

BY-LAWS & CHARTER

AMENDMENTS THROUGH AUGUST 15, 2023



DELAWARE ELECTRIC CO-OP®

"We Keep the Lights On"



DELAWARE ELECTRIC CO-OP

"We Keep the Lights On"

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Rob Book

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BY-LAWS

TABLE OF CONTENTS

<u>Article</u>	<u>Section</u>	<u>Subject</u>	<u>Page</u>
I		MEMBERS	
	1	Qualifications and Obligations	1
	2	Membership Fees	1
	3	Purchase of Service(s).	1-2
	4	Payment of Obligations	2
	5	Non-liability for Debts of the Cooperative	2
	6	Expulsion of Members	2
	7	Withdrawal of Membership.	2
	8	Transfer and Termination of Membership	2-3
	9	Removal of Directors and Officers .	3
II		MEETINGS	
	1	Annual Meeting.	3-4
	2	Special Meeting	4
	3	Notice of Members' Meetings	4
	4	Quorum.	4
	5	Voting.	4-5
	6	Order of Business	5
	7	Record Date and Voting List of Members	5-6
	8	Annual Meeting Registration	6
III		DIRECTORS	
	1	Number, Powers and Qualifications	6-7
	2	Districts and Tenure	7-8
	3	Nomination and Election of Directors	8-9
	4	Forfeiture of Office	9-10
	5	Vacancies	10
	6	Compensation.	10

<u>Article</u>	<u>Section</u>	<u>Subject</u>	<u>Page</u>
	7	Rules and Regulations	10
	8	Accounting System and Reports . . .	10
	9	Change in Rates	10
IV		MEETINGS OF DIRECTORS	
	1	Regular Meetings.	11
	2	Special Meetings	11
	3	Notice.	11
	4	Quorum.	11
	5	Manner of Acting	11
V		OFFICERS	
	1	Number	11
	2	Election and Term of Office.	11-12
	3	Removal.	12
	4	Vacancies	12
	5	Chair	12
	6	Vice-Chair	12
	7	Secretary.	12-13
	8	Treasurer	13
	9	President & CEO	13
	10	Bonds of Officers	13
	11	Compensation.	14
	12	Reports.	14
VI		CONTRACTS, CHECKS AND DEPOSITS	
	1	Contracts	14
	2	Checks, Drafts, etc.	14
	3	Deposits.	14

<u>Article</u>	<u>Section</u>	<u>Subject</u>	<u>Page</u>
VII		NON-PROFIT OPERATION	
	1	Interest or Dividends on Capital Prohibited	14
	2	Patronage Capital in Connection with Furnishing Electric Distribution Service and/or Electric Supply Service	14-16
	3	Patronage Refunds in Connection with Furnishing Other Services	16
VIII		REGULATION ELECTIONS	
	1	Applicability	17
	2	Initiation of Proceedings	17
	3	Meeting to Conduct Election.	17
	4	Notice of Meeting; Informational Materials	17-18
	5	Member Forums	18
	6	Voting.	18-19
	7	Results of Election; Vote Necessary to Carry Action; Notice to Commission	19
	8	Frequency of Elections	19
IX		WAIVER OF NOTICE	19
X		DISPOSITION OF PROPERTY	19-20
XI		FISCAL YEAR	20
XII		MEMBERSHIP IN OTHER ORGANIZATIONS.	20
XIII		SEAL	20
XIV		AMENDMENTS	21

CHARTER

CERTIFICATE OF INCORPORATION

<u>Article</u>	<u>Page</u>
I	22
II	22
III	22-24
IV	24-25
V	25
VI	25
VII	25
VIII	25
IX	25-26
X	26
XI	26-28
XII	28
XIII	28-29
XIV	29
XV	29
XVI	29
Notes	30
Director Districts Map	Inside Back Cover

By-Laws

The aim of the Delaware Electric Cooperative, Inc. (hereinafter called the "Cooperative") is to make electric distribution service and/or electric supply service available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERS

Section 1. Qualifications and Obligations. Any person, any spouses acting jointly, any firm, partnership, association, corporation, government or private agency, or body politic may become a member in the Cooperative, by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from the Cooperative electric distribution service and/or electric supply service as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Certificate of Incorporation of the Cooperative and these By-Laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

No person, spouses acting jointly, firm, partnership, association, corporation, government or private agency or body politic may own more than one (1) membership in the Cooperative.

Any spouses may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided such persons comply jointly with the provisions of the above subdivisions (a), (b), and (c).

Section 2. Membership Fees.

1. The membership fee for electric distribution service (with or without electric supply service) shall be \$25.00 which shall allow the member one or more service connections.
2. The membership fee for electric supply service only shall be \$5.00.

Section 3. Purchase of Service(s). Each member shall purchase from the Cooperative electric distribution service and/or electric supply service for use on the premises specified, in accordance with all governing laws and with the Cooperative's Terms and Conditions of Service as approved, if required by law, by any governmental agency having regulatory authority over such rates or Terms and Conditions of Service. The Board of Directors may limit the amount of electric supply service which the Cooperative shall be required to furnish to any one member. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative, subject to the regulatory authority, if any, of any governmental agency having jurisdiction over such regulations or conditions of service as adopted by the Cooperative.

It is expressly understood that amounts paid for electric distribution service and/or electric supply service in excess of the cost of such service are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these By-Laws. Each member shall also pay all amounts owed by that member to the Cooperative as and when the same become due and payable.

Anything in these By-Laws to the contrary notwithstanding, no member shall be entitled to receive electric distribution service from the Cooperative in any area outside of the Cooperative's exclusive service territory; and no member shall be permitted to take electric distribution service from any other electric distribution company in an area within the Cooperative's exclusive service territory; provided further, that no member may require the Cooperative to provide electric supply service in any area outside the Cooperative's exclusive service territory.

