



DMEA **MEMBER** **HANDBOOK**

Understanding the Benefits of Your Co-op Membership

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Did You Know?

We are always working to keep our members informed and educated about what your co-op is doing. We publish and maintain numerous sources of co-op information:

PowerLines:

Your monthly member newsletter that comes with your bill or by email.

Website:

dmea.com

Social media:

facebook.com/DeltaMontroseElectricAssociation    

WELCOME

A note from your CEO

Dear Member,

Welcome to Delta-Montrose Electric Association (DMEA), your hometown electric cooperative. You might notice that we do business a little differently than you are used to. That's because we are a cooperative. A not-for-profit corporation owned by the members we serve. That's you!

Cooperatives, like DMEA, put people before profits. Our services, programs, and policies are put in place in order to benefit our entire membership while keeping the cooperative strong. A powerful example of this is DMEA's fiber internet subsidiary, Elevate. We launched Elevate because our members asked us to. Our communities were lacking affordable and dependable high-speed internet and came looking to DMEA for a solution. And now, we are building a 100% fiber network across our service territory bringing you internet speeds up to 6,000 Mbps (6 Gig).

Members are also responsible for electing board representatives to serve on the DMEA Board of Directors. Those directors make important decisions, such as setting rates and the strategic direction of the co-op, with your best interest in mind.

This handbook will help you understand all the benefits of being a DMEA member. Welcome!



A stylized, handwritten signature in black ink that reads "Jack".

Jack Johnston
CEO

SERVICE AREA

Where we're located

DMEA serves approximately 36,250 meters and 29,950 members in southwest Colorado. We provide affordable, reliable, and safe electric service to members living and working in Montrose, Delta, and Gunnison counties.

Our offices

Montrose Headquarters

11925 6300 Road
Montrose, CO 81401
Hours: Mon/Wed/Fri 8am - 5pm,
Tues/Thurs 8am - 6pm

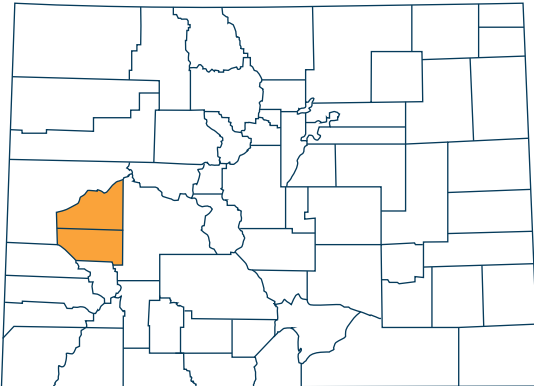
Read Service Center

21191 H 75 Road
Delta, CO 81416
Hours: Wednesday; 8am - 5pm

Mailing address

11925 6300 Road
Montrose, CO 81401

State of Colorado



NORTH REGION

Serves the northern boundary just north of

DISTRICT

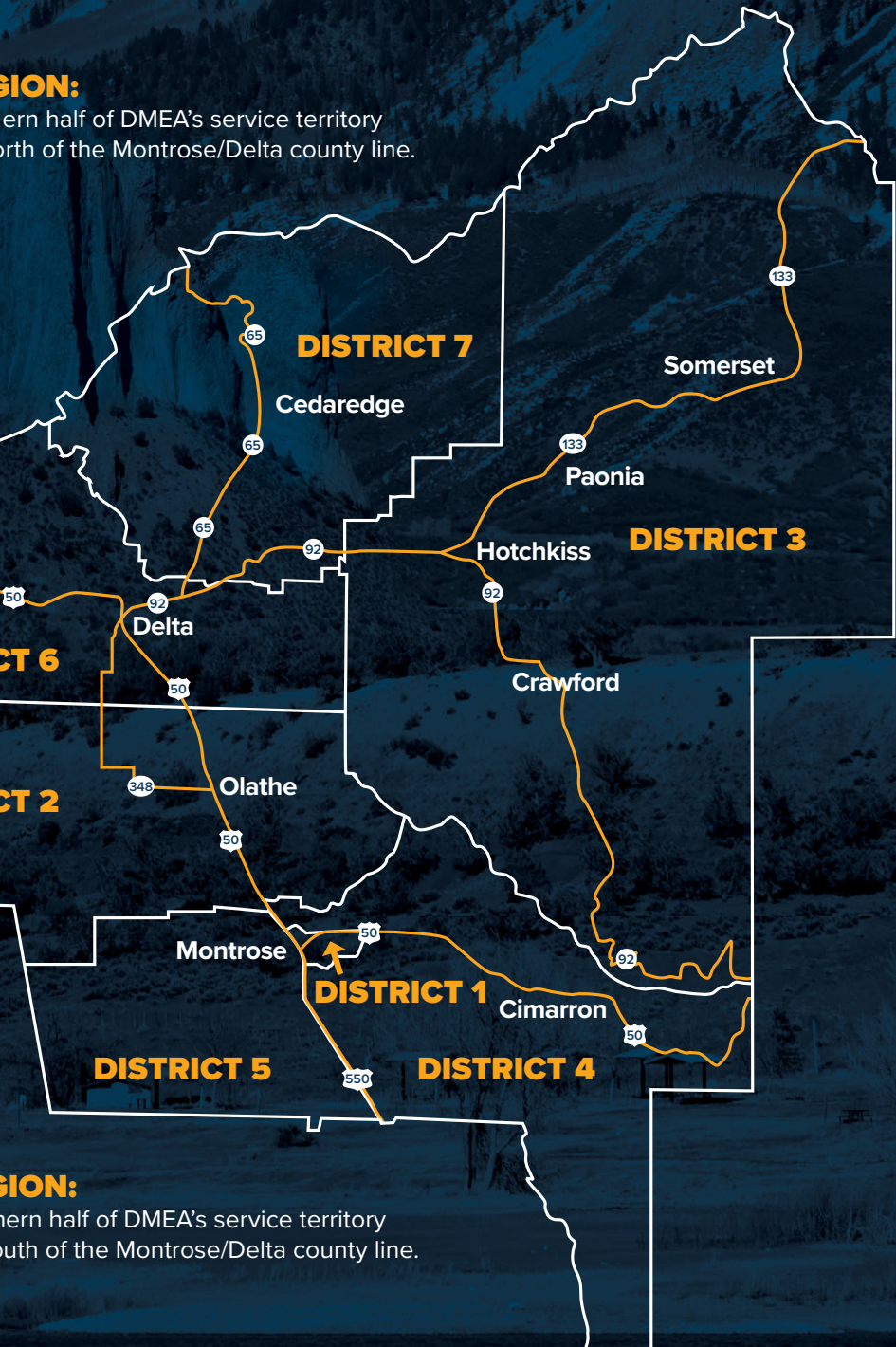
DISTRICT

SOUTH REGION

Serves the southern boundary just south of

REGION:

Northern half of DMEA's service territory
north of the Montrose/Delta county line.



REGION:

Southern half of DMEA's service territory
south of the Montrose/Delta county line.

ABOUT US

Co-op facts & figures

Date of Incorporation: **1938** | Power supplier: **GUZMAN ENERGY**

*as of 7/1/20

In all of Montrose & Delta counties & a small part of Gunnison county

Total meters:
36,248

Total members:
29,955

Miles of power lines:
3,382

Hydroelectric generation:
39 MILLION kWh

Board of directors:
9 ELECTED REPRESENTATIVES

*as of 12/31/22

History

In the 1930s only a small percentage of American farms had electricity because urban for-profit utilities felt it was too expensive to provide service to rural communities. In 1935, everything changed. On May 11, 1935, Franklin Delano Roosevelt signed Executive Order No. 7037, establishing the Rural Electrification Administration (REA). The REA provided low interest funding and technical assistance to rural electric cooperatives, which began rapidly forming across the United States.

In 1938, a group of citizens near Delta, CO, banded together to form Delta-Montrose Rural Power Lines Association. The co-op originally served just 250 members. Soon, the territory expanded to include Delta, Hotchkiss, and Paonia.

Delta-Montrose Rural Power Lines Association shared some of the same service territory as Western Colorado Power Company. As a result, the two companies' power lines often ran parallel to one another. In 1971, the Public Utilities Commission of Colorado ordered an exchange of customers to correct this situation and consolidate certain areas. At that time, 2,000 more members joined the cooperative.

Subsequently, in May 1975, Delta-Montrose Rural Power Lines Association purchased a portion of territory from Western Colorado Power Company, adding approximately 10,000 more members in Montrose and 730 miles of line to the system. And with this, Delta-Montrose Rural Power Lines Association became Delta-Montrose Electric Association.

