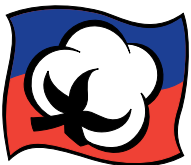


MEMBERS FIRST



COTTON
ELECTRIC CO-OP

A Touchstone Energy® Cooperative



**MEMBER
HANDBOOK**

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Welcome

Welcome!

I am pleased to welcome you to membership in Cotton Electric Cooperative, a quality electric utility serving eight southwest Oklahoma counties.

If you are a first time Cotton Electric member, you will notice a difference from other electric utilities that do not operate under the cooperative business model. Cotton Electric, like many other electric cooperatives around the country, operates under a set of principles that require voluntary and open membership, democratic member control, autonomy and independence, and a strong concern for our communities.

Cotton Electric Cooperative was established in 1938 to provide you with reliable electric service. Since then, Cotton has expanded to provide other services such as *The Current*, Operation Round Up, MyChoice, SmartHub and online account information. I urge you to take advantage of the many programs and services that Cotton Electric has to offer.

Cotton is locally owned and operated by members just like you. Please look through this handbook. If you have any questions, give us a call. Again, welcome to your electric cooperative.



**Jennifer Meason,
Cotton Electric CEO**

Jennifer Meason
CEO

Member Information

Rate and Service Information

You may, either by phone or by personal visit to the Cooperative's business office located at 226 N. Broadway, Walters, Oklahoma, request copies of any portion of the Cooperative's rate and service tariffs and rules. A nominal reproduction charge will be made for each copy and postage will be added if the copies are mailed.

Rate information is on our website, CottonElectric.com, under My Cooperative.

Rates are established under supervision of the Cotton Electric Board of Trustees so that income from the sale of electric power will pay the cost of wholesale power and provide funds to repay loans with interest, plus assuring adequate reserves for routine replacements and to cover emergencies such as storms.

Collection Policy

All residential and commercial accounts, excluding MyChoice, shall be past due fifteen (15) days after the date of mailing the bill.

The service of a member may be disconnected for non-payment of a bill no earlier than ten (10) days after the bill is due. A written notice of intention to discontinue service shall be mailed to the consumer at his or her last known address on the company records. A 48-hour notice will be mailed at least five (5) days prior to a date shown on the notice on or after which service may be discontinued.

The member shall be charged a collection fee, in accordance with the schedule set out in the next column of this page. Before service is reconnected, the member will pay all delinquent accounts in full, plus the collection fee and reconnect fee.

All payments received from the member will be in cash, money order, cashier's check, personal check or debit/credit card.

If a member has been disconnected because of a returned check or has a history of returned checks, a personal check will not be accepted and a \$35 fee will be assessed for each returned check.

The collection and reconnect fees are:

Fees - Charged For Each Occurrence

Office Connect	\$15
Field Connect	\$35
Collection Fee	\$40
Reconnect after 4 p.m.	\$100

When a member is disconnected for non-payment of a power bill, and subsequently asks for a reconnect, the member may be required to pay an additional security deposit of not more than an estimated two month's power bill plus \$100.

The Cooperative shall not discontinue a member's service for non-payment of a bill after 12 noon on a Friday or a day preceding a legal holiday; or on a Saturday, Sunday, or legal holiday; or between 3 p.m. and 8 a.m. of any other day.

Termination of Service

Billing and consumer records procedures are performed by computer. If the bill is not paid by the due date specified on the bill, a CUT-OFF NOTICE serves as a reminder to the member to pay the bill or make arrangements with the Cooperative if the member is unable to pay the bill in full.

Alternate Payment Plans & Financial Assistance

Cotton Electric offers a Deferred Payment Plan. Contact the Member Accounts Coordinator at 580-875-3351 to see if you qualify.

You may be eligible for assistance in the payment of your electric bill from the Department of Human Services located in the county in which you live. Contact the Member Accounts Coordinator to see if there are other government or social service programs available.

It is the consumer's responsibility to contact the Cooperative by the due date shown on the bill if arrangements are to be made for any of the alternate forms of assistance or deferred payment.