Section 4. Payment of Obligations. Each member shall pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

Each member shall irrevocably waive any relevant statute of limitations as a defense to any claim made by the Cooperative, by way of set-off, for any amounts which become due, or which are claimed to have become due, to the Cooperative from that member during their membership. Such waiver shall not be affected by subsequent termination of membership.

Section 5. Non-liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 6. Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members of said board, expel any member who shall have violated or refused to comply with any of the provisions of the Certificate of Incorporation of the Cooperative or these By-Laws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 8. Transfer and Termination of Membership.

(a) Membership in the Cooperative shall not be transferable except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership

of such member shall thereupon terminate. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

- (b) A membership may be transferred by a member to the member and their spouse jointly upon the written request of such member and compliance by such persons jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.
- (c) When a membership is held jointly by spouses, upon the death of either such member, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to the surviving member, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- (d) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount originally paid for that membership, provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owing from the member to the Cooperative; and, provided further, however, that any membership fee which has been paid, in the whole or in part, by the application of capital credited to the account of a non-member patron as provided in these By-Laws shall be repaid to the member only in accordance with the provisions of these By-Laws with respect to the retirement of patronage capital.

Section 9. Removal of Directors and Officers.

Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members of the director's district requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charge against the director shall have the same opportunity.

ARTICLE II MEETINGS

Section 1. Annual Meeting. The annual meeting of members shall be held between the months of May and

October in each year at a suitable place in either Sussex County or Kent County, State of Delaware, as the Board of Directors may by resolution provide, for the purpose of electing directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meeting. Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within Sussex County or Kent County in the State of Delaware specified in the notice of special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either electronically, in person, or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. 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. The failure of any member to receive such notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. When the total number of members does not exceed one thousand (1,000), at least ten per centum (10%) of the total number of members present in person, shall constitute a quorum for the transaction of business at all meetings of the members. When the total number of members exceeds one thousand (1,000), then at least fifty (50) of the members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Section 5. Voting.

(a) Each member, individual or joint, shall be entitled

to one vote and no more.

- (b) At all meetings of the members at which a quorum is present, all questions shall be decided by the vote of a majority of the members voting thereon unless otherwise provided by law, the Certificate of Incorporation or these By-Laws.
- (c) Votes shall be cast in person or as otherwise approved by the Board of Directors and not prohibited by law, the Certificate of Incorporation, or these By-Laws. All ballots/voting machine tallies or reports of election results shall be preserved by the Cooperative's attorney for a period of not less than ninety (90) days following such meeting.

Section 6. Order of Business. The Board of Directors shall by resolution establish the agenda and order of business at the annual meeting and all other meetings of the members, which unless determined otherwise shall be essentially as follows:

1. Registration.
2. Determination of Quorum.
3. Opening of Polls for Election of Directors and Voting on Proposed By-Law Amendments, if any. (Only if a contested election and/or proposed By-Law amendment).
4. Call to Order of Business Session (at previously noticed time).
5. Opening Formalities; Introduction of Guests and Dignitaries.
6. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
7. Reading of unapproved minutes of previous meetings of the members, or a waiver thereof, and the taking of necessary action thereon.
8. Presentation and consideration of, and acting upon, reports of officers, directors, committees.
9. Report of the Election of Directors and Vote on proposed By-Law amendments, if any.
10. Unfinished Business.
11. New Business; Question and Answer Time.
12. Adjournment.

Section 7. Record Date and Voting List of Members.

- (a) The Board of Directors may establish a record date for determining the members of the Cooperative entitled to notice of and to vote at any meeting of the members or adjournment thereof. The record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting and may not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date is fixed by the Board of Directors, the record date for any meeting shall be deemed to be the fifteenth (15th) day

before the date on which the meeting is scheduled to be held.

- (b) The Secretary shall, at least ten (10) days prior to each meeting of the members for the election of directors cause to be prepared and made a complete and accurate list of the members entitled to vote at said election, arranged in alphabetical order with their addresses. Such list shall be produced and kept open to the examination of any member during the usual hours for business at the principal place of business of the Cooperative for at least ten (10) days prior to the election, and during the whole time of the election. The Secretary shall, prior to all other meetings of the members, cause to be prepared a similar list of the members entitled to vote at such meetings, which shall be produced and kept open to the examination of any member in the same manner.

Section 8. Annual Meeting Registration.

Anything else in these By-Laws to the contrary notwithstanding: (1) registration for the annual meeting and voting on the election of directors and/or any proposed amendment to the By-Laws may commence pursuant to the election procedures established by the Board of Directors, provided that:

- (a) notice: (1) of the time that registration and voting will commence, (2) the manner and procedures by which members may vote on the election of directors and/or any proposed amendments to the By-Laws, and (3) of the time set for the business session of the annual meeting, is printed prominently in the notice of meeting.
- (b) All members who, under this By-Law provision, register their attendance prior to the time set for the business session shall be conclusively presumed to be "present in person" for purposes of determining a quorum for the transaction of business.
- (c) Except for the registration of members, determination of a quorum and the opening of the polls as provided in this Section 8, no other annual meeting business shall be conducted until the business session is called to order.

ARTICLE III DIRECTORS

Section 1. Number, Powers, and Qualifications.