7 COOPERATIVE PRINCIPLES

OUR PRINCIPLES

Although cooperative businesses exist in all types of industries, they are all founded on the same principles.

Voluntary and open membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic member control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions through an elected board of directors. These elected representatives are accountable to the membership.

Members' economic participation: Members contribute to the capital of their cooperative through the purchase of a product or service. This capital is used to cover all costs of operating the cooperative. Excess capital is allocated back to the membership based on an individual's contribution over the course of the year. Members, via their board, can also choose to reinvest that capital in the cooperative.

Autonomy and independence: Cooperatives are owned and controlled by the members they serve. When entering into agreements with other organizations, including governments, they only do so on terms that maintain democratic control by their members.

Education, training, and information: Cooperatives provide education and training for their members, elected representatives, managers, and employees to improve the development of the cooperative and its citizens. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

Cooperation among cooperatives: Cooperatives serve their members most effectively by working together through local, national, regional, and international structures.

Concern for community: Cooperatives work for the sustainable development of their communities, while focusing on member needs.

BILLING

Understanding your bill

Reading your bill

Electric bills are issued monthly and include charges for the electricity consumed during the prior month. The front page of your bill is your service summary, which includes your total charges, last month's billing, your payment, and the past due balance, if applicable.

Electric Service Summary

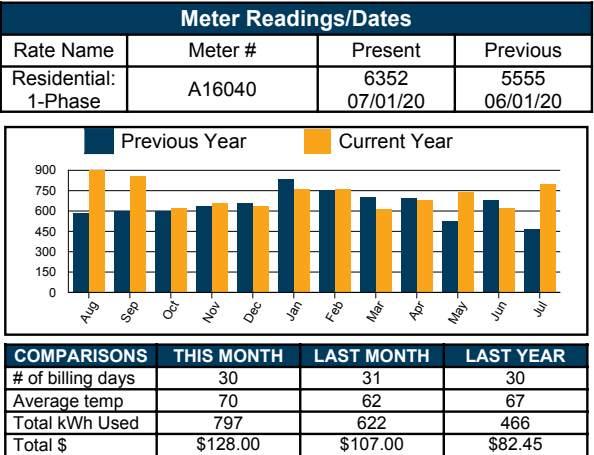
Total Energy Use: 797 x 1.00 Mult. = 797 kWh

Current Charges:

Energy Charge: 797 kWh @ \$0.1095	87.27
Monthly Access Fee	29.50
County Sales Tax	2.10
Town Sales Tax	4.67
Franchise Fee	3.50
Operation Round Up Donation	0.96
Total Current Charges	128.00

Total DMEA Charges Due 128.00

The back page of your bill provides a snapshot of your electric use over the past year and a rundown of our payment policies.



Understanding

The exact charges assigned. However

Total energy use

The total number of kWh consumed during t

Monthly access

This charge appears on DMEA's system. even if we were to maintenance, bill p

Franchise fee:

This fee can vary by elected town official your town's behalf town. It covers your to utilize the public supply electric serv

County and town

ing the charges

that appear on the bill vary depending upon which rate you are
r, most residential member bills include the following items.

se:

of kilowatt hours (kWh)
the billing period.

Energy charge:

The energy charge is the rate per kWh. You can
find this total yourself by multiplying your current
kWh rate times the number of kWh consumed.

s fee:

rs on all member bills. It is your cost to be connected and have 24/7 access
Through this charge, the co-op recoups our fixed costs - the costs we incur
sell zero kilowatt hours. These can include system, equipment, and facility
processing, bucket trucks, supplies, and employee wages.

y town. It is set by your
als. DMEA collects it on
and remits it back to your
r town's cost for DMEA
e easements in order to
vice.

Round Up donation:

Operation Round Up is a voluntary program
where you can choose to round up your monthly
bill and donate those extra cents to the DMEA
Operation Round Up fund. This money is
dispersed by a separate charitable trust to local
non-profit organizations and members in need.

own sales tax: Your county's and town's set sales taxes.

BILLING

Your payment options

You can pay your bill in person at either DMEA office during business hours:

Montrose: 11925 6300 Rd Mon/Wed/Fri: 8am-5pm, Tue/Thurs: 8am-6pm

Read: 21191 H75 Rd Wed.: 8am - 5pm



SmartHub is DMEA's secure, full-service, online account management program. Features include 24/7 account access and bill payment, payment history information, budgeting assistance, bill comparisons, consumption graphs, and tools to understand your energy use data. Get started at dmea.smarthub.coop or download the app on the App Store for iPhone or Google Play for Android.



DMEA accepts the following forms of payment: cash, checks, debit cards, credit cards (Visa, American Express, Discover, and MasterCard), money orders, and cashier's checks.



You can also call DMEA's toll free number, 1-877-687-3632, and make a payment using a credit card at anytime. You will be routed to our secure phone payment system.



Payments can also be made 24 hours a day, 7 days a week at a DMEA payment kiosk. The kiosks are located in the entryways at DMEA's offices, the Hotchkiss Chamber of Commerce information booth, and Cedaredge Town Hall during business hours. In order to make a payment at a kiosk, you must enter your account number. Payments can be made by cash, check, or credit card.



Your payment by check or money order can be mailed in the business reply envelope included with your bill. Please do not send cash or coin. DMEA is not responsible for payments that arrive late due to issues with the U.S. Postal Service.

While DMEA encourages you to go paperless, we still offer traditional bills. If you choose to receive a bill, you will be charged a \$2 paper statement fee.



Your account

DMEA offers flexible account options in order to meet the varied needs of our membership. The following account options are available to residential members:

Traditional

You're probably most accustomed to this type of account. The energy you consume during a billing cycle is billed to you at the completion of that cycle. Each month you receive a bill with a set payment due date.

Auto pay

You have the choice to set your traditional account up on auto pay. DMEA will automatically draft your payment on the due date each month. Your bill can be drafted directly from your checking or savings account or charged to your credit card.

Budget billing

This program allows you to make a flat payment each month, regardless of how much energy you use. DMEA determines the correct amount by estimating your average monthly consumption based on your previous year's use. There is an annual true-up process and, if necessary, you are credited for excess payments or billed if you used more energy than planned.

My Choice (prepay)

My Choice is DMEA's prepay billing program. Your electricity is purchased in advance, which allows you to customize your payments. Make smaller, more frequent payments, rather than paying one monthly bill. My Choice members do not receive a monthly bill. You track your energy use via SmartHub or through text and email notifications. My Choice members are not subject to late fees, disconnect fees, or reconnect fees.

ASSISTANCE

Income qualified assistance programs

Low Income Energy Assistance Program (LEAP)

LEAP is a federally funded program that helps low-income families pay a portion of their winter home heating costs. DMEA members whose primary heating source is electricity can receive assistance from LEAP to pay a portion of their home's heating bill.

Contact LEAP:

Montrose County Health and Human Services

970-252-5000

Delta County Health and Human Services

970-874-2030

Toll Free: 866-432-8435

Energy Outreach Colorado

Energy Outreach Colorado is an independent non-profit organization that provides home energy assistance to low-income Coloradans. Its programs include heating bill assistance, emergency home furnace repair, home weatherization, and non-profit and affordable housing grants. Energy Outreach Colorado provides assistance during both heating and non-heating months.

Contact Energy Outreach Colorado:

Phone: 866-HEAT-HELP

Find your local EOC agency: www.energyoutreach.org

Low-Income Weatherization

DMEA, the Colorado Energy Office, and Housing Resources of Western Colorado have partnered together to provide low-income DMEA members with free weatherization services. The program is income based.

Eligible members receive a comprehensive energy audit on their home to determine the needed improvements. Weatherization improvements can include, but are not limited to, insulation, duct sealing, lighting upgrades, and appliance and furnace replacements.

How to apply:

Administration Agency: Housing Resources of Western Colorado

Phone: (970) 417-3436

SAFETY

Keep yourself and loved ones safe

Call Before You Dig

Prior to any digging project, call 811 to identify the underground utilities located on your property. This free service prevents you from damaging underground electric, gas, and other buried utilities. Every job, even small projects such as planting trees, requires a call. Digging without calling can disrupt service to an entire neighborhood, harm you and those around you, and/or result in fines and repair costs.

Power Line Safety

Always assume power lines are live and deadly, even if they are lying on the ground. Do not touch downed lines or anything in contact with fallen lines.

