

**BYLAWS FOR PLUMAS-SIERRA  
RURAL ELECTRIC COOPERATIVE**

**September 2017**

**ARTICLE I  
MEMBERSHIP**

**SECTION 1.01. Eligibility.** Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision thereof, or body politic (each hereinafter referred to as “person,” “applicant,” “them” or “theirs”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by them, to receive electric service from, Plumas-Sierra Rural Electric Cooperative (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

**SECTION 1.02. Application for Membership; Renewal of Prior Application.** Application for membership — whereby the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) – shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative) which fee (hereinafter “additional payments, if any”), shall be refunded in the event the application is and additional payments denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account balance plus accrued interest thereon at the California legal rate on judgments in effect when such account first became overdue, compounded annually (together with additional payments, if any), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

**SECTION 1.03. Membership fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction.** The membership fee shall be \$5.00. The membership fee shall be fixed from time to time by the majority vote of the members at a meeting of the members. The membership fee (together with additional payment, if any), shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with additional payments, if any), shall be paid by the member of each additional service connection requested by the member, but no additional membership fee shall be required for additional services.

**SECTION 1.04. Joint Membership.** Two or more individuals, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a Member, may automatically convert such membership into a joint membership by jointly executing another membership application. The terms “member,” “applicant,” “person,” “their” and “them,” as used in these Bylaws, shall include two or more individuals applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing –

- a) The presence at a meeting of either or all shall constitute the presence of one member, and a joint waiver of notice of the meeting;
- b) The vote of either or all shall constitute, respectively, one joint vote; PROVIDED, if all be present but in disagreement on such vote, each shall cast only one-half (1/2) vote. If more than two individuals are on the account, they will decide amongst themselves who will receive the 1/2 votes;
- c) Notice to, or waiver of notice signed by, either or all shall constitute, respectively, a joint notice or waiver of notice;
- d) Suspension or termination in any manner of either or all shall constitute suspension or termination of the joint membership;
- e) All, but not all concurrently, shall be eligible to serve as a director of the Cooperative, but only if all meet the qualifications for such office; and
- f) None will be permitted to have any additional service connections except through their one joint membership unless such already existed as an individual membership prior to creation of the joint membership.

**SECTION 1.05. Acceptance into Membership.** Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of their connection for electric service; PROVIDED; the Cooperative may deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to

satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

**SECTION 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts.** The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by them, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to their membership, unless and except to the extent that the Board of Directors may in writing waive such requirement; and shall pay therefore at the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors, and if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. 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 appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by them to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment for service to them by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to their outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

**SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital.** All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

**SECTION 1.08. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.** Each member shall cause all premises receiving electric service pursuant to their membership to become and to remain wired in accordance with the specifications of the National Electric Code, of any applicable state code or local government ordinance, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards

shall prevail. Each member shall be responsible for – and shall indemnify, defend and hold harmless the Cooperative and its employees, agents and independent contractors against death, injury, loss, or damages, judgments, liabilities, settlements, costs and expenses, including reasonable attorneys' fees, resulting from or in any way related to any defect in or improper use or maintenance of such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have safe access thereto for meter reading and bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use their best efforts to prevent others from so doing. Each member shall also provide and maintain at their sole expense such protective devices to their premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractor against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

**SECTION 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs.** Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to them or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be

established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

## **ARTICLE II Membership Suspension and Termination**

**SECTION 2.01. Proposed Suspension, Expulsion or Termination; Reinstatement.** Whenever a member shall become in default in paying any amounts theretofore billed to and due and payable by them or in failing to comply with any other membership obligation, the Cooperative shall cause such member to be duly notified of the default at least fifteen (15) days prior to suspending, expelling or terminating the member therefore, specifying the facts constituting the default. The notice shall also apprise the member of their right to be heard on the matter, orally or in writing, not less than five (5) days before the proposed effective date of such suspension, expulsion or termination, by one or more persons authorized by the Cooperative to affirm, to revoke, to extend the effective date of, or to condition or qualify the proposed suspension, expulsion or termination. If the Cooperative so notifies the member by mail, it shall be by first-class or registered mail, postmarked at least fifteen (15) days prior to the effective date of the proposed suspension, expulsion or termination. Payment of all amounts due the Cooperative, including any additional charges required for late payment, and/or cessation of any other noncompliance with their membership obligations or satisfaction of the matter otherwise, within the time limit provided in such notice, or as may otherwise be extended and/or agreed to by the Cooperative and such member, shall revoke, abate or extend the effective date of the proposed suspension, expulsion or termination, in which event the member shall continue to be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

**SECTION 2.02. Termination by Expulsion; Renewed Membership.** Upon the failure of a member to correct their default in accordance with the provisions of Section 2.01, they may, without further notice, be summarily disconnected from service and may be expelled by resolution of the Board of Directors. After expulsion of a member, they may not again become a member except upon new application therefore as provided in Section 1.02 and 1.05; but the Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all their membership obligations.

**SECTION 2.03. Termination by Withdrawal in Good Standing.** A member may withdraw in good standing from membership upon such generally applicable conditions as the Board of Directors shall prescribe and

upon either (a) ceasing to or, with the approval of the Board of Directors, resigning their membership in favor of a new applicant who also shall own or directly occupy or use all premises being furnished electric service pursuant to their membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

**SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners.** The death of a natural person member shall automatically terminate their membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership, in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, neither a withdrawing partner nor their estate shall be released from any debts then due the Cooperative by the partnership.

**SECTION 2.05. Effect of Termination.** Upon the termination in any manner of a person's membership, they or their estate, as the case may be, shall be entitled to refund of their membership fee (and their service security deposit, if any, theretofore paid to the Cooperative), less any amounts due the Cooperative; but neither they nor their estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from their membership obligations as to entitle them to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

**SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership.** Upon the death of an individual who is part of a joint membership, such membership shall continue to be held solely by the survivor(s), in the same manner and to the same effect as though such membership had never been joint; PROVIDED, the estate of the deceased individual shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the individual(s) who continues directly 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; PROVIDED, the other individual(s) shall not be released from any debts due the Cooperative.

**SECTION 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively.** Upon the termination of a person's membership for any reason, the Board of Directors, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

### **ARTICLE III Meetings of Members**

**SECTION 3.01. Annual Meeting.** The annual meeting of the members shall be held each year at such time and place within a California or Nevada county served by the Cooperative, and beginning at such hour, as the Board of Directors shall from year to year fix for the purposes of electing directors, hearing and passing upon reports for the previous fiscal year, and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for and to encourage member attendance at the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 3.02. Special Meetings.** Special meetings of the members may be called by resolution of the Board of Directors, by the President, or upon a written request signed by any three directors or by five (5%) percent or more of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Special meetings of the members may be held at such place within one of the California or Nevada counties served by the Cooperative, on such date and beginning at such hour as shall be designated by them or those calling or requesting the same; PROVIDED, if such meeting is called or requested by one or more persons other than the Board of Directors, it shall be held not sooner than thirty-five (35) nor later than ninety (90) days after receipt by the President, by the Vice President or by the Secretary of the call or request, and shall be duly noticed to the members accordingly; PROVIDED FURTHER,

if such notice is not given within twenty (20) days after receipt of such call or request, they or those so calling or requesting may give the notice.