- (a) The business and affairs of the Cooperative shall be managed by a board of eleven directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Certificate of Incorporation or by these By-Laws conferred upon or reserved to the members.
- (b) No member shall be eligible to become or remain a director who (1) is not a bona fide domiciliary

in the district which the member is to represent; (2) is an employee or is related closer than a first cousin to an employee of the Cooperative, exceptions being granted to emergency employees and members of the Board of Directors on August 1, 1982; (3) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative; (4) has been convicted of a felony or any crime of moral turpitude; (5) is, becomes, or shall have been, at any time during the ten (10) years preceding the election or appointment as a Director, (i) an employee of the Cooperative, (ii) a director or employee of a firm, vendor, or contractor competing for services provided by the Cooperative, (iii) performed or sold services to or on behalf of the Cooperative, or (iv) an employee of a labor union that represents or has endeavored to represent any Employee of the Cooperative.

No member shall hold any other position of trust in the Cooperative unless the member is a bona fide domiciliary in the areas served by the Cooperative and shall meet the other qualifications hereinabove set forth. When a membership is held jointly by spouses, or by any other persons, either one, but not both or all, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both or all shall meet the qualifications hereinabove set forth. Nothing in this section shall affect or be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

- (c) For purposes of these By-Laws, "bona fide domiciliary" shall mean physically residing in that place where a person has their true, fixed, and permanent home and principal establishment, and to which whenever the person is absent, they have the intention of returning. Absence from one's place of domicile for some temporary purpose shall not terminate that domicile so long as the intention to return to that place remains fixed, certain, and constant during the period of physical absence.

Section 2. Districts and Tenure.

- (a) The territory served or to be served by the Cooperative shall be divided into nine districts. Each district shall be represented by one director who must be a bona fide domiciliary therein. The nine districts are those defined on a grid map. There shall be two at large directors making a total of eleven (11) directors.
- (b) At the annual meeting of the members held in the year 1949, the directors shall be divided into three classes, each consisting of three directors. The directors

from Districts No. 1, 4 and 7 shall constitute the directors of the first class, and shall be elected for a term of one year; the directors from Districts No. 2, 5 and 8 shall constitute the directors of the second class, and shall be elected for a term of two years; the directors from Districts No. 3, 6 and 9 shall constitute the directors of the third class, and shall be elected for a term of three years; and thereafter at each annual meeting of the members the successors to the class of directors whose terms have expired in that year shall be elected to hold office for the term of three years, so that the term of office of one class of directors shall expire in each year.

Directors shall hold office for the term of which they have been elected or until their respective successors shall have been elected and shall have qualified, subject to the provisions of the Certificate of Incorporation and these By-Laws with respect to the removal of directors.

- (c) The two (2) at-large directors shall be appointed by the Board of Directors following the Annual Meeting held August 18, 1976. One shall be appointed for a term of three (3) years and one for a term of two (2) years. At the annual meeting of the year in which their respective terms expire the at-large directors shall be elected by the members to thereafter serve three (3) year terms or until their respective successors shall have been elected and shall have qualified.

Section 3. Nomination and Election of Directors.

- (a) Any fifteen (15) or more members, acting together, may nominate a qualified candidate from any district of the Cooperative from which there is to be elected a member of the Board of Directors at the next meeting of the members held for that purpose. Such petition shall be in writing, signed by the members presenting such petition, and filed at the principal office of the Cooperative not less than sixty (60) days prior to the meeting at which such election is to be held. The Secretary shall promptly cause such petition to be posted at the principal office of the Cooperative and shall cause to be mailed with the notice of the meeting a statement of the number of directors to be elected and the names and addresses of the candidates, arranged by districts. Only candidates who have been nominated by petition in accordance with this section shall be eligible for election.

The members may, at any meeting at which a director or directors shall be removed as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations, except that the new

directors must be bona fide domiciliaries in the same district as the directors in respect of whom the vacancy occurs.

Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section, shall not affect, in any manner whatsoever, the validity of any election of directors.

- (b) Election of directors (and amendments to the By-Laws) shall be by printed or electronic ballot or voting machines as determined by the Board of Directors; provided that if there are no contested directors' seats and no proposed By-Law amendments, election of directors may be conducted by voice vote or a show of hands. The ballots/ voting machines shall list the candidates arranged by districts. Each member of the Cooperative authorized to vote shall be entitled to vote for one candidate from each district, for which a director is to be elected. The candidate from each district receiving the highest number of votes shall be considered elected as director.
- (c) In the event that the votes counted at any meeting of the members for the election of a Director or amendment of the By-Laws results in a tie vote, such tie vote shall be decided by secret ballot of those sitting directors physically present at the meeting; except that no incumbent director shall be permitted to cast a vote regarding their own re-election.

Section 4. Forfeiture of Office. Where at any time during the term of office, it appears that a director fails to meet the qualifications for such office, the remaining directors shall notify such director, in writing, of the specific grounds of such disqualification and set a date, time, and place when the remaining directors will sit to hear and determine whether a forfeiture of office has occurred. At such hearing, the challenged director may appear in person, with or without legal counsel, and present evidence and arguments relevant to the issue of the director's continuing qualification to hold office.

Such hearing shall not be governed by any formal rules of evidence or procedure and the remaining directors may accept any evidence or information which, in their discretion, is reasonably trustworthy and reliable. At the conclusion of such hearing the remaining directors shall, by their majority vote, determine whether the challenged director then meets all of the qualifications for office as set forth in these By-Laws and in the Certificate of Incorporation. If the determination is that such director does not meet all qualifications for office, that determination, with the specific reasons therefore, shall be recorded in the minutes and such director, shall immediately, without further action of the directors or members, forfeit their seat as a director and officer of the corporation, and such seat

shall ipso facto become vacant.

Nothing herein shall be construed as empowering the Board of Directors to remove any director for any reason other than a director's failure to continue to meet the qualifications for office during their term of office.