Special Needs

If any occupant of the premises is certified by a licensed physician to be seriously ill or dependent upon life-support equipment, notify Cotton Electric of the circumstances so that special consideration and/or action may be taken if need arises. Call Cotton Electric, 580-875-3351 or 800-522-3520, or write the Cooperative, 226 North Broadway, Walters, OK 73572-1226. Direct your correspondence to the Dispatcher.

Service and Billing Disputes

If you question or dispute any portion of the bill, we will review the bill with you, and cut-off may be postponed if you pay the undisputed portion of the bill prior to the date indicated.

Meter Testing

You may request a test of your electric meter if you believe that the meter is not accurately reflecting your electric consumption. This test will be made at no charge to you, provided that the meter is defective. In the event that you request a test and the meter is not defective, you will be required to pay a charge of \$20 to \$40 depending on the last date the meter was tested and the kWh usage in question.

Nondiscrimination

Cotton Electric Cooperative, Inc. is an equal opportunity employer and provider.

What to do when the lights go out

Electric service is one of your most dependable purchases. Power interruptions are usually infrequent and brief, but there are times, due to the weather and acts of nature, when service will be interrupted.

When the power is off:

1. Check the fuses or circuit breakers in your service box panel. If necessary, replace any fuses or reset the circuit breakers. Remember to check the primary cartridge fuses in the fuse box or main circuit breaker.
2. If you have no power at all, check with nearby neighbors to see if they are without power. This will help determine if the trouble is caused by the transformer serving you or if there is a line outage.

3. If you have not found the trouble, call Cotton Electric Cooperative. Be sure to give your name, location and account/service number. Call the cooperative as soon as the trouble is discovered. A description of what you heard or saw that might be associated with the outage will help.

For all service outages, or if you are experiencing any other electrical problems, call 580-875-3351 or 1-800-522-3520. A local dispatcher is on duty 24 hours a day, seven days a week.

If you have other questions regarding what to do when the power goes off, please call us. As your member-owned electric co-op, we are always happy to help you.

580-875-3351 or 800-522-3520

The Seven Cooperative Principles

An Electric Cooperative is a non-profit enterprise owned by the people it serves, dedicated to the objective of providing quality electric service at the lowest possible cost.

All cooperative businesses adhere to these seven guiding principles:

1 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.

2 Democratic Member Control — Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

3 Members' Economic Participation — Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4 Autonomy and Independence — Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5 Education, Training, and Information — Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

6 Cooperation Among Cooperatives — Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

7 Concern for Community — While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Member Services

Outdoor Lighting

Cotton Electric Cooperative has lit up the countryside with outdoor yard lights for many years, much to the homeowners' content. These lights are available for a nominal fee to Cotton Electric members.

Please refer to the electrical rates sheet included in this packet for pricing for a variety of outdoor lighting. For more information on lighting options available for Cotton Electric consumers, call 580-875-3351 or 1-800-522-3520.

Rebate Programs

Cotton Electric Cooperative offers rebates designed to encourage energy efficiency. The rebates usually have specific requirements. Rebates may be available for installation of certain types of heat pumps. Some rebates are limited by dates and available funds.

Check our website, CottonElectric.com, for updates on rebate information. Rebate information is also published in *The Current*.

Energy Efficiency Home Evaluation

Cotton Electric Cooperative provides free energy efficiency home evaluations for members to help them decide the most economical ways to improve their home's energy efficiency.

An energy efficiency home evaluation, which is performed by the cooperative's energy efficiency coordinator, consists of a thorough inspection of a home's foundation, floors, walls, doors, windows and attic.

During an evaluation, careful measurements are taken of your home's insulating factor and heat loss areas such as doors and windows. Or, if you are planning on adding to your home, building a new one or adding new air conditioning or heating equipment, your cooperative's energy efficiency coordinator can visit with you one-on-one to discuss the energy saving improvements best suited for you and the size of equipment needed for your home.

After conducting an on-site energy efficiency evaluation, Cotton Electric Cooperative's energy efficiency coordinator then uses a specially-designed computer program to calculate how energy improvements, such as adding insulation, storm doors and windows, and a more efficient heating and cooling system can help reduce kilowatt hour waste. A thorough explanation of the results is then returned to the member, which

will address the energy saving improvements that are best suited for your home.