**SECTION 3.03. Notice of Member Meetings.** Written or printed notice stating the place, date and time of the meeting, stating the general nature of the business to be transacted at the meeting and that no other business may be transacted thereat except the adjournment of the meeting to a subsequent date and hour and to the same or another place, shall be delivered by any reasonable means to each member of record on the date of the notice not less than ten (10) days if mailed first class or not less than twenty (20) days if otherwise mailed (or not less than thirty-five (35) days if so required by the two provisions in Section 3.02) nor more than ninety (90) days before the date of the meeting, by the Secretary or, in the event of their default in this duty, by and under the direction of them or those calling or requesting the meeting. Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No matter which, the Board, at the time of mailing the notice, intends to present to the meeting for action shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at their address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least the minimum above-required days before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify, in writing, the Secretary prior to or at the beginning of the meeting of their objection.

**SECTION 3.04. Quorum.** Business may not be transacted at any meeting of the members ("Member Meeting") unless two hundred (200) or more Cooperative members attend the meeting ("Quorum"). For purposes of a Member Meeting, a Quorum exists if prior to the Member Meeting being called to order ("Commencement"), the number of Cooperative members who personally attend the meeting, regardless if they remain present at Commencement, plus the number of mail-in votes received prior to Commencement is equal to or greater than 200 Cooperative members. Only action items stated in the noticed agenda will be considered at any Member

Meeting unless at least 200 Cooperative members are physically present when action is sought on an item not stated in the agenda. If the number of Cooperative members present at the meeting plus the number of mail-in votes received prior to Commencement fails to establish a Quorum, then the Member Meeting shall adjourn and will be rescheduled for another time and date forty-five (45) days later, to be conducted at a location in either California or Nevada served by the Cooperative. If the Member Meeting is rescheduled, the Secretary shall notify all Cooperative members of the rescheduled time, date and place of Member Meeting in the manner required under Section 3.03. At all Member Meetings, regardless whether a Quorum was present, the Secretary shall append to the meeting's minutes, and incorporate therein by reference, a list of those Cooperative members who personally attended the meeting.

**SECTION 3.05. Voting.** Each person who is a member on the record date fixed by the Board of Directors (which date shall not be less than ten (10) days prior to the member meeting date) and who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy or, except as may be authorized by the Board of Directors, by mail or other written balloting whereby members may vote without being present in person at a member meeting.

**SECTION 3.06. Credentials and Election Committee.** The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of three (3) Cooperative members who are not employees, agents, officers, directors or known candidates for director, and who are not close relatives (as hereinafter defined) or members of the same household thereof. In appointing the Committee, the Board of Directors shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or on any other matter, to rule upon the effect of any ballots or other vote

irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination, the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or other matter voted upon by the members or to conduct affecting the results on any election or other voting. In the exercise of its responsibility, the Committee shall have available to it the advice of legal counsel provided by the Cooperative. Any such protest or objection shall be filed in writing, during or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm an election or other matter voted upon, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision on all matters covered by this Section shall be final, subject only to a contrary holding by a court, and the report or certificate of its decision shall constitute prima facie evidence of the facts stated therein.

**SECTION 3.07. Order of Business.** The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- 1) Report on the number of members present in person in order to determine the existence of a quorum;
  - 2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
  - 3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
  - 4) Presentation and consideration of reports of officers, directors and committees;
  - 5) Election of directors;
  - 6) Unfinished business;
  - 7) New business; and
  - 8) Adjournment.
- 9) Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of fixing an earlier or later consideration of and action upon any item of business the transaction of which is necessary or desirable in such

changed order; PROVIDED, no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## **ARTICLE IV Board of Directors**

**SECTION 4.01. Number and General Powers.** The activities and affairs of the Cooperative shall be managed by a board of seven (7) directors, which shall exercise, or direct the exercise of, all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

**SECTION 4.02 Qualifications.** No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at their primary residential abode; PROVIDED, the operating or chief executive of any member that is not a natural person entity, or their designee, shall, notwithstanding that they do not receive service from the Cooperative at their primary residential abode, be eligible to become a director from the directorate district in which such member is located if they or such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within, or within ten (10) miles of the outer boundaries of the Cooperative's certified service area. BUT PROVIDED FURTHER, no more than one (1) such person may serve on the board of directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age or is in any way employed by or substantially financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical or plumbing appliances, fixtures or supplies primarily to the members of the Cooperative. Notwithstanding the foregoing provision of this section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if, during their incumbency as a director, they become a close relative of another incumbent director or of a Cooperative employee because of a marriage or adoption to which they were not a party.

Upon establishment of the fact that a nominee for director lacks eligibility under this section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify them. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility

under this section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause them to be removed therefrom, as the case may be. Also, the office of a director shall automatically become vacant if they miss as many as three (3) regular meetings of the Board of Directors during any twelve (12) consecutive such meetings, unless the remaining directors unanimously resolve that (1) there was good cause for such absences and (2) such cause shall not likely result in such absences during the ensuing twelve (12) consecutive regular board of directors meetings. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors unless such action is taken with respect to a matter that is affected by the provisions of this section and in which one or more of the directors have an interest adverse to that of the Cooperative.

**SECTION 4.03. Election.** At each annual meeting of the members, directors shall be elected by secret written ballot by the members and, except as provided in the first provision of section 4.02 of these Bylaws, from among those members who are natural persons; PROVIDED, when the number of nominees does not exceed the number of directors to be elected from a particular directorate district, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie vote.

**SECTION 4.04. Tenure by Directorate Districts.** (a) Subject to subsection (b) of this Section 4.04, directors shall be so nominated and elected that, beginning with the first annual member meeting after 1988 that implementation of this subsection (a) may commence, one (1) director from or with respect to each of Directorate Districts Nos. 2 and 5 shall be elected for three-year terms; at the succeeding year's annual member meeting, one (1) director from or with respect to each of Directorate Districts Nos. 6 and 7 shall be elected for three-year terms; and at the succeeding year's annual member meeting, one (1) director from or with respect to each of Directorate Districts Nos. 1, 3 and 4 shall be elected for three-year terms; and so forth. Upon their election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual member meeting of the year in which their terms expire or until their successors shall have been elected and qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of

such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present and they or their successors shall be elected, whichever be the case.

(b) The requirements for Directorate District representation provided for in subsection (a) of this Section 4.04 shall be phased into being only in such years, to such extent and in such manner as shall not preclude either the continued service for the remainder of their term or the eligibility for re-election to a new three-year term immediately following the expiration of their term of a person who shall be an incumbent of the Board of Directors after the election of directors at the 1988 annual member meeting. It shall be the duty of the Committee on Nominations from year to year to make such determinations and to establish such plans and procedures as may be necessary and appropriate to implement such phasing in of Directorate District representation; PROVIDED, if the Committee nominates one or more candidates for a directorship other than or in addition to but in competition with an incumbent who except for this subsection (b) would not be eligible for re-election, the person(s) so nominated by the Committee shall be eligible to serve in accordance with the plan of Directorate District representation; AND PROVIDED FURTHER, with respect to such nominations made from the floor of member meetings, it shall be the duty of the presiding chairman to assure that such nominees are similarly eligible for election.