Section 5. Vacancies. Subject to the provisions of the laws of the State of Delaware, the Certificate of Incorporation, and these By-Laws with respect to forfeiture of office and the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

Section 6. Compensation. Directors as such, shall not receive any salary for their services. However, the Board of Directors may, by resolution:

- (a) allow a reasonable fixed sum and expenses of attendance (including travel insurance), if any, for attendance at each meeting of the Board of Directors or such other meetings designated by the Board.
- (b) Authorize payment by the Cooperative for directors' participation in such policies or programs of business travel and insurance offered by or through the National Rural Electric Cooperative Association ("NRECA"), Virginia-Maryland-Delaware Association of Rural Electric Cooperatives ("VMDAEC") and other similar organizations in which the Cooperative is a member, where the Board first determines that such policies or programs are designed primarily for rural electric cooperative directors and provide a significant benefit to directors at relatively minimal or no cost to the Cooperative.

Section 7. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Certificate of Incorporation of the Cooperative or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 8. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which complies with the applicable laws, rules, and regulations of any regulatory body having jurisdiction over the Cooperative. The Board of Directors shall after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

Section 9. Change in Rates. Any change in rates shall proceed in accordance with the requirements of 26 Del. C. Section 224(6), as required by law.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this By-Law, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Kent or Sussex County, Delaware, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice delivered electronically, in person, or mailed to each director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V

OFFICERS

Section 1. Number. The officers of the Cooperative shall be a Chair, Vice-Chair, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be

held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified subject to the provisions of these By-Laws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. Vacancies. Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term. In case of the temporary absence of an officer or their inability to act, the Board of Directors may delegate temporarily the powers and duties of such officer to any other director, subject to the provisions of these By-Laws.

Section 5. Chair. The Chair:

- (a) shall be the principal officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors.
- (b) 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 By-Laws 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 shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-Chair. In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice-Chair shall perform the duties of the Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair and shall perform such other duties as from time to time may be assigned by the Board of Directors.

Section 7. Secretary. The Secretary shall have general responsibility and oversight for:

- (a) causing minutes to be kept of the meetings of the members and the Board of Directors in one or more books maintained for that purpose;
- (b) causing all notices to be given in accordance with these By-Laws or as required by law;
- (c) custody of the corporate records and seal of the Cooperative, and seeing that the seal of the Cooperative is affixed 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 By-Laws;

- (d) causing to be kept a register of the post office address of each member which addresses shall be furnished to the Cooperative by such member;
- (e) the books of the Cooperative in which a record of the member is kept;
- (f) causing to be kept on file at all times complete copies of the Certificate of Incorporation and of the By-Laws of the Cooperative containing all amendments thereto, which copies shall always be open to the inspection of any member during regular business hours and upon reasonable notice; and, at the expense of the Cooperative causing a copy of the Certificate of Incorporation and By-Laws, containing all amendments thereto, to be sent to any Member upon request;
- (g) such other duties incident to the office of Secretary, and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

The Board of Directors may, by resolution, delegate any of the foregoing duties to the President & CEO who, in turn, may delegate such duties to Cooperative staff; and, in such event, to the extent of such delegation, the Secretary shall be released from such duties, responsibilities, and authorities.

Section 8. Treasurer. The Treasurer shall have general responsibility and oversight for:

- (a) all funds and securities of the Cooperative;
- (b) causing all monies received by the Cooperative from any source to be deposited in the name of the Cooperative into such bank or banks as shall be selected in accordance with the provisions of these By-Laws and board policy;
- (c) such other duties incident to the Office of Treasurer, and such other duties as from time to time may be assigned to the Treasurer by the Board of Directors.

The Board of Directors may, by resolution, delegate any of the foregoing duties to the President & CEO who, in turn, may delegate such duties to Cooperative staff; and, in such event, to the extent of such delegation, the Treasurer shall be released from such duties, responsibilities, and authorities.

Section 9. President & CEO. The Board of Directors may appoint a President & Chief Executive Officer who may be, but shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest and assign.

Section 10. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer 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.

Section 11. Compensation. The compensation of any board member, board officer, and the President & CEO shall be fixed by the Board of Directors.

Section 12. 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 VI CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Directors may authorize any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

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

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

ARTICLE VII NON-PROFIT OPERATION

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

Section 2. Patronage Capital in Connection with Furnishing Electric Distribution Service and/or Electric Supply Service. In the furnishing of electric distribution service and/or electric supply service, 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 to all its patrons, members and non-members alike, for all the amounts received and receivable from the furnishing of electric distribution service and/or electric supply service in excess of operating costs and expenses properly chargeable against the furnishing of electric distribution service and/or electric supply service. 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 the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to their account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts 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. 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 part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these By-Laws and provided that the financial condition of the Cooperative will not be impaired thereby, the Board of Directors, in its sole discretion, shall have the power prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to immediately retire capital credited to

any patron under the following circumstances upon such terms and conditions as the Board of Directors, acting under policies of general application, may decide:

- (a) **Natural Persons.** At the written request of the legal representatives of the estate of any deceased patron, if supported by appropriate and proper evidence of the authority of such legal representative to request and receive such payment. In the event the deceased patron's membership was jointly held with a surviving spouse, one half of the accumulated capital credits shall be deemed to be the property of the deceased patron and may be retired and paid to the estate of such deceased patron.
- (b) **Other Legal Entities.** Upon liquidation, termination, disbandment, disintegration or other final dissolution, however characterized, of a patron which is not a natural person, the Board of Directors, acting in accord with the general provisions hereinabove stated, may retire capital credited to any such patron upon written request by the appropriate legal representative of such liquidated, terminated, disbanded, disintegrated, or otherwise finally dissolved patron, provided such written request is supported by appropriate and proper evidence of the authority of such legal representative to receive such payment.