The next time you have a problem or question concerning utility costs, whether you're building a new home or improving the one you're still in, call Cotton Electric Cooperative and ask your energy efficiency coordinator for expert advice.

The Current

Since premiering in September 1957, *The Current* has been the newspaper of record for Cotton Electric members. *The Current* is a full-size newspaper that is distributed to more than 15,000 people every month.

The award-winning newspaper features a dynamic classified section and an editorial policy that focuses on the people and activities of Southwest Oklahoma. As an added service, members of Cotton Electric Cooperative may place two free classified ads in each issue. Also, display advertising is available to area businesses and individuals at very competitive rates.

For more information, or to place an ad, please call 580-875-3351 and ask for the Marketing department.

Annual Meeting

The annual meeting is held once each year. Members are notified of the annual meeting by written or printed notice stating the place, day and hour of the meeting date, usually in the Cooperative newspaper. It is both a privilege and a responsibility of each member to attend the meeting and to exercise his/her right to vote. We also welcome your opinions and suggestions on how to improve our service to you.



SmartHub

SmartHub allows members to see daily power use data and manage accounts from a computer or mobile device.

SmartHub offers the tools to manage accounts with fully-integrated mobile and web apps. SmartHub delivers account information, mobile payments and more in a secure environment.

Cotton Electric offers SmartHub for members wanting to manage their Cotton Electric accounts online. Members can set up an electronic account simply by visiting CottonElectric.com.

Those using a traditional computer can click on buttons labeled View & Pay Bill or Pay Online. SmartHub is optimized for mobile devices, so those using a smart phone can click on the Pay My Bill button.

There is also a free app for smart phones and tablets that bypasses the Cotton Electric website and takes a user straight to SmartHub. Look for SmartHub at the App Store on iTunes or Google Play.

A Cotton Electric account number is necessary to get an online account set up. New users will also be asked to provide an email address and a password of his or her choice.

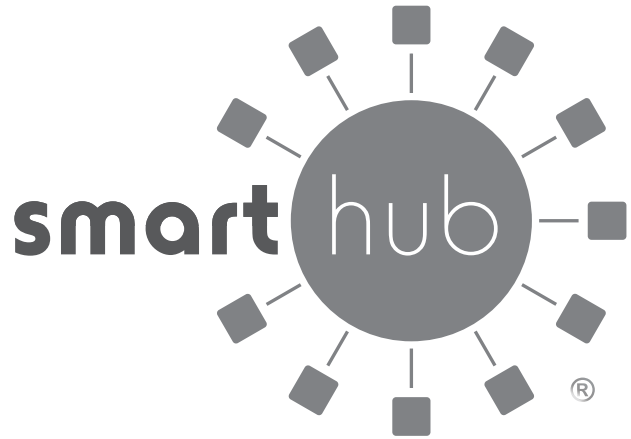
Registration does not obligate a member to make payments online. This tool is a great way to check on the current status of accounts. Information available includes the amount of a current bill and past due dates.

SmartHub has a My Usage tab that provides access to a variety of historical information about an account. For example, members can compare month-to-month power use or see a year's worth of kWh use on a bar graph overlaid with high, low and/or average temperatures.

SmartHub puts all the power of managing personal information in the hands of members who use it. Email addresses and phone numbers can be updated any time online or with the app, eliminating the need to call Cotton Electric offices during business hours.

Members can set up multiple contact points, too. Separate phone numbers and email addresses for each member of the household can be added.

Additionally, members can choose to have a variety of notifications delivered to all or



some of the contacts in a ways that work best for them. For example, from the Notifications tab, users can elect to have a Bill Available, Payment Confirmation or DQ (delinquent) Notice sent via email, text message or both.

SmartHub is a secure website and app, which protects sensitive personal information. Users can safely store checking account and/or credit card information to make payments.

To eliminate the need to keep track of due dates, the Billing & Payments tab has a link called Auto Pay Accounts that members can use to set up automatic payments. This SmartHub feature also eliminates having to submit paperwork to the co-op.

Members can look for Report an Outage in the quick links menu on the website or the icon on the app. Please remember to include a good callback phone number in the Comments section when submitting an outage report through SmartHub.