**SECTION 4.05. Directorate Districts.** (a) The territory served by the Cooperative shall be divided into seven (7) Directorate Districts. Subject to the provisions of Section 4.04, each District shall be represented by one director. The Directorate Districts shall be as described in Appendix A of the Bylaws.

(b) Every year, not less than ninety (90) days prior to the date on which the annual member meeting shall be scheduled, the Board of Directors shall review the Districts. If it determines that the boundaries should be altered so as to correct any substantially inequitable factors, such as the comparative numbers of members located in the Districts or the nature and size of the geographic areas enclosed within the Districts, the Board of Directors shall change District descriptions. The Board of Directors shall cause such changes to be noticed in writing to the members not less than ten (10) days prior to the date on which the Committee on Nominations for the next annual member meeting shall first convene, and such notice shall also inform the members of the names, addresses and telephone numbers of the members of the Nominating Committee and of the date, hour and place of that Committee's first meeting. From and after the date of notice of changes, these Bylaws shall have been effectively amended accordingly, except that such District descriptions may also be changed by amendment of these Bylaws by the members from time to time in order to ensure equitable representation of the Board of Directors;

PROVIDED, any change so made by action of the Board of Directors shall be in full force and effect until at least the completion of the election of directors at the annual meeting of the members first held in accordance with such changes effectuated by the Board of Directors; AND PROVIDED FURTHER, no such change, whether effectuated by the Board of Directors or by the members, shall become effective so as to expand the term of an incumbent director or compel the vacancy of any director's office prior to the time their term would normally expire unless they consent thereto in writing.

**SECTION 4.06. Nominations.** (a) Each year, it shall be the duty of the Board of Directors to appoint, no less than ninety (90) days prior to the date of the annual member meeting, a Committee on Nominations, consisting of seven (7) members of the Cooperative, who are not existing Cooperative employees, agents, officers, directors or known candidates for director or close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's seven (7) Directorate Districts shall have one (1) representative thereon. The Committee, no less than sixty (60) days prior to the date of the member meeting, shall meet and shall prepare and post at the principal office of the Cooperative a list of its nominations for directors to be elected, listing separately the nominees with respect to each Directorate District from which a director must or may, pursuant to this article, be elected at the meeting. The Committee may include more than one nominee for each directorate to be filled by the election. Any thirty (30) or more members of the Cooperative, acting together, may make additional nominations by petition in writing over their signatures, signed no more than eleven (11) months prior to the date of the ensuing annual member meeting at which directors are to be elected. Such petition shall list such nominee(s) in the same manner as herein before required for the Committee's nominees and shall be filed with the Cooperative or any officer thereof not less than forty-five (45) days prior to the meeting; and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days before the date of the meeting if mailed first class, or twenty (20) days if otherwise mailed, a statement of the names and addresses of all nominee(s) for each Directorate District from or with respect to which a director is to be or may be elected, identifying separately those nominated by the committee and those nominated by petition, if any. Nominations so made by the committee or by petition shall be printed on the official ballot. Any later nominations by petitions shall be treated as nominations from the floor. The chairman at such meeting, after all nominations so made have been duly announced, shall call for additional nominations from the floor, and shall ascertain and announce, after any nominations made from the floor, the particular Directorate District from or with respect to which any additional persons have been nominated.

The member so making a nomination or nominations shall designate the particular District or Districts for which the nomination is made and the one or more nominees against whom the nominee will run. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

(b) Supplementary to the provisions therefore contained in subsection (a) of this Section 4.06, the Board of Directors shall by policy establish and cause timely and duly to be implemented reasonable opportunity for a nominee for director to communicate to the members concerning their qualifications and the reasons for their candidacy, a reasonable opportunity to solicit votes for their election and a reasonable opportunity for the members to choose among the nominees.

**SECTION 4.07. Voting for Directors; Validity of Board of Directors' Action.** In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restrictions with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

**SECTION 4.08. Removal of Directors by Members; Declaration of Vacancy by Board of Directors.** (a) Any ten (10) or more members may bring one or more charges, for or without cause, against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing, together with (1) a petition signed by not less than five (5%) percent of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more directors are recalled, to elect their successor(s), and which specifies the place, time and date thereof not sooner than thirty-five (35) nor more than ninety (90) days after the filing of such petition, or (2) a written request that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than thirty-five (35) nor more than ninety (90) days after the filing of such request. Each page of the petition or request shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition or request shall be signed by each

member in the same name as they are billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and of the fact that the requested removal(s) shall be acted on at the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon, if mailed first class, or twenty (20) days if otherwise mailed. Such director(s) shall be informed in writing of the charges after they have been validly filed and at least twenty-five (25) 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, by witnesses, by counsel, or any combination of such, to present evidence in respect of the charge(s), and shall be heard last; and the member(s) bringing the charge(s) shall have the same opportunity, but shall be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at the meeting of the members, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions of these Bylaws with respect to nominations, except that nominations shall be made from the floor. The affirmative votes of a majority of the members present shall be required to elect a successor to fill such vacancy. A newly elected director shall be from or with respect to the same Directorate District as was the director whose office they succeed and shall serve the unexpired portion of the removed director's term.

(b) In addition to the Board of Director's removal powers and the automatic vacancy of a director's office provided for in Section 4.02, the Board of Directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court or convicted of a felony.

**SECTION 4.09. Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until their successor is elected and qualified; PROVIDED, such new director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

**SECTION 4.10. Compensation; Expenses.** Directors shall, receive on a per diem basis a fixed fee for attending the meetings of the Board of Directors and when such has been approved by the Board of Directors, for otherwise performing their duties. The fee shall be set by the Credentials and Election Committee in 2017 using the National Rural Electric Cooperative



Association's (NRECA) annual survey of Director Compensation, or comparable document, and will be set as the average compensation of cooperatives in NRECA's Region IX (or its appropriate successor). The compensation shall adjust at the beginning of the year and be raised or lowered by the percentage published Consumer Price Index (CPI-U) from the previous year. The Board may, at its discretion, but at no less than five (5)-year increments, ask for the Credentials and Election Committee to review the data and adjust the fee as appropriate and in line with the average compensation for the region as previously stated. Directors shall also receive advancement of reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, and for which they shall have and present proper documentation, in performing their duties. No close relative of a director shall be employed by the Cooperative and no director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such director is temporary and shall be specifically authorized by a vote of the Board of Directors upon its determination that such was an emergency measure; PROVIDED, a director who is also an officer of the Board of Directors, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining directors; AND PROVIDED FURTHER, an employee shall not lose eligibility to continue in the employment of the Cooperative if they become a close relative of a director because of a marriage or adoption to which they were not a party.

**SECTION 4.11. Policies, Rules, Regulations, Rate Schedules and Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such policies, rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or 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 4.12. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, subject to and not inconsistent with applicable laws and rules and regulations of any regulatory body. The Board of Directors shall also, after the close of each fiscal year, cause to be made a full, complete and independent audit of the accounts, books and records reflecting financial operations during, and financial condition of the Cooperative as of the end of, such fiscal year. Whether in final audited form or not, each year the Board of Directors shall cause an annual report

to be prepared within one hundred twenty (120) days after the close of, and covering, the preceding fiscal year. Such report shall include a balance sheet as of the end of, and an income statement and related statement of change of financial position for, such fiscal year, together with a statement of the place where the names and addresses of the current members are located. The report shall also include a statement of transactions or indemnifications, if any, required to be furnished to members by California Corporations Code Section 8322. If upon initial preparation such report has not yet been audited, an officer of the Cooperative shall so certify as a part of the report. Each year the Board shall timely notify all members of their right to receive such report if they so request in writing, and shall furnish the same to any member so requesting. A summary of such reports shall be submitted to the members at or prior to the following annual member meeting. The Board of Directors may authorize special audits, complete or partial, at any time and for any specified period of time.