Prior to retiring the capital credits due to any member or former member, the Cooperative shall deduct therefrom the amount of any debt, however old, which any member or former member may owe the Cooperative.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws 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 By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric distribution service and/or electric supply service, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from which such amounts were obtained.

ARTICLE VIII REGULATION ELECTIONS

Section 1. Applicability. This Article is intended to govern all proceedings of the Cooperative taken pursuant to 26 Del. C. Section 223 (or any future corresponding provision of law); to the extent that any provision of this Article conflicts with any other provision contained in these By-Laws, the provisions of this Article shall control in any such proceedings.

Section 2. Initiation of Proceedings. An election to exempt the Cooperative from regulation by the Delaware Public Service Commission ("Commission"), or to return the Cooperative under regulation by the Commission:

- (a) may be called by a majority vote of the Board of Directors; or
- (b) shall be called not less than 100 days after receipt by the Board of a valid petition signed by not less than one thousand members of the Cooperative.

Section 3. Meeting To Conduct Election. The proposition to exempt the Cooperative from regulation or to return the Cooperative under regulation ("the proposition") shall be voted upon by the Cooperative's members and presented to the members at the annual meeting or at a special meeting called for that purpose.

Section 4. Notice of Meeting; Informational Materials.

- (a) Notice setting forth the proposition, and the date, time, and place of the meeting at which the election thereon is to be held, shall be given in writing to the members, and to the Commission, by electronic mail or hand-delivery not less than forty (40) nor more than ninety (90) days before the date of the meeting.

Such notice shall also include directions for voting on the proposal, a form of written ballot, and the date, time, and place of the forums described in Section 5 hereafter. The Cooperative may provide other materials concerning the proposal to the members.

- (b) If the Cooperative mails information to its members regarding the proposition other than notice of the election and the form of ballot, the Cooperative shall also include in the same mailing any materials provided in opposition to the proposition that is submitted by petition signed by not less than one hundred of the members. The Cooperative shall pay the incremental cost of mailing such materials up to an amount equal to the cost of mailing the Cooperative's information regarding the proposition; any cost in excess thereof shall be paid, pro rata, by the petitioners submitting materials in opposition, which payment shall be secured by an advance cash deposit reasonably estimated to cover

such excess costs. The Cooperative shall not be obligated to mail materials submitted in opposition to the proposition until said advance cash deposit has been received.

Section 5. Member Forums.

Upon the call for an election under Section 2 of this Article, the Board of Directors shall schedule and thereafter convene at least two (2) open forum sessions to allow members of the Cooperative to discuss or make inquiries concerning the proposal and the election. Such forums shall be held on separate dates at differing locations within the Cooperative's service territory at times convenient for members to attend. Such forums shall be held no sooner than ten (10) days after delivery of the notice described in Section 4 above and no later than twenty (20) days prior to the date of the meeting for presenting the proposition. At such forums, members of the Cooperative shall be provided the opportunity to make inquiries about the proposition and shall have a reasonable, equal opportunity to present the member's views concerning the proposition, including views both in support and in opposition to the proposition.

Section 6. Voting.

- (a) An independent auditor selected by the Board of Directors shall control and supervise the procedures for voting on the proposition.
- (b) Each member of the Cooperative shall be entitled to one vote and no more on the proposition, regardless of the manner utilized to cast such vote.
- (c) Subject to the implementation of electronic transmission ballots as provided in subparagraph (f) hereafter, and subject also to the right of members attending the meeting to cast their ballot through the use of voting machines as provided in subparagraph (e) hereafter, voting on the proposition shall be by use of a written ballot prescribed for the election, and in accordance with procedures established by the independent auditor to insure the integrity of the election and that each written ballot received was voted by the member entitled to cast such written ballot.
- (d) The form of written ballot shall be included with the notice required under Section 4 of this Article and shall be counted if received by the independent auditor by the time of the close of voting at the meeting described in Section 3 of this Article.
- (e) Members may also cast their ballot in person at the meeting at which the proposition is presented by such written ballot or by voting machine (as determined by the independent auditor) before the close of the voting. The provisions of Article II, Section 8 ("Annual Meeting Registration") shall apply to any meeting involving an election under this Article VIII, whether such meeting be the Annual Meeting or a special meeting.

- (f) At such time as the Cooperative implements such technology, protocols, and procedures acceptable to the independent auditor as being adequate to insure the integrity of the election and that each electronic transmission ballot received was sent by the member entitled to cast such ballot, the Board of Directors may authorize that members be allowed to cast their ballots by means of an electronic format and electronic transmission in lieu of by mail or in person. Any electronic ballot shall be counted if received by the independent auditor by the close of voting at the meeting described in Section 3 of this Article.

Section 7. Results of Election; Vote Necessary to Carry Action; Notice to Commission.

- (a) After the close of voting, the independent auditor shall tally the votes validly cast by any of the means authorized by the independent auditors (e.g. written ballot, voting machine, and/or electronic transmission). Any election held under this Article shall require the affirmative vote of a majority of those members voting in an election at which votes have been cast by at least fifteen percent (15%) of the members, to carry the proposition.
- (b) The independent auditors shall certify to the Delaware Public Service Commission, in writing, the results of any such election within five (5) business days after the date of such election. The action voted by the members shall become effective at the expiration of fifteen (15) days from the date the election certificate is filed with the Commission.

Section 8. Frequency of Elections.

No election on any proposition under this Article shall be held less than twelve months after any previous election held under this Article.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or director may waive, in writing any notice of meetings required to be given by these By-Laws, whether before or after the time stated for holding such meetings.

**ARTICLE X
DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) property which in the judgement of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value

ten per centum (10%) of the value of all the property of the Cooperative.