Be aware of the location of overhead power lines and keep yourself and all objects clear of the lines. When items, such as ladders or irrigation pipes, come in contact with overhead power lines, the electricity travels through those items into the person holding them. This results in electric shock and even death. Similarly, electricity can also travel through tree limbs that come in contact with power lines. Remind children to never climb trees near power lines or play near DMEA's equipment.

If you see items caught or hanging from DMEA's power lines or damaged equipment, never attempt to fix the issue yourself. Call DMEA immediately, and we will dispatch our trained personnel who can safely correct issues and remove items caught in our power lines.

Safety Education

DMEA is available to provide safety demonstrations for emergency response personnel, classrooms, and local businesses. Our high voltage demonstration trailer illustrates the effects on the human body when it comes in contact with a power line. Our staff also conducts general electricity safety sessions, equipment training, and educational programs at schools and community events.

For more safety information, visit

SafeElectricity.org

CAPITAL CREDITS

You are an owner

You already know you are a member, not a customer, of DMEA. You are also an owner of the cooperative. DMEA is a not-for-profit corporation owned by the members it serves. We do not earn excess profits for investors and shareholders. Our rates are set at a level to recoup the costs of operating the cooperative and to meet debt obligations. Any revenue we collect during the year, over and above these costs, is considered margins.

These margins are allocated back to the members who purchased electricity during the year they were earned. The amount allocated back to you is dependent upon the amount of capital you contributed to the cooperative during the year. In other words, some of the money you paid to the cooperative for electric service during the year is allocated back to you as capital credits. The amount of capital put in by each member varies; therefore the amount of capital allocated back to each member varies.

Although capital credits are allocated annually, those credits are retained for approximately 30 years before being paid to the members. For example, credits that were allocated in 1997 have the potential to be paid back in 2027. DMEA retains capital credits because they are a significant source of equity for the co-op. Your Board of Directors can choose to use them to meet co-op expenses, such as purchasing new equipment and paying off debt. They also help us keep your rates low, because they reduce the amount of money the co-op needs to borrow to grow and maintain the electric system.

1

Each year, DMEA determines how much electricity is sold and how much money is received. The difference is the amount of capital credits allocated throughout the year.

2

At year end, DMEA determines if excess revenue (margins) exists. Margins are allocated back to members based on the amount of electricity they purchased during that year.

3

If financial conditions warrant, DMEA's Board of Directors can vote to retire capital credits. Capital credits are allocated up to approximately 30 years prior.

4

DMEA sends members a statement of capital credits via mail or check.

THE BOARD

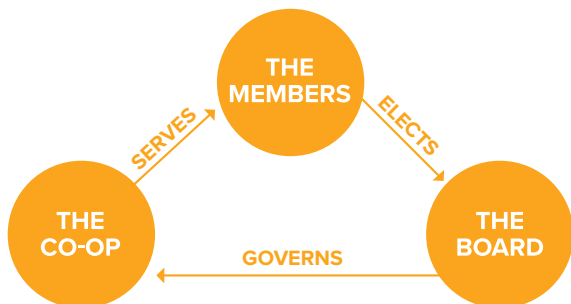
Your elected representatives

DMEA is governed by a nine-member, democratically elected board of directors. Board members are elected annually by the membership from the membership. Each board member serves a three-year term, after which they can run for re-election. Board members are subject to a four-term term limit.

You will be asked to vote for three of your representatives each year prior to the Annual Meeting in June. DMEA mails official ballots to all members prior to the meeting. Votes can be cast by completing and returning the mail-in ballot or by voting in person at the Annual Meeting.

DMEA's Board of Directors meets monthly. These meetings are open to the public. At these meetings, the board reviews the financial state of the cooperative, discusses policies, evaluates new opportunities, and addresses issues the co-op may be facing. While doing so, they are responsible for representing the needs and interests of the entire membership. Setting your electric rates and the strategic direction of the co-op are two of their most important duties.

You can voice your suggestions, ideas, or concerns to your board representatives. A full listing of current board members, plus contact information, is available at dmea.com.



OUTAGES

Reporting outages

All outages should be reported by telephone by calling 877-687-3632. Please do not report outages via email or social media. If it is after normal business hours, DMEA's 24-hour dispatch center will process your call and dispatch personnel. When reporting an outage, provide your physical address and as many details about the outage as possible. This may include sparks, lightning, damaged equipment, downed lines, loud sounds, or whether or not your or your neighbor's power is out. This information helps our operations personnel pinpoint the outage and expedites restoration of electricity.

Outage Restoration

In the event of a widespread outage, we prioritize our repair work in order to restore power to the largest number of members first.

Transmission towers and cables that carry electricity across the country rarely fail, but when damage occurs, these facilities must be repaired before other parts of the system can operate.

Our substations can serve thousands of members. When major outages occur, line crews inspect our substations to determine if problems stem from the transmission line feeding into the substation, the substation itself, or if problems exist down the line.

If the problem can't be isolated at the substation, we check distribution lines, which carry power to large groups of members in our communities.

If localized outages persist, tap lines are inspected. These lines deliver power to transformers located outside homes and businesses.

Service lines bring power directly to your home or business. If your home remains without power the service line may need repaired.

RENEW

Green energy



TABLES

options

DMEA's Board of Directors is committed to supporting the development of local renewable generation sources, as well as purchasing the energy produced by those sources.

Hydroelectric generation

Southwest Colorado has a rich hydropower history, with some of the oldest operating hydroelectric facilities in the world. DMEA is proud to continue this legacy by purchasing and distributing locally generated hydropower to our members. One of our largest local hydro resources is the South Canal Project. The initial construction in 2013, included a 7.5 megawatt facility along the South Canal in Montrose. DMEA and the Uncompahgre Valley Water Users Association partnered to develop the first two generation units, which produce approximately 29,000,000 kWh of electricity annually. Construction of three additional hydro generation sites occurred between 2014-2016. These three sites added approximately 40,000,000 kWh of annual generation.

Solar generation

DMEA's community solar array is composed of a total of 190 kW of member leased solar gardens. One garden is located at the Montrose Headquarters and the other is located at the Read Service Center. Members are able to purchase a portion of the array, with leases starting at \$10. The energy their portion of the array produces is credited on their monthly electric bill. As of 2012, the community solar arrays were sold out.

Net metering

Net metering enables a member to generate their own power and rely on DMEA when their own generation is not available. Members who choose to install a member-owned generation system, such as solar panels, on their home or business are required to use a net meter. Net meters measure the amount of electricity pulled from the grid, as well as the energy put back onto the grid by your generation system. You are allowed to accumulate the excess energy that flows back onto DMEA's system as accumulated net generation. This energy can be used throughout the year when your system isn't producing. Annually, each net-metered account is trued-up, and members are paid for excess accumulated net generation.

COMMUNITY

Your commitment to community

As your member-owned cooperative, DMEA is so much more than poles and wires. Since 1938 we've been working to improve the quality of life in our communities. Why? Because they are our communities too. We live, work, and play right along side you. Your success is our success. Your struggles are our struggles. That's why, between DMEA and Elevate we invest more than \$300,000 each year in our communities through donations, sponsorships, scholarships, and in-kind labor.

We support organizations and events across our service territory, from local festivals and parades to healthcare and advocacy organizations. You'll also find that our employees and board members live out the co-op's commitment to community too. Many of us are active participants in local leadership and civic organizations. You might also find us volunteering as a youth sports coach, acting in a local play, or coordinating a community event.



COMMUNITY PROGRAMS

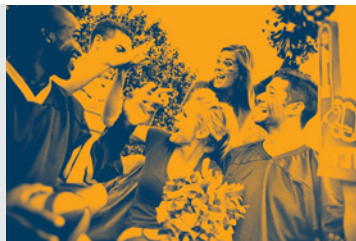
National Youth Tour & Youth Leadership Camp



DMEA proudly supports the National Rural Electric Youth Tour and the Colorado Cooperative Youth Leadership Camp. These two programs offer summer leadership learning adventures for local high school students. Each summer DMEA sends local high school students to attend these programs, all-expenses-paid.

Scholarships

DMEA offers \$50,000 in college scholarships to local graduating seniors and continuing education students each year. Applications are due March 1.



Sponsorships



DMEA is proud to support the communities we serve through our Community Sponsorship Program. Our sponsorship funds are used to build awareness of DMEA in our local communities while supporting worthwhile events and organizations.

ELEVATE

Fast internet. For real.

Launched in 2016, Elevate's fiber network is being built from the ground up. Our goal? To provide access to the best broadband service around to each and every community within DMEA's service territory, even those in the most remote areas.