**SECTION 4.13. "Close Relative" Defined and Limited in Application.** As used in these Bylaws, "close relative" means a person who, by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal. Notwithstanding any other provisions of these Bylaws, no prohibition with respect to close relatives shall affect the right of directors to continue serving and to be eligible for re-election or the right of Cooperative employees to be eligible for continued employment for the reason that two or more such persons were already close relatives prior to the date of the 1988 annual member meeting.

## **ARTICLE V Meetings of Board of Directors**

**SECTION 5.01. Regular Meetings.** A regular meeting of the Board of Directors shall be held, without notice, immediately after the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board of Directors in advance of the annual member meeting. A regular meeting of the Board of Directors shall also be held monthly on such day and at such time and place within one of the California counties served by the Cooperative as fixed by the Board of Directors. Such regular monthly meeting may be held without notice other than such resolution fixing the day, time and place thereof, except when business to be transacted thereat shall require special notice; PROVIDED, any director absent from a meeting of the Board of Directors at which such a resolution initially determines or makes any change in the day, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board of

Directors; AND PROVIDED FURTHER, if a policy therefore is established by the Board of Directors, the President may change the day, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors, if delivered by first class mail, or forty-eight (48) hours notice thereof if delivered personally or by telephone or electronic communication.

**SECTION 5.02. Special Meetings.** Special meetings of the Board of Directors may be called by Board resolution, by the President, 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 in Section 5.03. The Secretary, or those calling the meeting, shall fix the day, time and place for the holding of the meeting, which shall be held within one of the California counties served by the Cooperative, unless all directors consent to its being held in some other place in California or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

**SECTION 5.03. Notice of Board of Directors Meetings.** Notice of the day, time, place, or of the scheduled day and time of a telephone conference call, and purpose(s) of any special meeting of the Board of Directors, or of any regular Board meeting whose purpose(s) require notice, shall be delivered to each director not less than five (5) days prior thereto if delivered by first class mail, or forty-eight (48) hours prior thereto if delivered personally or by telephone or electronic communication, by or at the direction of the Secretary or, upon default in this duty by the Secretary, by them or those calling it in the case of a special meeting or by any other director in the case of any meeting whose day, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at their address as it appears on the records of the Cooperative, with postage thereon prepaid, and postmarked at least five (5) days or forty-eight (48) hours, as the case may be, before the date set for the meeting. The attendance of a director at any meeting of the Board of Directors shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of protesting in writing the lack of proper notice to them or of objecting to the meeting or its transaction of one or more items of business on other grounds. No notice of any Board of Directors meeting need be given to any director who signed a waiver thereof, or a written consent to its being held, or an approval of the minutes thereof, whether before or after the meeting.

**SECTION 5.04. Quorum.** A majority of the number of directors authorized in the Bylaws shall constitute a quorum; PROVIDED, a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of such directors so authorized or present; PROVIDED FURTHER, if less than a quorum is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; AND PROVIDED FURTHER, the Secretary shall timely notify any absent directors of the date, time and place of such adjourned meeting; AND PROVIDED FURTHER, 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 of Directors, and if a quorum was initially present but ceases to be present, business may nonetheless be transacted upon the affirmative votes of the number of directors that would be necessary if a quorum remained present.

**SECTION 5.05. Written Consent.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing to such action, except that the consent of a director having a personal interest in Board action shall not be required. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

## ARTICLE VI Officers; Miscellaneous

**SECTION 6.01. Number and Title.** The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, 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 6.02. Election and Term of Office.** The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members and until their successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors by the members and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board of Directors from among such persons, and with such

title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

**SECTION 6.03. Removal.** Any officer, agent or employee 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.

**SECTION 6.04. Vacancies.** A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board of Directors for the unexpired portion of the term.

**SECTION 6.05. President.** The President shall:

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

**SECTION 6.06. Vice President.** In the absence of the President, or in the event of their inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to them by the Board of Directors.

**SECTION 6.07. Secretary.** The Secretary shall be responsible for:

- a) keeping or causing to be kept, the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;

- c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;
- d) keeping, or causing to be kept, a register of the names and post office addresses of all members, which address shall be furnished to the Cooperative by such members;
- e) signing, with the President, certificates of membership the issue of which shall have been authorized by the Cooperative;
- f) having general charge of the books of the Cooperative in which a record of the members is kept;
- g) keeping in a 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 such documents and of all amendments thereto to any member upon request; and
- h) in general, performing all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to them by the Board of Directors.

**SECTION 6.08. Treasurer.** The Treasurer shall be responsible for:

- a) custody of all funds and securities of the Cooperative;
- b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative from any source whatsoever, and for the deposit or investment of all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and
- c) the general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to them by the Board of Directors.

**SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities.** Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board of Directors

does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**SECTION 6.10. General Manager; Executive Vice President; Chief Financial Officer.** The Board of Directors may appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President and/or Chief Financial Officer. They shall perform such duties as the Board of Directors may from time to time require and shall exercise such authority as the Board of Directors may from time to time vest in them.

**SECTION 6.11. Bonds.** The Board of Directors shall require 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 to be bonded 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 be bonded in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

**SECTION 6.12. Compensation; Indemnification.** The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the Board of Directors. The Cooperative shall indemnify the present and former directors and officers, including the General Manager, or if so titled, Executive Vice President, and Chief Financial Officer, and may, but shall not be obligated to, indemnify one or more other present or former agents or employees of the Cooperative, against liability and costs, including attorney's fees, to the fullest extent allowable by law, including California Corporations Code Section 7231 through 7237, as may from time to time be amended, repealed, or supplemented; and may purchase insurance to cover such indemnification.

**SECTION 6.13. Reports.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII Financial Transactions**

**SECTION 7.01. Contracts.** Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent

or employee 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 7.02. 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**SECTION 7.03. Deposits; Investments.** All funds, except petty cash, of the Cooperative shall be deposited in 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.

**SECTION 7.04. Fiscal Year.** The Cooperative's fiscal year shall begin on the first day of the month of January and end on the last day of the month of December following.