- (b) services of all kinds, including electric energy and
- (c) personal property acquired for resale; unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of all members of the Cooperative, and the notice for such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however that notwithstanding anything herein contained, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, Reconstruction Finance Corporation, or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, or any other source where funds may be available, and in connection with such borrowing to authorize the making and issuance of bonds, notes, or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrancing of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, wherever situated, and whether acquired or to be acquired, all upon such terms and conditions as the Board of Directors shall determine.

ARTICLE XI FISCAL YEAR

The fiscal year of the cooperative shall begin on the first day of January of each year and end on the thirty-first (31) day of December of the same year.

ARTICLE XII MEMBERSHIP IN OTHER ORGANIZATIONS

The Board of Directors shall determine what other organizations the Cooperative may become a member of or become associated with.

ARTICLE XIII SEAL

The corporate seal shall have inscribed thereon the name of the Cooperative, the year of its incorporation and the words "Incorporated, Delaware."

ARTICLE XIV

AMENDMENTS

These By-Laws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

Original By-Laws adopted September 28, 1936.

CHARTER

CERTIFICATE OF INCORPORATION

ARTICLE I

The name of this corporation is Delaware Electric Cooperative, Inc.

ARTICLE II

Its principal office in the state of Delaware is to be located near the town of Greenwood in Northwest Fork Hundred, in the county of Sussex, State of Delaware, the post office address thereof being, Box 600, Greenwood, Delaware; and the resident agent in charge thereof is the corporation itself.

ARTICLE III

The nature of the business, or the objects and purposes to be transacted, promoted or carried on by this corporation as a corporation not organized for profit are to do any or all of the things herein mentioned, as follows:

- (1) To generate, manufacture, purchase, acquire, and accumulate electric energy necessary to provide electric supply service to those of its members purchasing such service from the corporation, to sell and dispose of such electric energy, and to transmit and distribute electric energy, whether provided by the corporation or some other electric supplier utilizing the transmission and/or distribution facilities of the corporation, to its members, and to construct, erect, purchase, lease and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems necessary, convenient, or useful for carrying out and accomplishing any of the foregoing purposes;
- (2) To generate and manufacture electric energy by using clean distributed energy resources (e.g. wind energy) and/or by using renewable energy resources (e.g., landfill gas) for the purpose of supplying and/or selling such electric energy to any member owner generation and transmission cooperative of which this corporation is a member, and to construct, erect, purchase, lease and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease, exchange and mortgage land, plants, buildings, works, machinery, supplies, apparatus, equipment and transmission and distribution lines or systems, or any other thing necessary, convenient, or useful in carrying out and accomplishing any of the foregoing purposes;
- (3) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and

- repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus, and equipment of any and all kinds and character, and to receive, acquire, endorse, pledge, hypothecate, and otherwise dispose of notes and other evidence of indebtedness;
- (4) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of this corporation, within or without the State of Delaware;
 - (5) To purchase, receive, lease, or in any other manner acquire, own, hold, maintain, sell, exchange, or otherwise dispose of and use any and all real and personal property or any interest therein necessary, useful or appropriate to enable this corporation to accomplish any and all of its purposes, within or without the State of Delaware;
 - (6) To borrow money and otherwise contract indebtedness for the purposes, or any of them, for which this corporation is formed, and to issue, accept, endorse, discount, sell, pledge or otherwise dispose of notes, bonds and other evidences of indebtedness, and to secure any of its obligations by mortgage, pledge or deed of trust of all or any of its property assets, franchises and income, at the time owned or thereafter acquired;
 - (7) To enter into, make and perform contracts of every kind for any lawful purpose, with any person, firm, association or corporation, town, city, county, body politic, state, government, or lawful agency thereof;
 - (8) To apply for, take out, register, purchase or otherwise acquire, hold, own, use and dispose of trademarks, copyrights and patents necessary, convenient or desirable for furthering any or all of the purposes for which this corporation is formed, and to make rules and regulations with reference to the use thereof, and from time to time to change, modify or repeal such rules and regulations;
 - (9) To cooperate through membership or otherwise with any other organization not conducted for profit and similarly instituted for the purposes, or any of them, for which this corporation is formed;
 - (10) To have one or more offices, to conduct any or all of its operations and business; and to promote its objects or purposes in any part of the State of Delaware, and in such places outside the State of Delaware as may be necessary, convenient, or desirable, subject to such restrictions as may be prescribed by law;
 - (11) To carry on any other business connected with and incident to the business of this corporation as herein set forth which may be necessary, useful or appropriate to enable this corporation to accomplish any or all of its purposes;

- (12) To do any or all of the things herein set forth as fully and to the same extent as natural persons might or could do, and as principal, agent, contractor, trustee or otherwise, and either alone or in company with others;
- (13) To do and perform, either for itself, or its members any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes, or as may be permitted by the laws of the State of Delaware under which this corporation is formed; provided, however, that the conduct of the business of this corporation shall be upon the cooperative plan. The objects, purposes, and powers specified herein shall be regarded as independent objects, purposes and powers and, except where otherwise specified, shall be in no way limited nor restricted by reference to or inference from the terms of any other clause, paragraph or article in this Certificate of Incorporation.

The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers of this corporation, and this corporation shall be authorized to exercise, and enjoy all the powers, rights and privileges granted to or conferred upon corporations of the character of this corporation by the laws of the State of Delaware now or hereafter in force.