Now, Elevate is bringing a new standard of technology and customer service to the world of high-speed internet. We offer the fastest internet speeds on the most dependable fiber-optic network in the country. We're ready to give you the best high-speed internet around, including powerful Wi-Fi, reliable phone service, and TV streaming.

More than just internet



Fast Internet

price per month

150 Mbps.....	\$54.95
1,000 Mbps/1 Gig.....	\$79.95
2,000 Mbps/2 Gigs.....	\$124.95
6,000 Mbps/6 Gigs.....	\$189.95



Simple TV

Locals (20+ channels).....	\$45.95
Expanded (70+ channels).....	\$118.95
Extreme (120+ channels).....	\$138.95



Reliable Home Phone

First line.....	\$30.00
Second line.....	Additional \$20.00

Get Elevate:

elevateinternet.com • 844-386-8744

ELEVATE FOR BUSINESS

Every business has different needs when it comes to internet. But whether you are transferring huge files to clients, ordering merchandise, or keeping your customers happy with free Wi-Fi, you need an internet connection you can depend on.

Business internet packages

150 Mbps

Built for traditional homegrown small business: gift shops, boutiques, salons, and your good ol' mom and pop shop. Connect between 2 and 15 workstations and wireless devices.

1,000 Mbps

Built for the medium-sized businesses that operate at maximum horsepower: real estate companies, billing agencies, accounting firms, and restaurants. Connect between 15 and 35 workstations and wireless devices.

2,000 Mbps

Built for large businesses in our valley that support a sizable group of employees exchanging data-manufacturers, consulting firms, and banks. Connect 35 to 50 workstations and wireless devices.

6,000 Mbps

Built for the biggest businesses in our region that support large workforces or simply transfer a large amount of data - medical offices, tech companies, and media outlets. Connect 50+ workstations and virtually unlimited wireless devices.

Bundle with phone

Standard Business Phone

This comprehensive package includes two call lines, unlimited local calling, unlimited domestic long distance, and the full suite of features you've come to expect, all for one convenient price.

Custom Business Phone

Need more lines, but not all the other features? With Elevate's custom business phone, you start with four call lines and build your package from there. Choose only the features you actually need and customize as you grow. Add-on features include voicemail, a toll free number, and much more.

Contact for Business Pricing:

970-240-6884 • business@elevatefiber.com

BYLAWS

INTRODUCTION.....

The core mission of the Delta-Montrose Electric Association (the "Cooperative") is to purchase, distribute and generate dependable electric power for consumers within the area served by the Cooperative (the "Service Area"). The activities of the Cooperative are governed by its Articles of Incorporation, these Bylaws, policies adopted by the Board and various state and federal laws and regulations. These Bylaws are available on the Cooperative's website and in hard copy at the Cooperative's Montrose office. These Bylaws are reviewed on a continuing basis and amendments will be made by the Board as necessitated by changing conditions. The effective date of any change is noted in the Bylaws.

ARTICLE I: GENERAL

Section 1.1 LAW AND ARTICLES. These Bylaws are subject to the Amended and Restated Articles of Incorporation of DeltaMontrose Electric Association, as may be amended from time to time (the "Articles") and the Law. To the extent a Bylaw conflicts with Law or the Articles, then the Law or Articles control. "Law" includes applicable local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial. As set forth in the Articles, the Cooperative is organized under Title 7, Article 55 of the Colorado Revised Statutes, and has determined to accept the benefits and to be bound by the provisions of Title 7, Article 56 of the Colorado Revised Statutes (the "Colorado Cooperative Act").

Section 1.2 FISCAL YEAR. The fiscal year of the Cooperative shall begin the first day of January of each year and end on the thirty-first day of December of the same year.

Section 1.3 SEAL. The corporate seal of the Cooperative shall have the name of the Cooperative and the words, "Corporate Seal, Colorado."

ARTICLE 2 – MEMBERSHIP

Section 2.1 QUALIFICATIONS AND OBLIGATIONS. Any person, firm, association, corporation, cooperative or body politic or subdivision thereof or any other legal entity ("Person") will become a member of this Cooperative (a "Member") upon receipt of electric service from the Cooperative, provided that the Person has first:

- completed a written membership application provided by the Cooperative ("Membership Application"), which may be electronic;
- agreed to receive, purchase, or otherwise use electric energy generated, distributed, sold, or otherwise provided by the Cooperative; and
- agreed to comply with and be bound by (1) the Articles; (2) these Bylaws; (3) the Membership Application; (4) the Cooperative's service rules and regulations; (5) the Cooperative's rate or price schedules; and (6) all rules, regulations, policies, programs, determinations, resolutions, or actions taken or approved by the Cooperative's Board of Directors (collectively, the "Governing Documents").

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

Section 2.2 JOINT MEMBERSHIP. Persons who qualify to be Members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist of two or more Persons occupying the same location to or for which the Cooperative

provides electric energy services, each of whom qualifies to be a Member. As provided by the Cooperative's Board of Directors (the "Board"), a Member may convert the Member's individual membership to a Joint Membership with a qualified Person. Qualified Persons become joint Members of the Cooperative ("Joint Members") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. Without limiting the generality of the foregoing,

the effect of a Joint Membership shall be as follows:

- the presence at a meeting of one or more Joint Members shall be regarded as the presence of one Member and waives notice of the meeting for all Joint Members;
- notice to one or more Joint Members shall constitute notice to all Joint Members;
- a waiver of notice signed by one or more Joint Members shall constitute a waiver of notice for all Joint Members;meeting may vote
- if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;
- if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature, or action;
- only one of the Joint Members may be elected or appointed to serve as an Officer or Director;
- upon the death or withdrawal of one Person who is a party to the Joint Membership, such Joint Membership shall be terminated and a new membership shall be established with the remaining Joint Members and any patronage capital will be assigned to the new Member in accordance with the policies and procedures of the Cooperative. Notwithstanding the foregoing, the withdrawn Joint Member or the estate of the deceased Joint Member shall not be released from any debts due the Cooperative until the account is brought current and such Joint Membership is terminated by the Cooperative;
- except as set forth in subsection (g) above, the suspension or termination of a Joint Member constitutes the suspension termination

Section 2.3 MEMBERSHIP FEE. No membership fee or capital subscription shall be charged or collected to become a Member of the Cooperative.

Section 2.4 EVIDENCE OF MEMBERSHIP. The Cooperative shall maintain a written or electronic record of current Members in a form permitting the Cooperative to (a) list in alphabetical order the names and addresses of all Members, and (b) indicate whether or not the Member is entitled to vote (“**Membership List**”). Except as otherwise provided by these Bylaws or by the Colorado Cooperative Act, a Person may not inspect, copy, or receive a copy of all or part of the Membership List or a similar list of Members. The Cooperative will not issue membership certificates.

Section 2.5 PURCHASE OF ELECTRIC SERVICE. Each Member shall, as soon as electric service is available, purchase from the Cooperative such electric service in accordance with the Governing Documents and applicable Law. Members shall pay for costs of such electric service at rates set by the Board and follow applicable electric service regulations or line extension policies. Production or use of electric service on a Member’s premises, regardless of the source thereof, by means of facilities interconnected with the Cooperative’s facilities shall be subject to the Governing Documents. Amounts paid for electric service in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished. Each Member shall pay to the Cooperative a minimum amount as established by the Board, regardless of the amount of electrical service consumed. Each Member shall pay all amounts owed to the Cooperative as and when the same become due and payable.

Section 2.6 TRANSFER OF MEMBERSHIP. A Member is prohibited from transferring its membership in the Cooperative.

Section 2.7 SUSPENSION OF MEMBERSHIP.

- (a) The Cooperative may suspend a Member for the following reasons (“Suspension Reasons”):
 - (i) As provided in the Governing Documents;
 - (ii) As determined by the Board for good cause;
 - (iii) The Member is no longer qualified to be a Member;
 - (iv) The Member does not timely pay an undisputed amount due the Cooperative; or
 - (v) The member violates or does not timely comply with the Governing Documents.
- (b) A Member is suspended upon the Cooperative: (i) providing the Member written notice of the Member’s possible suspension and the applicable Suspension Reason at least fifteen (15) days before the possible suspension; (ii) notifying the Member that the Member has a right to, and allowing the Member an opportunity to, comment upon the Suspension Reason orally or in writing for up to five (5) days after the Cooperative provides the notice; and (iii) determining to suspend the Member.
- (c) Upon a Member’s suspension: (i) other than the Cooperative’s obligation to retire and pay Capital Credits, and other than the Cooperative’s obligations regarding dissolution, the Cooperative’s duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease Providing a Cooperative Service to the Member; and (ii) other than the Member’s right to receive retired and paid Capital Credits, and other than the Member’s rights upon the Cooperative’s dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.
- (d) Unless the Cooperative determines otherwise, a Member’s suspension is lifted upon the Member rectifying the applicable Suspension Reason. The Cooperative may lift a Member suspension for good cause determined by the Board.