Paying Your Electric Bill

Locations

You can pay your electric bill in person at the Walters or Duncan offices. The Walters office is located at 226 N. Broadway and the Duncan office is located at 1101 W. Oak Avenue.

Payments are accepted at Liberty National Bank's branches in Lawton, Medicine Park and Elgin.

When paying by mail, bills are to be mailed to:

Cotton Electric Cooperative, Inc.

226 N. Broadway

Walters, OK 73572-1226

Night deposit boxes are available at both the Walters and Duncan offices for making payments after hours. If using the night deposit or mail, **DO NOT SEND CASH**. Cotton Electric will not be responsible for lost cash sent by mail or left in the night deposit.

Kiosk

A self-serve payment kiosk at the Duncan office will take cash and credit/debit card payments 24/7.

Paying by Phone

Call 1-855-730-8711 to make a payment using a series of menu choices in an automated system. The system requires a Cotton Electric account number and credit/debit card or banking account numbers.

Bank Draft Service

Cotton Electric Cooperative offers one way that is sure to take the hassle out of writing a check for the monthly electric bill. Payment for electric service can be automatically drafted directly from a member's checking account upon request.

All Cotton Electric members are eligible to have their payments set up on draft. The first step is to call or come by the office and request an application form. Once this form is returned to the cooperative, along with a voided check, the account will be set up in this manner. Cotton Electric works with all area banks in the draft program.

This computer-generated service is provided through an Automatic Clearing House.

The timing of the draft is based on a member's billing cycle. Cycle 1 bills are usually mailed on the 5th and Cycle 3 bills are usually mailed on the 15th. Members usually receive the bill within two days. The amount

of the power bill is then drafted from the member's account ten (10) days from the bill date.

Even though a member's account is set up on a draft, a power bill will still be sent. The only difference, however, will be a line indicating the amount that has been drafted from a member's bank account.

If at any time a member feels that there is an error on his or her power bill, they may contact the office and appropriate action will be taken immediately, if necessary. The member, upon request, can stop this service at any time. For more information on the draft payment option available for Cotton Electric consumers, call 580-875-3351 or 1-800-522-3520.

Moneygram

Another payment method offered by Cotton Electric, Moneygram transactions are handled at Wal-Mart and CVS stores anywhere in the United States. There is a fee for this transaction which requires cash or a debit card. To make a payment using this method, you will need your Cotton Electric account number and biller code 7933.

Credit Card / Debit Card Payments

Visit our website, CottonElectric.com, to set up an account to make payments with a credit or debit card. Credit card payments are not accepted for commercial accounts.

Online

The cooperative offers SmartHub, a convenient method for members to receive and pay their bill online. Members may go to the cooperative's website, CottonElectric.com, to pay their bill and to sign up to receive their electric bill via email.

Understanding Your Electric Bill

Your cooperative uses "Cycle Billing" with billing based on meter readings obtained by the cooperative's automated meter reading system and from meter reader personnel.

Cycle billing means that meter readings and billing occur on specific cycles. Instead of mailing bills to all members on the last day of the month, bills are mailed in two groups. Billing, bank draft and penalty dates are all tied to fixed dates within each month.


The first bill you receive will indicate your billing cycle. For your information:

CYCLE ONE has black lettering. Bills are mailed the **5TH DAY** of each month. Bank drafts are made on the 15th day of the month. Penalties will be assessed on bills paid after the 20th day of the month.


CYCLE THREE has red lettering. Bills are mailed the **15TH DAY** of each month. Bank drafts are made on the 25th day of the month. Penalties will be assessed on bills paid after the first day of the following month.

The calendar sometimes results in additional days of usage to be included in the meter reading and billing period. The calendar also allows some extra days when meter readers can work out problems and assist other meter readers who may be ill or off the job.


Please note that the bill indicates the approximate number of days for which you are being billed. The date on which payment is due is also indicated. Please return your payment on time and avoid unnecessary penalty charges.



