District in which he or she declares his or her membership; Or his or her intention to be elected as one of the At-large Zone Directors in the Zone in which he or she declares his or her membership. Once the Secretary has received the petition declaring the member's intention to be a candidate to be elected as a District Director or as an At-large Zone Director the member may not change the declaration on said petition.

(c) The Secretary shall mail with the notice of the Annual Members' Meeting or separately, not less than ten (10) days nor more than twenty-five (25) days before the date of the Annual Members' Meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates.

(d) The Secretary shall prepare and post at the principal office of the Cooperative no less than forty-four (44) days before the date of the Annual Meeting a list of candidate or candidates for Directors.

Section 3. Elections, Qualifications and Tenure.

(a) A regular election is the election for a position held at the expiration of the next previous term of that position. Regular and mid-term elections of Directors shall be held, in the manner provided in these Bylaws, at or in connection with each Annual Meeting of the members. If the elections of Directors shall not be held, in the manner provided in these Bylaws, at or in connection with the Annual Meeting or any adjournment thereof, the Board of Directors shall cause the elections to be held at or in connection with a special meeting of the members as soon thereafter as conveniently may be.

(b) Except as provided for in this section, Directors shall be elected for regular terms of four (4) years. So that only part of the Board will be eligible for election in a single year, the following terms shall be enacted for Directors elected at or in connection with the 2010 Annual Meeting:

(i) Directors elected for Districts 1 and 6, and West.I, shall be deemed to have been elected to one year terms, and Director elections shall be held for those districts every four years thereafter.

(ii) The Directors elected for District 7, East.I, and West. II shall be deemed to have been elected to a two year term, and a Director election shall be held for that district every four years thereafter.

(iii) Directors elected for District 2, East.II, and West. III shall be deemed to have been elected to three year terms, and Director elections shall be held for those districts every four years thereafter.

(iv) Director elections for four year terms shall be held for Directors in District 3, 4, and 5, and shall be held for those districts every four years thereafter.

(c) A person may be nominated and elected to serve as a Director only by the members of the district or zone where the person is a member of the Cooperative and maintains his or her principal residence. "Principal residence" means the town in Vermont in which the person is entitled by law to vote in town and state elections. No

less than 70 days prior to the Annual Members Meeting date the Board will establish a committee to review all candidates' petitions to ensure that they conform to the criteria in Section 2(a) and Section 3(f). The committee shall not include any Director whose term expires in that same year. Candidates will be notified of the Committee findings as soon as possible but no less than forty-five (45) days prior to the date of the Annual Meeting. Those findings will be presented to the full Board of Directors at a regular or teleconference meeting no less than forty-five (45) days prior to the Annual Meeting vote. The Board may take appropriate action at that time should an error or omission be found. The term of the Candidates Petition Review Committee shall terminate upon the adjournment of the Annual Members Meeting.

(d) Each Director shall be elected by secret paper or electronic ballot to serve until the expiration of his or her respective term and until a successor is duly elected and qualified unless the tenure of the Director is terminated sooner for any reason as provided in these Bylaws.

(e) If any election contest or run-off vote for a Director position at first results in a tie vote, then a recount shall be conducted in the same manner as if it had been duly and timely requested. If a tie also results after the recount that Director position shall be vacant, even if one of the tying candidates is the incumbent Director. That vacancy shall be filled according to Section 5 of this Article.

(f) To become or remain a Director in the Cooperative a person must:

(1) be a member of the Cooperative and maintain his or her principal residence in the State of Vermont in the district or zone where the person is a member and serves or seeks to serve as a Director by which the person has been or seeks to be elected or appointed a director; and

(2) not be an employee of the Cooperative, a former employee of the Cooperative whose employment ended less than one year prior to the election, or in any way employed or financially interested in a business selling electric energy or supplies to the Cooperative. Nothing herein shall prohibit a Director from generating electric energy on his or her own premises and selling capacity and energy to the Cooperative through interconnection with Cooperative facilities subject to the regulations of the Cooperative as fixed from time to time.

(3) Upon establishment of the fact that a Director is holding office in violation of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such Director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken by any meeting of the Board of Directors.

Section 4. Removal of Directors. In addition to removal of Directors in accordance with the provisions of Section 3(f)(3) of these By-Laws, a Director may be removed as follows:

(a) Removal of Directors by Members. Any member may bring charges against a Director by filing such charges in writing with the Secretary, together with a petition signed by at least fifteen percent (15%) of the members

in that Director's district, and request the removal of such Director by reason thereof. The Director against whom such charges have been brought shall be informed in writing of the charges at least fourteen (14) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the next regular or special meeting of the members in that Director's district within forty-five (45) days of the date the petition is received at the Cooperative. A vacancy created by such removal may be filled only by following Section 5. Vacancies.

(b) Removal of Directors by the Board of Directors.