Section 2.8 TERMINATION OF MEMBERSHIP.

- (a) A Member may withdraw from membership in compliance with the Governing Documents.
- (b) The Board may, by the affirmative vote of not less than two-thirds of the Directors, expel any Member who fails to comply with any of the provisions of the Governing Documents, but only if such Member is given written notice by the Cooperative that such failure makes the Member liable to expulsion and such failure continues for at least ten (10) days after such notice was given. Any expelled Member may be reinstated by majority vote of the Board.
- (c) Upon the withdrawal, death, cessation of corporate existence or expulsion, the membership of such Member shall terminate. Termination of membership shall not release a Member or the Member’s estate from any debts or obligations due to the Cooperative.

ARTICLE 3 – MEETINGS OF MEMBERS

Section 3.1 ANNUAL MEMBER MEETINGS. The Cooperative shall annually hold a meeting of Members (“**Annual Member Meeting**”). The Annual Member Meetings shall be held at a place within the Service Area and at a date and time designated by the Board. The primary purposes of the Annual Member Meeting are the election of directors and such other business as the Board may designate. At the Annual Member Meeting: (1) the President may provide or have provided a written or oral report regarding the activities of the Cooperative; and (2) the Treasurer may provide or have provided a written or oral report regarding the financial condition of the Cooperative and any subsidiary of the Cooperative.

Section 3.2 SPECIAL MEETINGS. Special meetings of Members (“**Special Member Meetings**”) may be called by (1) resolution of the Board or (2) by the Secretary upon written request describing the specific purpose of such meeting signed by at least ten percent (10%) of all Members (a “**Member Petition**”). The Board or the Secretary shall determine the date, time and location (any place within the Service Area) of a Special Member Meeting. Upon a Member Petition, the Secretary shall hold such requested Special Member Meeting within sixty days of receipt of such petition. Costs for Special Member Meetings, convened in accordance with the foregoing, shall be borne by the Cooperative. Special Member Meetings and Annual Member Meetings are collectively referred to in these Bylaws as “**Member Meetings.**”

Section 3.3 NOTICE OF MEMBERS’ MEETINGS. As directed by the President, Secretary, or any other Officer or Member properly calling the Member Meeting, the Cooperative shall deliver written notice of a Member Meeting personally or by mail, either with or without other documents, to all Members. This notice will indicate the date, time, and location of the meeting and must be delivered at least ten (10) days, but no more than forty-five (45) days, before the meeting. For a Special Member Meeting, this notice must state the purpose of the meeting. Additionally, the date of each Annual Member Meeting shall be posted on the Cooperative’s web site and otherwise publicized no less than six (6) months before the date of the Annual Member Meeting. The ballot mailing deadline shall be

posted on the Cooperative's web site at least three (3) months before the deadline and shall remain posted until after the election. A mailed notice of a Member Meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the Member's address on the records of the Cooperative. The failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

Section 3.4 FIXING OF RECORD DATE. For purpose of determining members entitled to notice of or to vote at any Member Meeting, or in order to make a determination of Members for any other purpose, the Board may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than seventy (70) days, and, in case of a Member Meeting, not less than ten (10) days, prior to the date on which the particular action requiring such determination of Members is to be taken. If no record date is fixed for the determination of Members entitled to notice of or to vote at a Member Meeting, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. Any such record date shall apply to an adjournment of the Member Meeting, unless the Board fixes a new record date, which it shall do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original Member Meeting. The record date for determining Members entitled to demand a Special Member Meeting shall be the date of the earliest of any submitted Membership Petition for which the meeting is called. After fixing the record date, the Cooperative will prepare a Membership List for such Member Meeting.

Section 3.5 QUORUM. At all Member Meetings, a quorum of Members is fifty (50) Members entitled to vote on a matter, voting in person or by Mail Ballot ("Member Quorum"). Further, Members voting by Mail Ballot shall be counted toward the Member Quorum with respect to the matter voted upon in the Mail Ballot. If less than the Member Quorum is present at a Member Meeting, a majority of those Members present may adjourn the meeting from time to time without further notice. The registration records will constitute proof of a Member Quorum.

Section 3.6 ORDER OF BUSINESS. The Order of Business for all meetings of Members shall be determined by the President of the Board of Directors. All Member Meetings are open to the Members, consumers and news media.

Section 3.7 VOTING. Each eligible Member shall be entitled to one (1) vote upon each matter submitted to a vote at a Member Meeting. At all Member Meetings at which there is Member Quorum, all questions shall be decided by a vote of a majority of the Members voting thereon, except as otherwise provided by Law, the Articles and these Bylaws. Voting by proxy or by cumulative voting is prohibited.

Section 3.8 MAIL BALLOT. A Member may vote or act by mail on any matter in conjunction with a Member Meeting by the Cooperative delivering or providing access to a written mail ballot ("Mail Ballot") to each Member entitled to vote on the matter. A Member submitting a completed Mail Ballot may not vote at the Member Meeting regarding a matter described in the Mail Ballot. The Cooperative will count as a Member's vote a properly completed Mail Ballot received on, or before, the time and date stated in the Mail Ballot. Except as may otherwise provided by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member's failure to receive a Mail Ballot does not affect a vote or action taken by Mail Ballot.

ARTICLE 4 – DIRECTORS.....

Section 4.1 GENERAL POWERS. The business and affairs of the Cooperative shall be managed by the Board which shall:

- (a) exercise all the powers of the Cooperative except such as are by Law, the Articles or these Bylaws conferred upon or reserved to the Members.
- (b) appoint a Chief Executive Officer who will reside within the Service Area. The Chief Executive Officer shall be the principal administrative officer of the Cooperative and shall be accountable to the Board for the operations of the Cooperative. The Chief Executive Officer shall perform such duties as the Board may from time to time require and shall have such authority as the Board from time to time vests in such Chief Executive Officer.
- (c) make diligent effort to see that electric service is extended to Persons within the Service Area who desire such service and meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 4.2 POLICIES, RULES AND REGULATIONS. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with Law, the Articles, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4.3 QUALIFICATIONS. To become and remain a member of the Board (a "Director"), a person must comply with the following qualifications (the "Director Qualifications"):

- (a) be an individual at least 21 years of age;
- (b) be a Member of the Cooperative in his or her individual capacity and not as an authorized representative of a Member and meet the residency requirements in the current policy set by the Board as of the deadline date for submitting a petition as a candidate and maintain residency during the term of office;
- (c) may not have been an employee of the Cooperative for a period of three years immediately before becoming a Director;
- (d) if such person is a former employee of the Cooperative, must be eligible for re-hire under the Cooperative's standard employment policies;
- (e) while serving as a Director may not be employed by the Cooperative in any position and may not be employed by the Cooperative, or an entity controlled by the Cooperative or in which the Cooperative owns a majority interest ("Cooperative Subsidiary"), for a period of three years after leaving the Board;
- (f) while serving on the Board may not be a relative of an employee of the Cooperative or Cooperative Subsidiary (for purposes of this section, "relative" is defined as a spouse, sibling, parent, child or the spouse of a sibling, parent or child);
- (g) while a Director, and during the five (5) years immediately before becoming a Director, not be convicted of, or plead guilty or no contest to, a felony or to any crime involving fraud or dishonesty, computer misuse, gambling, immorality, weapons, financial matters of any kind;
- (h) while a Director, and during the three (3) years immediately before becoming a Director, not have filed a petition for

- bankruptcy or commenced proceedings relating to bankruptcy or had commenced against him or her proceedings relating to foreclosure;
- (j) while serving on the Board may not be a party to any contract for profit with the Cooperative differing in any way from the business relations accorded all Members of the Cooperative; and
- (j) must comply with Cooperative's Conflict of Interest Policy.

Appointment of a Director to serve as a representative of the Cooperative on the boards of the Colorado Rural Electric Association ("CREA"), Tri-State Generation and Transmission Association ("Tri-State"), CoBank or other such entity shall not disqualify a Person from serving on the Board.

Section 4.4 NUMBER OF DIRECTORS. Within the limits specified in the Articles, the number of Directors shall be determined from time to time by resolution of the Board of Directors.