## **ARTICLE VIII Membership Certificates**

**SECTION 8.01. Membership Certificates.** Membership in the Cooperative may, if the Board of Directors so resolves, be evidenced by a membership certificate, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors, consistent with California Corporations Code Section 7313, the Cooperative's Articles of Incorporation and its Bylaws. Such certificate, if authorized to be issued by the Board of Directors, shall be signed by the President and by the Secretary of the Cooperative, and the Corporate seal shall be affixed thereto; PROVIDED, the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

**SECTION 8.02. Issue of Membership Certificates.** No membership certificate shall be issued for less than the membership fee provided for in Section 1.03 of these Bylaws nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

**SECTION 8.03. Lost Certificate.** In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe.

## **ARTICLE IX Non-Profit Operation**

**SECTION 9.01. 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 9.02. 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, members and non-members alike, will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to their capital account, 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 their account; PROVIDED, individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for themselves the specific amount of capital so credited to them. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

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; PROVIDED, insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board of Directors, 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 will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of making such retirements, if any, for all amounts heretofore and hereafter furnished as capital; PROVIDED, the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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 apart of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, "at its discretion, shall have the power at any time upon the death of any patron, who was a natural person or if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person, if the legal representatives of their estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board, of Directors, acting under policies of general application, to situations of like kind, and the legal representatives of such patron's estate shall agree upon; PROVIDED, however, the financial

condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the California legal rate on judgments in effect when such amount became overdue, compounded annually.

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 offices.

## **ARTICLE X Waiver of Notice**

Any member may waive, in writing, any notice of meetings required to be given by these Bylaws. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting by such member, except in case a member shall attend a meeting for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds that the meeting has not been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall, in writing, notify the Secretary prior to or at the beginning of the meeting of their objection.

## **ARTICLE XI Disposition and Pledging of Property; Distribution of Surplus Assets On Dissolution; Escheat**

### **SECTION 11.01. Disposition and Pledging of Property.**

- a) Not inconsistently with California Corporations Code Sections 7910 and 7911 and subsection (b) hereof, the Cooperative may authorize the sale, lease, lease-sale, exchange, conveyance, transfer or other disposition of all or substantially all of the Cooperative's properties and assets only upon the affirmative votes of three-fourths (3/4) of the then-total members of the Cooperative at the duly held meeting of the members. However, the Board of Directors shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board of Directors may from time to time determine; (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefore; and (3) sell, lease, lease-sell, exchange, convey, transfer or otherwise dispose of merchandise and property no

longer necessary or useful for the operation of the Cooperative.

- b) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, conveyance, transfer or other disposition of all or substantially all of the Cooperative's properties and assets shall be authorized unless the Board of Directors shall have recommended such to the members in conformity with the following:

- 1) The Board of Directors shall first appoint three persons each of whom or which is independent of the Cooperative and of the other two and each being expert in electric utility property evaluations, and commission them, separately, to study, appraise and evaluate such assets and properties, including their going concern value and the values associated with the right of the members to participate in the ownership and control of the Cooperative. Such appraisers shall be instructed to and shall take into account any other factors they may deem relevant in determining the present market value of such assets and properties. Within not more than sixty (60) days after their appointment and commission, each appraiser shall render their or its highest determination of such present value. The Board of Directors shall not recommend and submit for member approval any plan to sell, lease, lease-sell, exchange, convey, transfer or otherwise dispose of such assets and properties for a consideration that is less than the highest such determination rendered by the appraisers; nor shall it, following the expiration of one (1) year after receipt of the appraisers' reports, make such a recommendation and submittal without, again, first complying with the foregoing requirements.

- 2) If, after receiving such appraisals, the Board of Directors resolves to pursue the matter further, it shall, within sixty (60) days after such resolution, transmit the appraisals, together with any underlying data and information that may have accompanied them, to every other electric cooperative corporately sited and operating in California or Nevada and invite it to submit competing or alternative proposals, including proposals to merge or consolidate with the Cooperative. Such appraisals shall also be accompanied by any proposal for such a sale, lease, lease-sale, exchange, conveyance, transfer of other disposition received subsequent thereto but prior to the adoption of such resolution; PROVIDED, only the most recent proposal from a person that has made two or more proposals need be so transmitted. Such other cooperatives shall be given at least sixty (60) days within which to submit competing or alternative proposals, and they shall be notified in such transmittal of the actual final date for such submissions.

- 3) If, after such date, the Board of directors so resolves, it shall recommend and submit to the members (1) a proposal for such a sale, lease, lease-sale, exchange, conveyance, transfer or other disposition or (2) a proposal to merge or consolidate the Cooperative with one or more other electric cooperatives, but shall accompany the proposals it has received, together with all of the appraisals. The Board of Directors shall submit such recommendation and information to the members and shall at the same time call and give notice of a special meeting of the members thereon or, if it so determines, notify the members that the matter will be considered and acted upon at the ensuing annual member meeting, in any event stating in detail each of any such proposals. The special or annual meeting shall be held not less than ninety (90) days after the giving of such notice thereof.
- 4) Any two hundred (200) or more members of the Cooperative may, over their respective signatures and within not less than forty-five (45) days prior to the date of such member meeting, petition the Cooperative to mail to all of the Cooperative's members any statement of opposition to the Board of Directors' recommendation and/or of their own recommendation that a competing or alternative proposal, which may be or include a proposition to merge or consolidate the Cooperative with one or more other electric cooperatives, be submitted to and acted upon by the members at such meeting, in which event the Board of Directors shall cause a printed copy of the petition, including the printing of the names of the member signatories thereof, together with a printed copy of the statement, to be transmitted to all of the Cooperative's members via the United States mail not less than twenty-five (25) days prior to such member meeting, with the cost of such printing and mailing to be borne by the Cooperative. When so mailed, such petition and statement shall constitute sufficient notice of any such competing or alternative proposal for the same to be considered and acted upon at such meeting, but not until if and after the proposal recommended by the Board of Directors shall have first been considered and rejected by vote of the members.
- 5) If, as provided for in Section 3.05, the Board of Directors authorizes its own recommendation to be voted upon by mail or some other written balloting whereby members may vote without being present in person at a member meeting, it shall authorize the same method of voting with respect to any alternative or competing recommendations submitted to the members pursuant to subsection (b4) foregoing.

The provisions of this subsection (b) shall not apply to a sale, exchange,

conveyance or transfer if such is in the nature of a forced sale for the reason that the purchaser possesses and otherwise would exercise the legal right to acquire, damage, relocate or destroy such property by condemnation or otherwise without the Cooperative's consent.

- c) No offer to purchase or lease-purchase and no offer to sell, lease, lease-sell, exchange, convey, transfer or otherwise dispose of all or substantially all of the Cooperative's assets and properties shall be valid or, if made and accepted, enforceable unless the total consideration to be paid or otherwise furnished therefore, to the extent that the same is in excess of the amounts necessary to discharge or to provide for the discharge of the Cooperative's liabilities, shall be distributed to, or, if such be the case, allocated and assigned to, the patrons or former patrons of the Cooperative in the manner provided for in the Articles of Incorporation, Bylaws or applicable law.

**SECTION 11.02. Distribution of Surplus Assets on Dissolution.**

Consistently with Chapter 16, Part 3, Nonprofit Mutual Benefit Corporations, California Corporations Code, as may from time to time be amended, upon the Cooperative's voluntary dissolution, any assets remaining after all its liabilities or obligations have been satisfied and discharged, or adequate provision therefore has been made, shall, to the extent practicable as determined by the Board of Directors and not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative since its inception, on the basis that their respective patronage bears to the Cooperative's total patronage during the period determined practicable by the Board of Directors; PROVIDED, HOWEVER, if in the judgment of the Board of Directors the amount of such surplus is too small to justify the expense of making such distribution, the Board of Directors may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

**SECTION 11.03.**

Neither the General Manager nor any member of the Board of Directors of the Cooperative shall be eligible to receive benefits or continued compensation as part of an agreement for sale of the Cooperative to an investor-owned utility.