(i) A Director who is found to be in violation of the Board Policy B.3, as amended from time to time, addressing Director duties and standards of conduct, or in violation of Board Policy B.13, as amended from time to time, prohibiting unlawful harassment, may, in addition to any other disciplinary action taken in accordance with said policies, be removed as a Director of the Corporation following completion of the process set forth in this subsection and a vote by the Directors for removal as provided herein.

(ii) In the event that the Chairman of the Board or any member of the Board of Directors determines that a sitting Director violated any of the above referred to policies, and such violations are serious enough to warrant removal of that individual as a Director of the Corporation for the good of the Corporation, he/she may make a motion to consider removal. That motion shall specify the grounds therefore, and upon adoption of said motion by the Board of Directors, the Director against whom such motion has been made shall be informed in writing of the specific grounds for said motion and be given at least 30 days notice prior to a meeting of the Board, at which further action by the Board could be taken. At said subsequent meeting of the Board, the Director against whom the motion is directed shall be entitled to be present in person, with counsel of his or her choice and at his/her expense, and to present evidence to the Board to rebut or mitigate the specific charges, and/or to set forth facts against his/her removal. The Director or Directors who have made the motion to consider removal of the Director shall have the opportunity to present additional evidence in support of said motion. Once the Director against whom the motion has been made and the Director who has made the motion have completed their presentations, the Chairman of the Board shall call for a motion to remove the Director. The Director against whom the motion has been made may not vote on the motion to remove. If at least 2/3 (two thirds) of all of the current Directors with the exception of the Director against whom the motion has been made are in favor of such a motion to remove then the motion shall be considered as carried and the Director's position shall be considered vacant, and the members of the Director's district shall be notified in writing of such removal.

(iii) The removed Director may request a special meeting of the members of the district he/she represents, by filing notice of his/her request with the Secretary within ten (10) calendar days of the date of the vote of the Board of Directors to remove said Director from the Board. Upon receipt of said request, within the time limit set forth in this Subsection (iii), the President shall call a special meeting of the members of the removed Director's district in accordance with Section 2(e) of Article 3 of these By-Laws for the election of an individual to fill the vacated position. The Secretary shall provide notice of said special meeting in accordance with said section and Section 3 of Article III of these By-Laws. Said notice will include, in addition to place, date, and hour of the special meeting, a copy of the minutes of the Board of Directors vote that removed said Director. The removed Director may be a candidate in such special election, to be re-elected by the members of his/her district at their special meeting called pursuant to this Subsection (iii).

(iv) If the removed Director does not request a special meeting of the members of his/her district within the time period set forth in Subsection (iii) that Director's seat will be deemed to be vacant, and the vacancy created by the action of the Board taken pursuant to Subsection (ii) herein, shall be filled in accordance with Article V, Section 5, of these By-Laws.

(v) If no motion is made, or if made, is not approved by vote as provided in Subsection (ii), then said motion shall have failed.

Section 5. Vacancies. A vacant Director position shall remain vacant until a successor is duly elected at the very next Annual or Special meeting of the membership, unless the vacancy creates a lack of a quorum, in which case the Board of Directors shall call a special meeting of the membership pursuant to Bylaw Article V, Section 2, to fill the vacant position.

Section 6. Compensation. Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, may be allowed for attendance at each meeting of the Board of Directors or a committee thereof or in relation thereto or for other customary activities necessary to carry out the duties of a Director. No Director shall receive compensation for serving the Cooperative in any other capacity, unless the payment of compensation shall be specifically authorized by a vote of the members or the service by such Director shall have been certified by the Board of Directors as an emergency measure.

Section 7. Nepotism. No close relative (parents, wife, husband, civil union partner, brothers, sisters, sons or daughters) of a Director will be eligible for employment with the Cooperative.

Article V: Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the

Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by resolution. 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 of Directors may be called by the President or by any three (3) Directors, 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 the Directors calling the meeting shall fix the time and place which shall be within the State of Vermont for the holding of the meeting. The agenda of a special meeting shall be limited to the purposes for which the meeting was called as specified in the notice of said meeting and no other business shall be transacted thereat.

Section 3. Organizational Meeting. An organizational meeting of the Board of Directors shall be held without notice, other than this Bylaw, immediately after, and at the same location as, the Annual Meeting of the Members. The purpose of this meeting shall be restricted to the election of officers and other matters pertaining to the organization of the Board. Nominations may be made from the floor.