Section 4.5 DISTRICTS, NOMINATIONS AND ELECTIONS.

- (a) Districting. The Cooperative shall be divided into two (2) regions, and such regions are defined as (i) the territory within the Service Area north of the Delta/Montrose County line ("North Region") and the territory within the Service Area south of the Delta/Montrose County line ("South Region") (the North Region and South Region are collectively referred to as the "Director Regions"). Additionally, based upon geographic consideration determined by the Board, the Cooperative shall divide the Service Area into a reasonable number of districts that equitably represent the Members ("Director Districts"). The Cooperative shall be governed by one Director elected from each of the Director Regions and Director Districts. A description of the current Director Districts and Director Regions by map shall be available for inspection at the Cooperative's headquarters. The Director Regions shall remain unchanged. As necessary based upon geographic, population, membership, subdivision, economic development, permanent or full residency, seasonal or partial residency, or other equitable considerations determined by the Board, the Board, by resolution, may revise the Director Districts to ensure that the Director Districts equitably represent the Members. Within thirty (30) days following a Director District revision, and at least thirty (30) days before the next Annual Member Meeting, the Cooperative must notify, in writing, Members affected by the Director District revision. A Director District revision may not: (1) increase an existing Director's Director Term; or (2) unless the affected Director consents in writing, shorten an existing Director's Director Term.
- (b) Term. Each Director shall serve a staggered term of three (3) years ("Director Term"), with not more than one-third of the terms of the total Directors expiring each year and with not more than one term of the Directors representing the North or South Region expiring in the same year.
- (c) Candidate Notices. Information on Director Qualifications, the procedure for becoming a candidate and the schedule for elections shall be posted on the Cooperative's web site and shall be communicated to each Member in writing by depositing in the mail no later than sixty (60) days before petitions to become a candidate are due.
- (d) Petitions for Candidacy. Elections for open positions of the Board are held at the Annual Member Meeting. An individual may become a candidate for election to a Director District or Director Region by meeting the Director Qualifications, and by meeting the following requirements (the "Candidate Requirements"):

 - i. The candidate must be a Member of the Cooperative and must reside within the applicable Director District or Director Region for a period of at least 45 days before the date of the Annual Member Meeting; and
 - ii. Must submit to the Cooperative a written petition of candidacy signed by at least fifteen (15) Members not less than forty-five (45) days and not more than seventy-five (75) days prior to the date of the Annual Member Meeting. Such petition for candidacy shall designate the name of the nominee Member, the term for which nominated and the Director District or Region to be served. The Cooperative shall verify that each candidate is in compliance with the Candidate Requirements. A candidate may not run for both a Director District and Region during the same election.

- (e) Candidate Access to Membership List. Once the Secretary has verified all candidates for an upcoming election, all
- (f) Election Process. Each Member of the Cooperative shall be entitled to vote in the election of Directors, either by ballot at the Annual Member Meeting or by Mail Ballot (collectively, the "Ballots"), but not both, except that election by voice vote by and from the Members at the Annual Member Meeting may be allowed to elect a Director in any Director District or Region if only one candidate has been nominated for election in that particular Director District or Region. The Ballots shall identify the candidates and the applicable Director District or Region. The order of names on the Ballots shall be determined randomly in a manner that does not automatically assign the top line to the incumbent. Members shall be entitled to vote for candidates in all Districts and Regions. A Mail Ballot shall be voted by the Member, placed in a special envelope provided for the purpose so as to conceal the marking on the ballot, deposited in a return envelope which must be signed by the voting Member, and mailed back to the Cooperative. The Board may by appropriate resolution designate an impartial organization to hold the Mail Ballots until the Annual Member Meeting. In the alternative, the Mail Ballots shall be collected and stored in a manner that protects the privacy of their content.

Section 4.6 COMPENSATION. The Cooperative may provide reasonable compensation for time actually spent by its Directors in service to the Cooperative. Directors may be reimbursed for expenses actually and necessarily incurred in carrying out the business of the Cooperative, or may be granted a reasonable per diem allowance in lieu of maintaining a detailed accounting for such expenses. The Board shall determine the manner, method, and amount of such reasonable compensation, reimbursement, insurance or other benefits.

Section 4.7 COMMITTEES. The Board by resolution adopted by a majority of the Directors may designate and appoint one or more committees, each of which shall consist of two or more Directors (each a "Committee"). Committees shall have the power to act for the Board only to the extent authorized by appropriate resolution.

Section 4.8 REMOVAL OF DIRECTORS.

(1) Recall by Members.

- (a) The Members may remove Directors only for cause. The term "cause" means a criminal act involving a breach of moral turpitude, breach of a fiduciary duty, misfeasance, misfeasance or nonfeasance that adversely affects the Cooperative's interests, or that the Director engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion with respect

to the Cooperative. "Cause" does not mean conflict, disagreement, decisions of a discretionary nature or good faith acts of a Director exercised in his or her best business judgment.

- (b) Removal of a Director by a vote of the Members shall be initiated by written petition submitted to the Board and signed by at least ten percent (10%) of the Members stating the alleged causes or reasons for removal ("Removal Petition"). No single petition shall seek removal of more than one Director. Within thirty-five (35) days after receipt of the Removal Petition, the Board shall hold a Board Meeting to determine if cause has been stated. The Director named in the Removal Petition shall be informed in writing by the Board of such Board Meeting and shall have the opportunity, in person and by counsel, to be heard and to present evidence before the Board votes to determine if cause has been stated. A designated representative of the Members seeking removal shall have the same opportunity to be heard and to present evidence to the Board at such Board Meeting. In determining if cause has been stated, the Board will only consider whether the Removal Petition states a prima facie case of cause and the ruling by the Board will not be determinative of whether sufficient cause exists. Sufficiency of cause for removal is a matter to be determined by the Members.
 - (c) If the Board determines cause does not exist, the Removal Petition will be dismissed. If a majority of the Directors (not including any Directors subject to a Removal Petition) determines that cause has been stated, then the Board shall schedule the removal vote at a Regular or Special Member Meeting to occur within ninety (90) days of the Removal Petition.
 - (d) At such Regular or Special Member Meeting, the Director may be removed upon an affirmative vote of a majority of the Members present and voting in person or by Mail Ballot in accordance with these Bylaws. If the vote is in favor of recall, the Director shall be immediately removed from the Board and a vacancy shall be declared.
- (2) **Removal by Board.** A Director may be removed by action of the Board for failure to maintain the Director Qualifications by majority vote of the Board (not including a Director up for removal) at a Board Meeting. The affected Director shall be given an opportunity to be heard at either the open or executive session of a Board Meeting as determined by the Board. If the reasons for removal are based on failure to meet the Director Qualifications, the Director may be removed and a vacancy shall be declared. If the reasons given for removal are for cause as defined in Section 4.8(1)(a) above, the Board may certify the question of removal to a special vote of the Members as provided in subsection 4.8(1) above and no Removal Petition shall be required.

Section 4.9 RESIGNATION OF DIRECTORS. A Director may resign at any time. To resign, a Director must sign and deliver a written notice of resignation to the Board, President, or Secretary. Except as a later date is otherwise provided in a written notice of resignation, a Director's resignation is effective when the Board, President, or Secretary receives the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

Section 4.10 VACANCIES. Vacancies occurring in the Board shall be filled by a majority vote of the remaining Directors, and Directors thus elected shall serve the remainder of such unexpired term. Vacancies in the Board created by an increase in the number of Directors shall be filled in a like manner but shall serve only until the next Annual Member Meeting. Vacancies shall be filled within four (4) months of the date of the vacancy.

Section 4.11 TERM LIMITS. As set forth in the Articles, no Director shall serve more than four consecutive three-year terms on the Board. Any person appointed or elected to fill a vacancy on the Board and who serves at least one-half of a three-year term of office shall be considered to have served a full term in that position for purposes of this section 4.11. Terms are considered consecutive unless they are at least two years apart.

ARTICLE 5 – MEETINGS OF DIRECTORS

Section 5.1 REGULAR MEETINGS. A regular meeting of the Board ("**Regular Board Meeting**") shall be held on or before twentyone (21) days following the Annual Member Meeting for the purpose of electing officers and other delegates on behalf of the board and for the transaction of such other business as may properly come before the Board. Regular Board Meetings shall also be held monthly at such time and place within the Service Area as designated by the Board.