**SECTION 11.04. Escheat:**

- a. This Bylaw is intended to comply with California Corporation Code Section 12446.
- b. If a member cannot be located for a period of two (2) years as evidenced by the return of their mail and by no record of business transacted at the

## **ARTICLE XIV Bylaw Amendments**

- Cooperative, then thereafter the Cooperative shall do the following:
- c. The Cooperative shall place that member on inactive status, and
  - d. The Cooperative shall give to the affected member at least one hundred twenty (120) days prior notice of the Cooperative’s proposed transfer date of the proprietary interest to the Cooperative. Notice shall be provided by first or second class mail to the last address of the member shown in the corporation records and by publication in the newspaper of general circulation in the county in which the Cooperative has its principal office, namely, Plumas County, and in addition, in the county in which the member received service. Notice given in the foregoing manner shall be deemed actual notice.
  - e. No proprietary interest shall become the property of the corporation if written notice objecting thereto is received by the corporation from the affected member prior to the date of the proposed transfer. If there is not objection to the transfer of the proprietary interest from the member to the corporation, then said proprietary interest shall become the property of the corporation on the transfer date, which shall be at least one hundred twenty (120) days from date of notice.
  - f. A proprietary interest shall mean and include any membership, membership certificate, membership share, share certificate or any share certificate of any class representing a proprietary interest in and issued by the corporation together with all accrued and unpaid dividends and patronage distributions relating thereto.
  - g. This Bylaw is intended to be retroactive so as to affect all the members’ proprietary interest in the Cooperative.

## **ARTICLE XII Rules of Order**

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert’s Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative’s Articles of Incorporation or Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, directors or committees.

## **ARTICLE XIII Seal**

The Cooperative seal shall have inscribed thereon the words “Plumas-Sierra Rural Electric Cooperative – Incorporated August 10, 1937 California.”

**SECTION 14.01. Power to Amend.** Subject to Section 7150 and related Sections of the California Corporations Code, the Cooperative’s Bylaws may be changed (adopted, amended or repealed) by the majority vote of the members present at any regular or special meeting of the members. Provided the notice of such meeting shall have been sent to each and every member and shall have contained a copy of the proposed alteration, amendment or repeal. PROVIDED, both the Board of Directors and the members may change any Bylaw, if as established by the law, such Bylaw is illegal or has become a legal nullity. The Board of Directors shall notify the members of any changes that have been adopted, within 60 days after their adoption by the members.

**SECTION 14.02. Procedure for Amending.** A Bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member or Board meeting at which it is to be acted upon; and (2) if to be acted upon by the members, it is sponsored by the Board of Directors or at least fifty (50) members who over their signatures file with the Cooperative a petition, proposing such change and setting forth with particularly the wording thereof and the time that the change is to become effective, at least forty-five (45) days prior to the date of the member meeting at which such change will be acted upon; PROVIDED, if the Cooperative is presented with a written request by one or more but less than fifty (50) members that a Bylaw change be noticed to and acted upon by the members, and if the request sets forth with particularly the wording of the proposed change and the time that change is to become effective, the Board of Directors may, but shall not be obliged to, waive the foregoing petition requirement and cause such proposed change to be noticed and acted upon; PROVIDED FURTHER, the Board of Directors shall not cause any proposed Bylaw change to be noticed or acted upon, or permit any amendment to a proposed Bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may be amended from the floor of the member or Board meeting at which it is being considered if the amendment is germane thereto.

## **APPENDIX A**

Plumas-Sierra Rural Electric Cooperative Bylaws – Sec. 4.05. Directorate District Areas and Their Descriptions.

(All calls are referenced to the Cooperative’s official system sectional maps, rendered by Miner & Miner Consulting Engineers, Inc., Greeley, CO, 1957, or as thereafter amended, and such maps are located in, and may be inspected by members at any reasonable time at, the Cooperative’s headquarters offices in Portola, California.)



### Directorate District 1. **Quincy-Sloat Area**

Beginning at a point on the C.P.U.C. Certified Boundary to Plumas Sierra Rural Electric Cooperative being the northwest corner of Section 31, Township 25 North, Range 10 East, M.D.M.; thence southerly along said boundary to the southwest corner of said Section 31; thence westerly along said boundary to the northwest corner of Section 1, Township 24 North, Range 9 East, M.D.M.; thence continuing along the western C.P.U.C. Certified Boundary to the southeast corner of Section 16, Township 22 North, Range 11 East, M.D.M.; thence leaving said C.P.U.C. Certified Boundary, northerly along the section lines to the northwest corner of the southwest 1/4 of the southwest 1/4 of Section 3, Township 22 North, Range 11 East, M.D.M.; thence easterly along the sectional subdivision 16th lines to the northwest corner of the southwest 1/4 of the southeast 1/4 of Section 5, Township 22 North, Range 12 East; thence southeasterly to the intersection of Lundy Lane and the golf cart path at Plumas Pines Golf Course as said intersection existed on September 1, 2012; thence South to the centerline of the drainage that flows to the Middle Fork of the Feather River between Lundy Lane and Sequoia Circle as said drainage existed on September 1, 2012; thence easterly along said drainage to the centerline of said Middle Fork of the Feather River as said river existed on September 1, 2012; thence northeasterly, northerly and northwesterly along said centerline of the Middle Fork of the Feather River as said river existed on September 1, 2012 to a point nearest the northeast corner of the southwest 1/4 of the southwest 1/4 of Section 4, Township 22 North, Range 12 East, M.D.M.; thence northeasterly to said northeast corner of the southwest 1/4 of the southwest 1/4 of Section 4; thence northeasterly to the northwest corner of Section 35, Township 23 North, Range 12 East, M.D.M.; thence easterly along the north line of said Section 35 to the top of Penman Peak; thence northwesterly along said C.P.U.C. Certified Boundary, on a line between said Penman Peak and Tower Peak to a point where said line intersects the southern boundary of Section 29, Township 25 North, Range 11 East, M.D.M.; thence westerly along the section lines to the Point of Beginning.

### Directorate District 2. **Graeagle-Mohawk Area**

Beginning at a point on the C.P.U.C. Certified Boundary to Plumas Sierra Rural Electric Cooperative being the southwest corner of Section 22, Township 22 North, Range 11 East, M.D.M.; thence northerly along said boundary to the southeast corner of Section 16, Township 22 North, Range 11 East M.D.M.; thence leaving said C.P.U.C. Certified Boundary, northerly along the section lines to the northwest corner of the southwest 1/4 of the southwest 1/4 of Section 3, Township 22 North, Range 11 East, M.D.M.; thence easterly along the sectional subdivision 16th lines to the northwest corner of the southwest 1/4 of the southeast 1/4 of Section 5, Township 22 North, Range 12 East; thence southeasterly to the intersection of Lundy Lane

and the golf cart path at Plumas Pines Golf Course as said intersection existed on September 1, 2012; thence South to the centerline of the drainage that flows to the Middle Fork of the Feather River between Lundy Lane and Sequoia Circle as said drainage existed on September 1, 2012; thence easterly along said drainage to the centerline of said Middle Fork of the Feather River as said river existed on September 1, 2012; thence southeasterly, southerly and southwesterly along said centerline of the Middle Fork of the Feather River as said river existed on September 1, 2012 to a point nearest the intersection of State Highway 89 and the Highway to Gold Lake (Plumas County Road 519) as said intersection existed on September 1, 2012; thence southwesterly to said intersection of State Highway 89 and the Highway to Gold Lake; thence southwesterly along the centerline of said Highway to Gold Lake as said highway existed on September 1, 2012 to the southeast corner of Section 22, Township 22 North, Range 12 East, M.D.M.; thence westerly along the section lines to the Point of Beginning.