Section 4. Notice of Directors' Meetings. Written notice of the time, place, and purpose of any meeting of the Board of Directors shall be delivered to each Director not less than five (5) days previous thereto, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. Notice shall be sufficient if it is provided personally, by mail, or, at the request of a Director in writing to the Secretary, by electronic means. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors 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 the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Meeting by Conference Telephone. Special meetings of the Board of Directors, or any committee thereof, may be conducted by means of a telephone conference or like communications facility through which all persons participating in the meeting are able to hear each other. The provisions of this Article regarding notice and quorum shall be fully applicable to any such telephone conference meeting and participation in such meeting

shall constitute presence in person at such meeting. A Director may participate in a regular meeting of the Board of Directors by video or teleconference with permission from the Board President, provided that they are not entitled to vote at the meeting and will not receive a meeting stipend.

Section 7. Conduct of meetings. The Board of Directors shall conduct all meetings and business in accordance with the latest edition of Roberts Rules of Order and under the provisions of The Board Policy Manual as applicable at that time, provided, nevertheless, that any act of the Board of Directors, which otherwise would be valid and binding, shall not be rendered otherwise on account of an infraction of Roberts Rules of Order unless an objection to the infraction is timely made and noted. An affirmative vote of a Director on a question shall be deemed to waive such objection with respect thereto. A question which carries unanimously shall not be rendered otherwise on account of an infraction of Roberts Rules of Order under any circumstances. The Board Policy Manual will be developed by the Directors in accordance with all provisions of these Bylaws, and may be changed only by the Board of Directors.

Article VI: Officers

Section 1. Number. The Officers of the Cooperative shall consist of a President, First and Second Vice President, Secretary, and Treasurer, who shall be members of the Board of Directors, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected annually by the Board of Directors at the Organizational Meeting of the Board of Directors held directly after the Annual Meeting. 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 Organizational Meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until his or her successor shall have been elected and shall have qualified. An officer required by law or these Bylaws to be a Director shall cease to hold that office when the person ceases to be a Director. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term at the next regular meeting of the Board.

Section 3. Removal of Officers and Agents by Directors and Members. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any members of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten percent (10%) of the members, and request the removal of the particular officer by reason thereof. The officer against whom such

charges have been brought shall be informed in writing of the charges within fourteen (14) days of when the charges are filed by the Directors or the membership. A meeting at which the charges are to be considered shall be held no more than forty-five (45) days after the charges are filed. The officer against whom the charges have been brought 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 or her shall have the same opportunity. The question of the removal of such officer shall be considered and voted upon at the next regular or special meeting of the members. Removal of a Director from any Office under this section shall not remove the person from the Board of Directors.

Section 4. President. The President shall:

(a) be the principal officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members, all regular and special meetings of the full Board of Directors, and the Board Officers Committee, and may;

(b) sign any deed, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;

(c) serve ex officio on all standing committees;

(d) and in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice Presidents. In the absence of the President, or in the event of his or her inability or refusal to act, the First Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. In the absence of the President and the First Vice President, or in the event of their inability or refusal to act, the Second Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The First and Second Vice Presidents shall also perform such other duties as from time to time may be assigned by the Board of Directors.

Section 6. Secretary. The Secretary shall do, or cause to have done, these tasks:

(a) record all votes and proceedings of the members and Directors in one or more books provided for that purpose, acting as the clerk of the Cooperative;

(b) see that all notices are duly given in accordance with these Bylaws or as required by law;

(c) be custodian of the corporate records, which shall be kept within the State of Vermont, and of the Seal of the Cooperative, and affix 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) keep a record of the names of the members, the date of their membership and of others served by the Cooperative and of the places of residence of each, which records shall always be open to the inspection of members, but shall not be used for a member's business purposes or any other non Cooperative purpose;

(e) have general charge of the books of the Cooperative in which a record of the members is kept;

(f) keep 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, forward a copy of the Bylaws and of all amendments thereto to each member;

(g) procure and file in the office of the Clerk of the town where the principal office is located, and also keep on file in his or her own office, certified copies of all papers required by law to be filed with the Secretary of State;

(h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 7. Treasurer. The Treasurer shall do, or cause to have done, these tasks:

(a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) be responsible for the receipt and the issuance of receipts for moneys due and payable to the Cooperative from any source whatsoever, and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws;

(c) and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 8. Manager. The Board of Directors may appoint a Manager (Chief Executive Officer) who may be, but who shall not be required to be, a member of the Cooperative. The Manager (Chief Executive Officer) shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him or her.

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

Section 10. The Powers, Duties, and Compensation. The powers duties and compensation of any officers, agents and employees, shall be fixed by the Board of Directors, or by the Manager to the extent that and during the time that the Board of Directors delegates such authority to the Manager.

Section 11. Reports. The officers of the Cooperative shall submit at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Article VII: Nonprofit Operation

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis:

(a) The Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishings of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

(b) All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

(c) The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses.

(d) The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record of the capital account of each patron, and

(e) The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his or her account.

(f) 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.

(g) In the event of dissolution or liquidation 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.

(h) If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

(i) Any such retirements of capital shall be made in order of priority pursuant to a methodology which will be set by the Board of Directors and reviewed by them from time to time.