Section 5.2 SPECIAL MEETINGS. Special meetings of the Board ("**Special Board Meetings**") may be called by the President or any three Directors. The person(s) calling the Special Board Meeting shall fix the time and place for the holding of such Special Board Meeting. The person(s) calling a Special Board Meeting will provide at least two (2) days' notice of the date, time, place, and purpose of any such Special Board Meeting. Directors may waive such notice as set forth in the Law. Special Board Meetings and Regular Board Meetings are collectively referred to as "**Board Meetings**" in these Bylaws.

Section 5.3 COMMITTEE MEETINGS. Regular meetings of any Committee may be held without notice at such times and places (within the Service Area) as the Committee may fix from time to time ("**Committee Meetings**").

Section 5.4 QUORUM AND VOTING. A majority of the Directors of the Board shall constitute a quorum for the transaction of business at any Board Meeting ("**Board Quorum**"). If Board Quorum is not present at a Board Meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice to permit the Secretary to notify any absent Directors of the time and place of the adjourned meeting. The act of a majority of the Board Quorum shall be the act of the Board, except as otherwise provided under the Law or in these Bylaws. A Director may not vote by proxy. A Director may participate in any Board Meeting by any means of communication by which all Directors participating may hear each other and communicate simultaneously; provided, however, electronic attendance shall not exceed four Regular Board Meetings during any calendar year unless additional electronic attendance is approved by the Board.

Section 5.5 PUBLIC MEETINGS.

- (a) All Board Meetings of the Cooperative are declared to be open meetings and open to the Members, consumers and news media at all times. At any Board Meeting, the Board may, by a two-thirds affirmative vote of the Directors present, go into executive session for consideration of documents or testimony given in confidence. The Board shall not make any final policy decisions or adopt or approve any resolution, rule, regulation or formal action, any contract or any action calling for the payment of money at any executive session which is closed to the Members, consumers, or news media. Prior to the time the Board convenes an executive session, the Board shall announce the general topic of such executive session.
- (b) At every Board Meeting, Members of the Cooperative shall be given an opportunity to address the Directors on any matter

concerning the policies and business of the Cooperative. The Board, by resolution or policy, may place reasonable, viewpoint neutral restrictions on the amount and duration of such public comment.

- (c) Written minutes shall be made of all Board Meetings. The minutes shall be posted on the web site of the Cooperative as soon as they have been approved and shall remain posted until at least six months after the date of the Board Meeting. Upon request by a Director, that Director's vote on any issue shall be noted in the minutes.

Section 5.6 NOTICE OF MEETING – AGENDA. The date, time, location and agenda of every Board Meeting shall be posted on the Cooperative's web site and shall be posted in every service office maintained by the Cooperative no less than ten (10) days before the Regular Board Meetings and as soon as the meeting is scheduled in the case of Special Board Meetings. Copies of the agendas shall be available at each service office for Members and consumers. If a Board Meeting is postponed or cancelled, notice of the postponement or cancellation shall immediately be posted on the web site.

ARTICLE 6 - OFFICERS OF THE BOARD AND COOPERATIVE

Section 6.1 NUMBER. The officers of the Board ("**Officers**") shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. One individual may simultaneously hold more than one office, but the offices of President and Secretary may not be held concurrently.

Section 6.2 ELECTION AND TERM OF OFFICE. The Board shall elect both Officers and representatives to each of the board of directors of any other cooperatives that the Cooperative has been allotted such representation (1) at the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; (2) by an affirmative vote of a majority of Directors; and (3) by written ballot after nomination. The elections for the Officers and the representatives of the CREA Board of Directors, the Western United Electric Board of Directors and the Tri-State Board of Directors shall be by secret ballot. All candidates for an office shall be nominated from the floor by voice nomination and a Director may nominate himself or herself. No second is required in the nomination of a candidate. Only candidates who have been so nominated shall be eligible to run for the office. If there are only two candidates nominated for the office, then the candidate who receives the highest number of votes cast shall be elected to the office. If there are more than two candidates for the office, then, after the initial ballot count, a run-off election shall be held by written ballot between the two candidates receiving the highest number of votes. When nominations for one office have been completed, votes shall be cast for that office and the results announced before the chair calls for nominations for the next office. Each Officer shall take office immediately upon being elected and shall hold that office until his or her successor has been duly elected. The highest Officer present from the previous election shall chair the organizational meeting until the office of President is elected.

Section 6.3 PRESIDENT. Except as otherwise provided by the Board or these Bylaws, the President:

- (a) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (b) on the Cooperative's behalf, may sign a document properly authorized or approved by the Board or Members; and
- (c) shall appoint Directors to the various Committees; and
- (d) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.4 VICE-PRESIDENT. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties, and have the powers, of the President. The Vice President shall also perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.5 SECRETARY. Except as otherwise provided by the Board or these Bylaws, the Secretary shall be responsible for:

- (a) preparing, or supervising the preparation of, minutes of Board and Member Meetings;
- (b) maintaining and authenticating the Cooperative's records;
- (c) ensuring that all notices are duly given in accordance with these Bylaws or as required by Law; and
- (d) in general, performing all other duties, having all other responsibilities and exercising all other authority, prescribed by the Board.

Section 6.6 TREASURER. Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

Section 6.7 BONDS OF OFFICERS. At the Cooperative's expense, the Cooperative may purchase a bond covering any Officer and shall purchase a bond covering any Officer or employee of the Cooperative that is charged with responsibility for the custody of any of its funds or property.

Section 6.8 OFFICER RESIGNATION AND REMOVAL. At any time, an Officer may resign by delivering to the Board an oral or written resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received. If an Officer resignation states a future effective date, and if, as appropriate, the Board accepts the future effective date, then, as appropriate, the Board may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date. At any time, the Board may remove an Officer for any reason.

Section 6.9 VACANCIES. The Board shall fill a vacancy in any office of the Board for the unexpired portion of such term in the same manner as described in Section 6.2 of these Bylaws.

Section 6.10 CHIEF EXECUTIVE OFFICER OF THE COOPERATIVE. The chief executive officer ("**CEO**") shall be selected by and serve at the pleasure of the Board and shall continue to serve the Cooperative until a successor is selected and qualified unless the CEO shall retire, resign, die, become disqualified or be dismissed by the Board. The Board shall approve the compensation of the CEO. The CEO, subject to the Governing Documents and to the direction and control of the Board, shall be responsible for the general management of the Cooperative. The CEO is authorized to employ, prescribe the duties of, set the compensation of and suspend or dismiss, at the CEO's discretion, other officers and employees of the Cooperative in accordance with the resolutions or policies of the Board.

ARTICLE 7 – CAPITAL STOCK

Section 7.1 VOTING COMMON STOCK. The Cooperative shall not issue voting common stock. The property rights and interests of each Member shall be determined by the Member's tariff rate class in accordance the Capital Credit Policy (defined below). No Member shall have a direct interest in or claim upon the property of the Cooperative.

Section 7.2 NON-VOTING PREFERRED STOCK. To the extent authorized by the Articles, the Cooperative may issue non-voting preferred stock in one or more series as may be established by the Board ("**Preferred Stock**") to any Person, whether or not such Person is qualified to be a Member. Prior to the issuance of any series of Preferred Stock (each, a "**Series**"), the Board shall establish either in the resolution authorizing such Series or by amendment to these Bylaws, the number of authorized shares and the terms of such Series including, without limitation, (a) entitlement to dividends, if any, (b) preferences, if any, with respect to dividends or other distributions, (c) redemption terms and conditions, (d) restrictions on transfer, and (e) any other terms, conditions or restrictions permitted by Law, the Articles and these Bylaws. Under no circumstances will any Series of Preferred Stock be entitled to voting rights.

Section 7.3 DIVIDENDS ON NON-VOTING PREFERRED STOCK. Dividends payable on shares of non-voting preferred stock of the Cooperative may be declared by the Board at any Regular or Special Meeting of the Board, not to exceed an amount that would cause the Cooperative to fail to be consistent with operating on a cooperative basis under federal tax law including Section 501(c)(12) of the Internal Revenue Code.

ARTICLE 8 – NONPROFIT OPERATION

Section 8.1 NONPROFIT AND COOPERATIVE OPERATION. The Cooperative shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members.

Section 8.2 PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC SERVICE. A "**Patron**" is defined as a member or non-member receiving electric service from the Cooperative. In the furnishing of electric service, the Cooperative's operation shall be so conducted that all Patrons will through their patronage furnish capital for the Cooperative.