ARTICLE IV

- (1) This corporation is a corporation not organized for profit and is to have no authority to issue capital stock.
- (2) Membership in this corporation shall not be denied to anyone on account of race or color, sex, religious, or political affiliation, or on account of any lawful business, profession or vocation followed.
- (3) Any individual person, any husband and wife acting jointly, any firm, partnership, association, corporation, government or private agency or body politic may become a member in this corporation by (a) making application for membership which shall be in such form and on such terms, conditions and agreements as shall be prescribed in the By-Laws of the corporation; (b) paying a membership fee in the manner and amount as shall be set forth in the By-Laws of the corporation; (c) agreeing to purchase from the corporation electric distribution service and/or electric supply service at such rates and in accordance with these By-Laws and with the provisions of any applicable contract and/or the Cooperative's Terms and Conditions of Service, as appropriate under the circumstances; and (d) agreeing to comply with and to be bound by the articles contained in this Certificate of Incorporation, the By-Laws of the Corporation, and such rules and regulations as may from time to time be adopted by the Board of Directors of the corporation.
- (4) Membership in this corporation shall be evidenced

upon the books of this corporation, and all Certificates of Membership previously issued pursuant to this Article prior to its amendment shall be void and of no legal force or effect.

- (5) No member of this corporation may own more than one membership, and each member shall be entitled to one vote and no more at all corporate meetings. Votes shall be cast in person and not by proxy.
- (6) Membership in the corporation shall not be transferable, except, however a membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly, by complying with the conditions set forth in the By-Laws of this corporation, and when a membership is held jointly by a husband and wife, upon the death of either such member, such membership shall be deemed to be held solely by the survivor, subject to and upon the terms and conditions provided for in the By-Laws of this corporation.
- (7) Conditions, qualifications, limitations, restrictions, and rights pertaining to membership, and the privileges, duties and obligations of members, in addition to those specified herein, but not in conflict therewith, shall be set forth in the By-Laws of this corporation.

ARTICLE V

The name and place of residence of each of the Incorporators are as follows:

Name	Residence
Roland J. S. Marsh	Lewes, Delaware
Robert O. Boyce	Seaford, Delaware
Lawrence C. Elliott	Georgetown, Delaware
Harry J. Anderson	Fairmount, Delaware

ARTICLE VI

This corporation is to have perpetual existence.

ARTICLE VII

The private property of the members of this corporation shall not be subject to the payment of corporate debts to any extent whatever.

ARTICLE VIII

The business of this corporation shall be conducted upon the cooperative plan for the benefit of its members, and not for profit.

ARTICLE IX

- (1) An annual meeting of the members of this corporation shall be held in each and every year at such time and place as shall be specified in the By-Laws.
- (2) The directors may call special meetings of the members as provided in the By-Laws, and shall do so upon the written demand of at least ten per centum (10%) of the members, and it shall thereupon be the

duty of the Secretary to cause notice of such meeting to be given in the manner hereinafter provided.

- (3) Unless he waives it in writing, each member shall be entitled to receive at least ten (10) days written notice of the time and place of all annual and special meetings, and in the case of a special meeting the purpose of such meeting shall be set forth in the notice. Such notice shall be given to each member in person or by mail directed to his address as shown on the books of the corporation.
- (4) Subject to the provisions of the laws of the State of Delaware and the provisions of this Certificate of Incorporation, in respect of the vote that shall be required for a specified action, the number of members of this corporation having voting power who shall be present in person at any meeting in order to constitute a quorum for and the vote that shall be necessary for the transaction of any business shall be set forth in the By-Laws of the corporation.

ARTICLE X

Anything in this Certificate of Incorporation to the contrary notwithstanding, the provisions of Article VIII of the Bylaws of the corporation ("Regulation Elections") shall govern all proceedings taken by the cooperative pursuant to 26 Del.C. 223 (or any future corresponding provision of law) to the same extent as if the provisions of Article VIII of the Bylaws were set out in full herein.

ARTICLE XI

- (1) The business and affairs of this corporation shall be managed by a board of not less than seven nor more than fifteen directors who must be members of this corporation.

The territory served or to be served by this corporation shall be divided into not less than seven nor more than fifteen districts, each of which shall be represented by one director and shall contain approximately the same number of members.

The number of directors and the number of districts shall be set at nine unless otherwise provided for in the By-Laws.

- (2) Directors shall be elected in the manner provided for in the By-Laws, by and from the members.

The By-Laws may provide that the directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each consisting as nearly as possible of one-third of the whole number of the board of directors. In such case, the directors of the first class shall be elected for a term of one year; the directors of the second class for a term of two years; and the directors of the third class for a term of three years; and at each annual meeting of the members the successors to the class of directors whose terms have expired in that year shall be elected to hold office for the term of three years, so that the term of office of one class of directors shall expire in each year.

Directors shall hold office until the next annual meeting of the members or for the term or terms for which they have been elected, as the case may be, or until their respective successor shall have been elected and shall have qualified, subject to the provisions of this Certificate of Incorporation and the By-Laws with respect to forfeiture of office by, and removal of, directors.