(j) In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty percent (40%) of the total assets of the Cooperative, provided, however, such capital may be retired in any year as will not cause total distributions of capital in such year to exceed twenty-five percent (25%) of the patronage capital or margins received in the immediate preceding year.

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

(l) Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his or her 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 patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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

Section 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, or own one or more businesses in whole or part but separate from the Cooperative, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or services or the ownership or operation of the Cooperative's portion of each such business shall insofar as permitted by law, be pro-rated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

Article VIII: Disposition of Property; Mortgages

Section 1. Conditions Restricting Disposition

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property except as permitted by law and these Bylaws.

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, Vermont."

Article X: Financial Transactions

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

Section 2. Checks, drafts, etc. All checks, drafts, or other orders of the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

Article XI: Miscellaneous

Section 1. Membership in Other Organizations. Except as may be restricted by law, the Directors shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of, any corporation, cooperative or association for the purpose of providing energy, energy sources or products, telecommunication, or other group services or benefits to its members, or for the purpose of obtaining financing, education and training, products, or services, in support of its membership programs, projects and undertakings.

Section 2. Waiver of Notice. Any member or Director may waive in writing any notice of 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 because the meeting shall not have been lawfully called or convened.

Section 3. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable

for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports.

(a) The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, shall conform to such accounting system as may from time to time be required by such regulatory bodies having jurisdiction over the Cooperative.

(b) All accounts for the Cooperative shall be examined by a committee of the Board of Directors that shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors.

(c) The Board of Directors shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year.

(d) Such audit reports shall be submitted to the members at the following Annual Meeting.

Section 5. Business Permitted. Notwithstanding any other provision of these Bylaws, the Cooperative may engage in any lawful business, directly, through complete or partial ownership of the business, or otherwise.

Article XII: Indemnification and Insurance

Section 1. Policy. The Cooperative shall indemnify its Directors, officers and employees against any liability incurred by any of them in their capacity as such, to the full extent permitted by law, in accordance with the following provisions.

Section 2. Third Party Suits. The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil or 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 an officer, Director or employee 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 enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or pending proceeding 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 interest 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 judgment, 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 3. Derivative Actions. The Cooperative shall 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 Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director, officer or employee of the Cooperative, or is serving at the request of the Cooperative as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her 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; provided, however, that no indemnification shall be made in respect to any claim, issue or matter as to which such persons shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of his or her duty to the Cooperative unless and only to the extent that 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 as the court shall deem proper.

Section 4. Payment in Advance. Expenses incurred 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 as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Directors, officer or employee to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Cooperative as authorized in this Article XII.

Section 5. Non Exclusivity. The indemnification provided by this Article XII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall 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 6. Insurance. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer or employee of the Cooperative, or is or was serving at the request of the Cooperative as a Director, officer or employee or agent of another corporation, partnership, joint venture,

trust or other enterprise, against any liability asserted against him or her and incurred by him or her and in any such capacity, or arising out of his or her status as such, whether or not the Cooperative would have the power to indemnify him or her against such liability as under the provision of this Article XII.

Article XIII: How Bylaws are Amended or Changed

Section 1. Annual or Special Meeting. Except as may otherwise be expressly stated in these Bylaws and except as may be inconsistent with law, these Bylaws may be changed by addition, amendment or repeal by a majority of the members voting by secret ballot cast in person, by electronic means, or by mail in connection with any regular Annual or Special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Section 2. Member Request. A member may present to the Board of Directors a request to change one or more of these Bylaws by the first day of December preceding the regular (Annual) meeting at which the member wished to have the membership vote on the change. The Board of Directors shall consider the requested change within sixty (60) days after the request is received at the headquarters' offices of the Cooperative and vote whether to place the requested change before the members for a vote. A vote by the Directors to place the requested change before the members shall include a statement of the date, time and place for the vote by the members, or that the requested change shall be placed on the ballot at the next regular or special meeting or at a later specified regular or special meeting of the members. The Board of Directors shall advise the member or members who made the request of its action within ten (10) days.

Section 3. By Petition. At any time, a petition may be presented to the Board of Directors requesting to change one or more of these Bylaws. The Directors shall place the requested change before the members for a vote at the next regular (Annual) or special meeting of the members held not less than one hundred twenty (120) days following the date on which the petition is received at the headquarters of the Cooperative if all of the following conditions are met:

(a) the petition states the exact wording of the change requested, and the change or vote by the members on the change is consistent with law; and

(b) the petition is signed by at least one hundred fifty (150) members of whom at least fifty (50) are members in a single district of the Cooperative and at least fifty (50) of whom are members in one other single district of the Cooperative.

Section 4. Special Meeting. The procedures set forth in these Bylaws for special meetings also may be used to bring about a vote on changing these Bylaws.