### Directorate District 3. **Blairsden-Clio-Portola Area**

Beginning at the northwest corner of Section 6, Township 23 North, Range 13 East M.D.M.; thence southerly along the Range line between Range 12 and 13 East, M.D.M. to the northeast corner of Section 36, Township 23 North, Range 12 East, M.D.M.; thence westerly along the section lines to the northwest corner of Section 35, Township 23 North, Range 12 East, M.D.M.; thence southwesterly to the northeast corner of the southwest 1/4 of the southwest 1/4 of Section 4, Township 22 North, Range 12 East, M.D.M.; thence southwest to the nearest point of the centerline of the Middle Fork of the Feather River as said river existed on September 1, 2012; thence southeasterly, southerly and southwesterly along said centerline of the Middle Fork of the Feather River as said river existed on September 1, 2012 to a point nearest the intersection of State Highway 89 and the Highway to Gold Lake (Plumas County Road 519) as said intersection existed on September 1, 2012; thence southwesterly to said intersection of State Highway 89 and the Highway to Gold Lake; thence southwesterly along the centerline of said Highway to Gold Lake as said highway existed on September 1, 2012 to the northwest corner of Section 26, Township 22 North, Range 12 East, M.D.M.; thence Southerly along the section lines to the southwest corner of Section 2, Township 21 North, Range 12 East M.D.M.; thence easterly along the section lines to the west line of Township 21 North, Range 14 East, M.D.M.; thence Northerly and Easterly along said Township 21 North, Range 14 East, M.D.M. to southeast corner of Section 33, Township 22 North, Range 14 East, M.D.M.; thence northerly along the section lines to the northeast corner of the southeast 1/4 of Section 33, Township 23 North, Range 14 East, M.D.M.; thence westerly along the center of section lines to the northwest corner of the southwest 1/4 of Section 32, Township 23 North, Range 14, M.D.M.; thence northerly along the section lines to the northeast corner of the

southeast 1/4 of the northeast 1/4 of Section 19, Township 23 North, Range 14 East, M.D.M.; thence westerly along the sectional subdivision 16th line to the east line of Township 23 North, Range 13 East M.D.M.; thence southerly along said Range line to the northeast corner of Section 25, Township 23 north, Range 13 East, M.D.M.; thence westerly along the section lines to the southeast corner of Section 21, Township 23 North, Range 13 East, M.D.M.; thence northerly along the section lines to the northeast corner of Section 4, Township 23 North, Range 13 East, M.D.M.; thence westerly along the section lines to the Point of Beginning.

Excepting Therefrom: The area excluded from the area certificated to the Plumas-Sierra Rural Electric Cooperative by C.P.U.C. Decision No. 47989 in and around the City of Portola

#### Directorate District 4. **Calpine-Sierraville-Loyalton-Beckwourth Area**

Beginning at a point on the C.P.U.C. Certified Boundary to Plumas Sierra Rural Electric Cooperative being the northwest corner of Section 10, Township 21 North, Range 13 East, M.D.M.; thence southerly along said boundary to the southwest corner of Section 34, Township 20 North, Range 13 East, M.D.M.; thence Easterly along said boundary, along the Township line to the northeast corner of Section 1, Township 19 North, Range 14 East, M.D.M.; thence southerly along said C.P.U.C. Certified Boundary to the southeast corner of said Section 1; thence easterly along said boundary to the southwest corner of Section 34, Township 20 North, Range 15 East, M.D.M.; thence northerly along said boundary to the northwest corner of Section 3, Township 20 North, Range 15 East, M.D.M.; thence easterly along said boundary to the southwest corner of Section 34, Township 21 North, Range 15 East, M.D.M.; thence northerly along said boundary to the northwest corner of Section 22, Township 21 North, Range 15 East, M.D.M.; thence easterly along said boundary to the southeast corner of the southwest 1/4 of the southwest 1/4 of Section 13, Township 21 North, Range 15 East, M.D.M.; thence northerly along said boundary to the northeast corner of the northwest 1/4 of the southwest 1/4 of Section 12, Township 21 North, Range 15 East, M.D.M.; thence easterly along said boundary to the center point of Section 8, Township 21 North, Range 16 East, M.D.M.; thence northerly along said boundary to the Plumas-Sierra County line; thence easterly along said boundary and said Sierra-Plumas County line to the southeast corner of Section 35, Township 22 North, Range 16 East, M.D.M., said point being the intersection of the Sierra-Plumas County line with the Plumas-Lassen County line; thence northerly and easterly along said Plumas-Lassen County line to the northeast corner of the northwest 1/4 of Section 18, Township 22 North, Range 17 East, M.D.M.; thence westerly along the section lines to the southeast corner of the southwest 1/4 of the southwest 1/4 of Section 10, Township 22 North, Range 16 East, M.D.M.; thence northerly along the

sectional subdivision 16th lines to the northeast corner of government lot 4 in Section 3, Township 23 North, Range 16 East, M.D.M.; thence westerly along the north lines of said Township 23 North, Ranges 16, 15 and 14 East, M.D.M. to northwest corner of government lot 3 in Section 2, Township 23 North, Range 14 East, M.D.M.; thence southerly along the sectional subdivision 16th lines to the centerline of the Union Pacific Rail Road tracks as said tracks existed on September 1, 2012; thence northwesterly along said centerline to the west line of Section 27, Township 23 North, Range 14 East, M.D.M.; thence southerly along the section lines to the southeast corner of Section 33, Township 22 North, Rang 14 East, M.D.M.; thence westerly and southerly along the Township and Range lines to the North line of Section 12, Township 21 North, Range 13 East, M.D.M.; thence westerly along the section lines to the Point of Beginning.