- (3) The election of directors shall be by ballot and each voting member of this corporation shall be entitled to cast one (1) vote for each director to be elected.
- (4) Vacancies in the Board of Directors shall be filled by a majority vote of the remaining directors though less than a quorum. The directors so chosen shall hold office until the next annual meeting of the members of this corporation or until their successors shall have been elected and shall have qualified.
- (5) Except as otherwise provided herein, at least a majority of the whole Board of Directors shall be necessary to constitute a quorum for the transaction of business, but the By-Laws may provide that a greater number shall constitute a quorum.
- (6) At any meeting of the members any director may be removed by the affirmative vote of a majority of the members present in person, provided that notice of the proposed action has been given in the notice of the meeting.
- (7) Pursuant to 8 Del.C. § 102(b) (7) or any future corresponding provision of law, no director of the corporation shall be liable to the corporation or to the members of the corporation for monetary damages for breach of his or her fiduciary duty as a director, provided however that nothing in this subsection shall eliminate or limit the liability of a director; (1) For any breach of the director's duty of loyalty to the corporation or its members (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law (3) under 8 Del.C. § 174 to the extent that it might ever be construed to be applicable to this non-stock, non-profit corporation or (4) for any transaction from which the director derived an improper personal benefit. This subsection (7) shall operate prospectively only from the effective date of its adoption.
- (8) Any director, who during his or her term of office, fails to meet the qualifications for holding such office as set forth in the Certificate of Incorporation and in the By- Laws, shall, subject to appropriate proceedings, if any, as set forth in the By-Laws, be deemed to have forfeited his or her seat on the Board of Directors and such seat shall thereupon be *ipso facto* vacant without further action by the directors or members.
- (9) Any director, who during his or her term of office, is absent without excuse for more than two (2) consecutive regular meetings of the Board, or who is absent for more than three (3) meetings of the

Board in any twelve (12) month period, is guilty of neglect of duty and subject to removal from office pursuant to the procedures provided in the Certificate of Incorporation or By-Laws.

ARTICLE XII

In furtherance and not in limitation of the general powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

- (1) To designate one or more committees which shall have and may exercise such powers as the Board of Directors shall deem necessary and proper.
- (2) Subject to the provisions of the laws of the State of Delaware, to exercise any and all other powers, in addition to the powers expressly conferred by law and by this Certificate of Incorporation, which may be conferred upon the Board of Directors through appropriate By-Law provisions.

ARTICLE XIII

The corporation may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) property which in the judgement of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the corporation's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the corporation;
- (b) services of all kinds including electric distribution service and/or electric supply service; and
- (c) personal property acquired for resale; unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of all members of the Cooperative which votes shall be cast in person, at such meeting, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, Reconstruction Finance Corporation, or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, or any other source where funds may be available and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets,

rights, privileges, licenses, franchises and permits of the corporation, wherever situated, and whether acquired, or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

ARTICLE XIV

- (1) The members and directors may hold their meetings, keep the books of the corporation and have one or more offices within or without the State of Delaware, at such places as may from time to time be designated by the By-Laws, except as otherwise required by the laws of the State of Delaware.
- (2) The rights of members to inspect the books and records of the corporation shall not be curtailed, provided members desiring to inspect the books and records can give reasonable assurance that the information so obtained will not be used for an improper purpose.

ARTICLE XV

The By-Laws of the corporation may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall contain a copy of the proposed alteration, amendment or repeal.

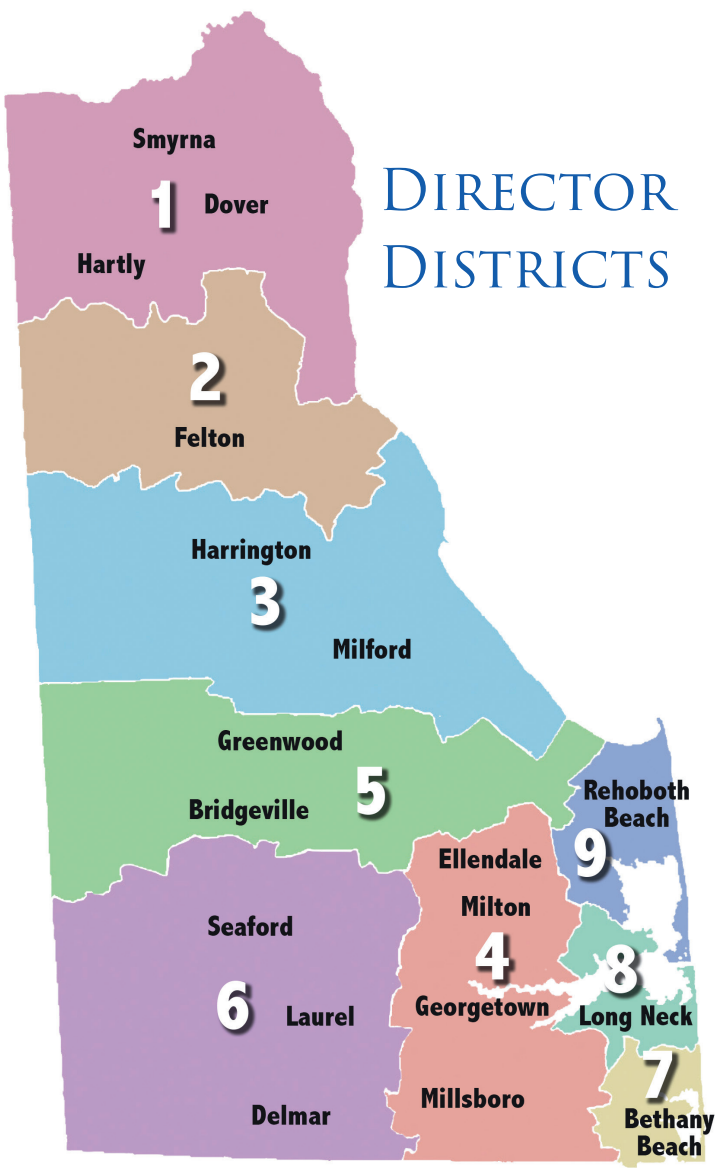
ARTICLE XVI

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred on officers, directors and members herein are granted subject to this reservation.

Incorporated September 24, 1936 under the General Corporation Law of the State of Delaware.

NOTES

DIRECTOR DISTRICTS



Our Mission

"We are committed to providing safe, reliable and competitively priced energy services and empowering our members to improve their quality of life."



DELAWARE ELECTRIC CO-OP®

"We Keep the Lights On"