- (a) Capital Credit Allocation. All amounts in excess of operating costs and expenses are received from the Patrons as patronage capital. The Cooperative is obligated to allocate by credits to a capital account for each Patron all amounts received in excess of operating costs and expenses (a "Capital Credit"). The books and records of the Cooperative shall be kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each Patron is clearly reflected and credited in an appropriate record to the capital account of each Patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Patron of the amount of its Capital Credit. Consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board will determine the manner, method, and timing of allocating Capital Credits in a written policy of Board (the "Capital Credit Policy"). All amounts received by the Cooperative from its operations in excess of costs and expenses insofar as permitted by law shall be: (i) used to offset any losses incurred during the current or any prior fiscal year and (ii) to the extent not needed for that purpose, allocated to its Patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the account of Patrons. Each Patron's Capital Credits shall be assignable only on the books of the Cooperative pursuant to written instructions from the Patron unless the Board, acting under policies of general application, shall determine otherwise. The Board has the authority to pay Capital Credits at a discounted rate under terms set by the Board.
- (b) Retirement of Capital Credits. If at any time prior to dissolution or liquidation of the Cooperative the Board determines that the financial condition of the Cooperative will not be impaired, the Board may retire and pay full or in part any Capital Credits in accordance with the Capital Credit Policy. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. Notwithstanding any other provision of these Bylaws, the Board shall have the power upon the death of any natural Patron, to retire such Patron's Capital Credits upon such terms and conditions as the Board acting under policies of general application, and in accordance with the Capital Credit Policy; provided, that the financial condition of the Cooperative will not be impaired.
- (c) Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any interest at the Colorado legal rate and any late payment fees, by reducing the amount of retired Capital Credits allocated to the Patron or former Patron by the amount owed to the Cooperative.
- (d) Security Interest in Capital Credits. By becoming Members of the Cooperative, all Members are deemed to have granted a first lien on all Capital Credits, capital investments, patronage funds and other property or funds of the Member held by the Cooperative to secure the payment of all indebtedness of the Member to the Cooperative. This first lien is deemed to be perfected by possession of the collateral by the Cooperative under the Uniform Commercial Code, or, at the election of the Cooperative notice of the lien may be made through the filing of a financing statement with the office of the Secretary of State. The Articles, these Bylaws, and the Governing Documents shall constitute a security agreement under the Uniform Commercial Code. The amount of any lien may, at the sole option of the Cooperative, be setoff at any time against any funds to be paid to a Member.

Section 8.3 UNCLAIMED FEES AND CREDITS. Within a reasonable time after the Board declares a retirement of Capital Credits, or the Cooperative otherwise determines that a Patron is entitled to Capital Credits held for the Patron by the Cooperative the Cooperative shall mail to each such Patron, at the last address shown on the books of the Cooperative, the Patron's share of the Capital Credits. If a Capital Credit remains unclaimed more than three (3) years following such mailing (referred to in this Section as "**Unclaimed Capital Credits**"), then thirty-five days following Notice to the Patron of the Unclaimed Capital Credits the Cooperative may recover and use the Unclaimed Capital Credits for educational, charitable, alternative or renewable energy purposes, or for any other activities approved by the Board in the Cooperative's donations & contributions policy (collectively, the "**Charitable Fund**"). For purposes of this Section 8.3, the term "Notice" means publishing a list of the Patrons with Unclaimed Capital Credits one time in a newspaper of general circulation in Montrose and Delta Counties and by posting the names of such Patrons on the Cooperative's web page for a period of time to be established by the Board. If the Patron does not claim such Capital Credits within such thirty-five day notice period, all rights of the Patron to the Unclaimed Capital Credits shall be extinguished and forever barred. A Patron may donate to the Charitable Fund his or her Capital Credits and in such event no Notice need be provided and such donated accounts will be transferred immediately upon retirement of the Capital Credit.

Section 8.4 PATRON AGREEMENT. Each Patron and former Patron agrees that:

- (a) Subject to section 8.5 of these Bylaws, the terms and provisions of the Articles and these Bylaws shall constitute and be a contract between the Cooperative and each Patron, and both the Cooperative and the Patron are bound by such contract,

- as fully as though each Patron had individually signed a separate instrument containing such terms and provisions;
- (b) Capital Credits are not securities under state or federal Law;
- (c) The Patron's right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the cooperative retiring the Capital Credits; and
- (d) As required by Law, each Patron will report and pay the appropriate entity any tax or similar amount on allocated or retired Capital Credits.

Section 8.5 NON-MEMBER PATRONS. As a condition of using any services or products of the Cooperative, and except as otherwise provided by the Board: (1) to the same extent as a Member, a Patron who is not a Member ("**Non-Member Patron**") must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members; and (2) a Non-Member Patron has none of the rights granted by the Governing Documents to Members, other than the rights to be allocated Capital Credits and be paid retired Capital Credits.

ARTICLE 9 – PROPERTY

Section 9.1 DISPOSITION OF PROPERTY. The Cooperative may not sell, lease or otherwise dispose of all or substantially all of its property not in the usual and regular course of its business unless such sale, lease, or other disposition is (a) recommended to the Members by a two thirds majority vote of the Directors, and (b) authorized at a Member Meeting by the affirmative vote of not less than two-thirds of all the Members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the Member Meeting; provided, however, the Board, without authorization by the Members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

Section 9.2 DISTRIBUTION UPON DISSOLUTION. Upon dissolution, after all debts and liabilities of the Cooperative are paid, and all capital furnished through patronage are retired, the remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bear to the total patronage of all Members during the ten years next preceding the date of the filing of the certificate of dissolution.

ARTICLE 10 – MEMBERSHIP IN OTHER ORGANIZATIONS.....

If determined by the Board to be in the best interests of the Cooperative and its Members, the Cooperative may form one or more wholly-owned profit or nonprofit subsidiary business organizations, or may participate with third parties in the ownership of 13 I P a g e 2816022.5 independent profit or nonprofit business organizations, in order to provide services or products to its Members and other Persons. The services or products may be in fields other than that of providing electric facilities or electric power.

ARTICLE 11 – INDEMNIFICATION

Section 11.1 INDEMNIFICATION OF INDIVIDUALS. The Cooperative shall, to the full extent permitted by Law, indemnify each of its Directors, Officers (whether a current or former Director or Officer) and employees (each an "Indemnification Individual") against all expenses actually and necessarily incurred by an Indemnification Individual, including, but not limited to, judgments, costs and counsel fees, in connection with the defense of any litigation, including any civil, criminal, or administrative action, suit, investigation or proceeding, to which such Indemnification Individual may have been made a party because the Indemnification Individual is or was a Director, Officer or employee of the Cooperative and was acting in the normal course of his or her assigned duties. Any indemnification under this article shall be made by the Cooperative only as authorized in each specific case upon a determination that indemnification of such individual is proper in the circumstances. Such determination shall be made (a) by a majority vote of Board Quorum excluding any Directors who are also parties to such action, suit, investigation or proceeding; or (b) if such Board Quorum is not obtainable, or even if obtainable, should such disinterested Directors so determine, by independent legal counsel in a written opinion.

Section 11.2 ADVANCE FOR EXPENSES. Expenses incurred in defending a civil or criminal action, suit, investigation or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, investigation or proceeding as authorized by the Board if (a) the Indemnification Individual provides the Cooperative a written: (i) affirmation of the Indemnification Individual's good faith belief that the Indemnification Individual has met the standards of conduct set forth in C.R.S. 7-109-102; and (ii) undertaking of the Indemnification Individual to repay the advance if it is ultimately determined that the Indemnification Individual did not meet such standards in sub clause (i); and (b) a majority of the Board (excluding any Directors currently a party to any such indemnification proceeding) determines that the facts then known to them would not preclude indemnification for the Indemnification Individual under this Bylaw.

Section 11.3 INSURANCE. The Cooperative may purchase and maintain insurance on behalf of any individual who is or was a Director, Officer, employee or other agent of the Cooperative against any liability, including judgment, settlement or otherwise, or reasonable expenses, including reasonable attorney fees, asserted against or incurred by the Cooperative or the individual in his or her individual capacity, or arising from the individual's status with the Cooperative, whether or not the Cooperative would have the power to indemnify against such liability under these Bylaws, or otherwise.

ARTICLE 12 – CHANGES TO BYLAWS

These Bylaws may be repealed, modified or amended by the affirmative vote of a majority of the total number of Directors at any Regular or Special Board Meeting. Prior to adoption of changes to the Bylaws, the Cooperative shall provide notice of the Board Meeting in accordance with the provision of these Bylaws and such notice shall contain a copy or summary of the proposed amendments to the Bylaws.



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