#### Directorate District 5. **Lake Davis-Long Valley-Washoe Co. Area**

Beginning at the northwest corner of Section 6, Township 25 North, Range 13 East, M.D.M.; thence easterly along the north lines of Townships 25 North, Ranges 13, 14, 15 and 16 East, M.D.M. to the northwest corner of Section 4, said Township 25 North, Range 16 East, M.D.M.; thence southeasterly to the northwest corner of Section 18, Township 25 North, Range 17 East, M.D.M.; thence easterly along the north line of said Section 18 to the northwest corner of the northeast 1/4 of the northeast 1/4 of said Section 18; thence northeasterly to the northwest corner of the southwest 1/4 of the southwest 1/4 of Section 8, Township 25 North, Range 17 East, M.D.M.; thence easterly along the sectional subdivision 16th lines to the east line of said Township 25 North, Range 17 East, M.D.M. ; thence Northerly along said east line to the northwest corner of government lot 3 in Section 18, Township 25 North, Range 18 East, M.D.M.; thence easterly along the center of section line to the east line of said Section 18; thence Southerly along the California-Nevada State line also being the C.P.U.C. Certified Boundary to Plumas-Sierra Rural Electric Cooperative to the northwest corner of the P.S.R.E.C. utility boundary situated in Washoe County, Nevada; thence easterly, southerly and westerly along said P.S.R.E.C. utility boundary situated in Washoe County, Nevada to the southwest corner thereof also being the California-Nevada State line and being on said C.P.U.C. Certified Boundary; thence southerly along said California-Nevada State line and said C.P.U.C. Certified Boundary to the south line of Section 31, Township 21 North, Range 18 East, M.D.M.; thence westerly along said boundary to the northeast corner of Section 36, Township 21 North, Range 17 East, M.D.M.; thence southerly along said boundary to the southeast corner of said Section 36; thence westerly along said boundary to the southeast corner of Section 33, Township 21 North, Range 17 East, M.D.M.; thence Northerly along said boundary to the northeast corner of Section 4, Township 21 North, Range 17 East, M.D.M. and being the Sierra-Lassen County line; thence Westerly along said boundary and Sierra-Lassen

County line to the southeast corner of Section 35, Township 22 North, Range 16 East, M.D.M. being the intersection of said Sierra-Lassen County line with the Plumas-Lassen County line; thence northerly and easterly along said Plumas-Lassen County line to the northeast corner of the northwest 1/4 of Section 18, Township 22 North, Range 17 East, M.D.M.; thence westerly along the section lines to the southeast corner of the southwest 1/4 of the southwest 1/4 of Section 10, Township 22 North, Range 16 East, M.D.M.; thence northerly along the sectional subdivision 16th lines to the northeast corner of government lot 4 in Section 3, Township 23 North, Range 16 East, M.D.M.; thence westerly along the north lines of said Township 23 North, Ranges 16, 15 and 14 East, M.D.M., to northwest corner of government lot 3 in Section 2, Township 23 North, Range 14 East, M.D.M.; thence southerly along the sectional subdivision 16th lines to the centerline of the Union Pacific Rail Road tracks as said tracks existed on September 1, 2012; thence northwesterly along said centerline to the west line of Section 27, Township 23 North, Range 14 East, M.D.M.; thence southerly along the section lines to the northeast corner of the southeast 1/4 of Section 33, Township 23 North, Range 14 East, M.D.M.; thence westerly along the center of section lines to the northwest corner of the southwest 1/4 of Section 32, Township 23 North, Range 14, M.D.M.; thence northerly along the section lines to the northeast corner of the southeast 1/4 of the northeast 1/4 of Section 19, Township 23 North, Range 14 East, M.D.M.; thence westerly along the sectional subdivision 16th lines to the east line of Township 23 North, Range 13 East; thence southerly along said Range line to the northeast corner of Section 25, Township 23 North, Range 13 East, M.D.M.; thence westerly along the section lines to the southeast corner of Section 21, Township 23 North, Range 13 East, M.D.M.; thence northerly along the section lines to the northeast corner of Section 4, Township 23 North, Range 13 East, M.D.M.; thence westerly along the section lines to the northwest corner of Section 6, Township 23 North, Range 13 East, M.D.M.; thence northerly along said C.P.U.C. Certificated Boundary to the Point of Beginning.

#### Directorate District 6. **North Doyle-Milford-Herlong Area**

Beginning at the southwest corner of Section 31, Township 26 North, Range 15 East, M.D.M.; thence easterly along the south line of Township 26 North, Ranges 15 and 16 East, M.D.M. to the northwest corner of Section 4, Township 25 North, Range 16 East, M.D.M.; thence southeasterly to the northwest corner of Section 18, Township 25 North, Range 17 East, M.D.M.; thence easterly along the north line of said Section 18 to the northwest corner of the northeast 1/4 of the northeast 1/4 of said Section 18; thence northeasterly to the northwest corner of the southwest 1/4 of the southwest 1/4 of Section 8. Township 25 North, Range 17 East, M.D.M.; thence easterly along the sectional subdivision 16th lines to the east line of said Township 25 North, Range 17 East, M.D.M.; thence Northerly along said east line to

the northwest corner of government lot 3 in Section 18, Township 25 North, Range 18 East, M.D.M.; thence easterly along the center of section line to the east line of said Section 18; thence northerly along the California-Nevada State line also being the C.P.U.C. Certified Boundary to Plumas-Sierra Rural Electric Cooperative to the northeast corner of Section 12, Township 26 North, Range 17 East, M.D.M.; thence westerly along said C.P.U.C. Certified Boundary to the Southeast corner of Section 1, Township 26 North, Range 16 East, M.D.M.; thence northerly, easterly and westerly along the easterly and northerly boundary of Sierra Army Depot to the intersection of the northern boundary of Section 20, Township 28 North, Range 16 East, M.D.M. with the eastern shore of Honey Lake; thence southerly along said eastern shore of Honey Lake to the north line of Section 5, Township 27 North, Range 16 East, M.D.M.; thence westerly along said C.P.U.C. Certified Boundary and the northern boundary of Township 27 North, Range 16, 15 and 14 East, M.D.M. (protracted) to a point in Honey Lake corresponding to the southwest corner of Section 34, Township 28 North, Range 14 East, M.D.M. (protracted); thence southwesterly to the northeast corner of the northwest 1/4 of Section 19, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to the northeast corner of the southeast 1/4 of Section 29, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to southeast corner of the southwest 1/4 of Section 34, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to the northeast corner of the southeast 1/4 of Section 12, Township 26 North, Range 14 East, M.D.M.; thence southerly along the Range line to the Point of Beginning.

#### Directorate District 7. **Edgemont-Levitt Area**

Beginning at the southeast corner of Section 36, Township 26 North, Range 14 East, M.D.M.; thence westerly along the south line of Township 26 North, Ranges 14 and 13 East, M.D.M. to the southwest corner of Section 31, said Township 26 North, Range 13 East, M.D.M.; thence northerly and westerly along the C.P.U.C. Certified Boundary to Plumas-Sierra Rural Electric Cooperative to the southwest corner of Section 2, Township 28 North, Range 11 East, M.D.M.; thence northerly along the C.P.U.C. Certified Boundary and competitive area boundaries to the northwest corner of the southwest 1/4 of the northwest 1/4 of Section 14, Township 29 North, Range 11 East, M.D.M.; thence along the northerly line of said boundaries southerly and easterly to the northeast corner of the southeast 1/4 of Section 4, Township 28 North, Range 14 East, M.D.M.; thence southerly along said C.P.U.C. Certified Boundary to a point in Honey Lake corresponding to the southwest corner of Section 34, Township 28 North, Range 14 East, M.D.M. (protracted); thence southwesterly to the northeast corner of the northwest 1/4 of Section 19, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to the northeast corner of the southeast 1/4 of Section 29, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to southeast corner of the

southwest 1/4 of Section 34, Township 27 North, Range 14 East, M.D.M.; thence southeasterly to the northeast corner of the southeast 1/4 of Section 12, Township 26 North, Range 14 East, M.D.M.; thence southerly along the Range line to the Point of Beginning.

Directorate District 7 shall include the designated P.S.R.E.C. utility areas north of Levitt Lake and extending to the Eagle Lake and all members within the competitive areas situate in Lassen County.