COTTON
ELECTRIC CO-OP
A Touchstone Energy® Cooperative

Kiosk 

Office Hours: 8 AM – 5 PM Monday – Friday
580-875-3351 or 1-800-522-3520
Pay by Phone: 855-730-8711
Pay Online: www.CottonElectric.com



ACCOUNT NUMBER 1234567890

Member Name **COTTON MEMBER**

Member # 5555

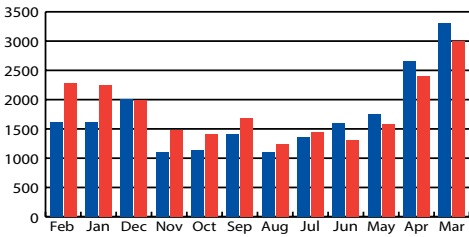
Statement date 02/15/2020

Phone # 580-555-3351

Service Address: NW-00-0N-00W

Meter #	Description	Bill Type	Reading Dates From To	Days	Readings Previous Present	Meter Multiplier	kWh Billed
AA00001	HOUSE	Regular	01/07/20 02/06/20	30	28119 31013	1	1680

■ Current Year ■ Previous Year



ENERGY USE COMPARISON

This Month

1680 kWh
30 Days


Last Month

1650 kWh
31 Days

This Month Last Year

2310 kWh
30 Days

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT



COTTON
ELECTRIC CO-OP
A Touchstone Energy® Cooperative

226 N. Broadway, Walters, OK 73572
1101 W. Oak, Duncan, OK 73533

☐ Please check box if address above is incorrect, and indicate change(s).



ANY MEMBER
123 ANY STREET
ANYTOWN, OK 00000

Account #: 1234567890

CURRENT BILL AMOUNT	\$ 186.00
BALANCE FORWARD	\$ 0.00
AMOUNT DUE BY 03/01/20	\$ 186.00
AMOUNT DUE AFTER 03/01/20	\$ 191.58

MAKE CHECKS PAYABLE TO:

COTTON ELECTRIC CO-OP
226 N. BROADWAY
WALTERS, OK 73572-1226

360222217700002000027952000026791030520191

"No deposits, no late fees, and I choose when I pay my electric bill!"



Cotton Electric Cooperative has a payment method that allows you to control your budget and manage your power usage.

With **MyChoice**, you pay for electricity how and when you choose, the same way you buy groceries or gasoline. Purchasing electricity before you use it allows you to control your budget and pay how much you want, when you want. And there are no security deposits or late fees.

Instead of a monthly statement, your usage and balance are calculated daily. Track your usage by phone or online with SmartHub.

Payments to **MyChoice** accounts can be made in any amount in one of the following ways:

- **In person** during business hours, 8 a.m. to 5 p.m. Monday through Friday, except holidays, at 226 N. Broadway in Walters or 1101 W. Oak in Duncan. Liberty National Bank also accepts payments for Cotton Electric accounts. A self-serve payment kiosk at the Duncan office will take cash and credit/debit card payments 24/7.

- **Over the phone.** Call 1-855-730-8711 to make a payment using a series of menu choices in an automated system. The system requires a Cotton Electric account number and credit/debit card or banking account numbers.

- **Payments can be mailed** to Cotton Electric, 226 N. Broadway, Walters, OK 73572-1226. To ensure uninterrupted service, allow plenty of time for payment to arrive. The co-op is not responsible for delays in delivery.

- **Online** at CottonElectric.com. The website accepts payments made directly from a checking account. Credit card payments are also possible, with an additional fee. Credit card payments require up to one full business day to post to your account.

- **Via Moneygram** services offered in Wal-Mart and CVS stores in Lawton and Duncan. Use Receive Code 7933.

Find out more at CottonElectric.com

Vegetation Management

In 2004, Cotton Electric Cooperative implemented an aggressive vegetation management policy. The goal of the policy is to improve the quality of service to our members through clear cutting, trimming and herbicide application to areas where trees come in contact with the line.

Over a period of time, every line in the system will be evaluated and trees will either be removed from interfering with the line or in some areas trimmed back so that service quality is not compromised. Then, on a rotating basis, and at a much lower cost, workers will revisit the areas to apply an environmentally friendly herbicide which will keep the lines clear of any regrowth.

This low-tech solution of clearing trees goes a long way toward meeting the needs of a high-tech society. By clearing trees and brush, there are fewer service interruptions and in the event of an outage, line crews are able to work more quickly and safely in an improved environment to restore power to you, our members.

So, where do we start and how does the process work? The staff of

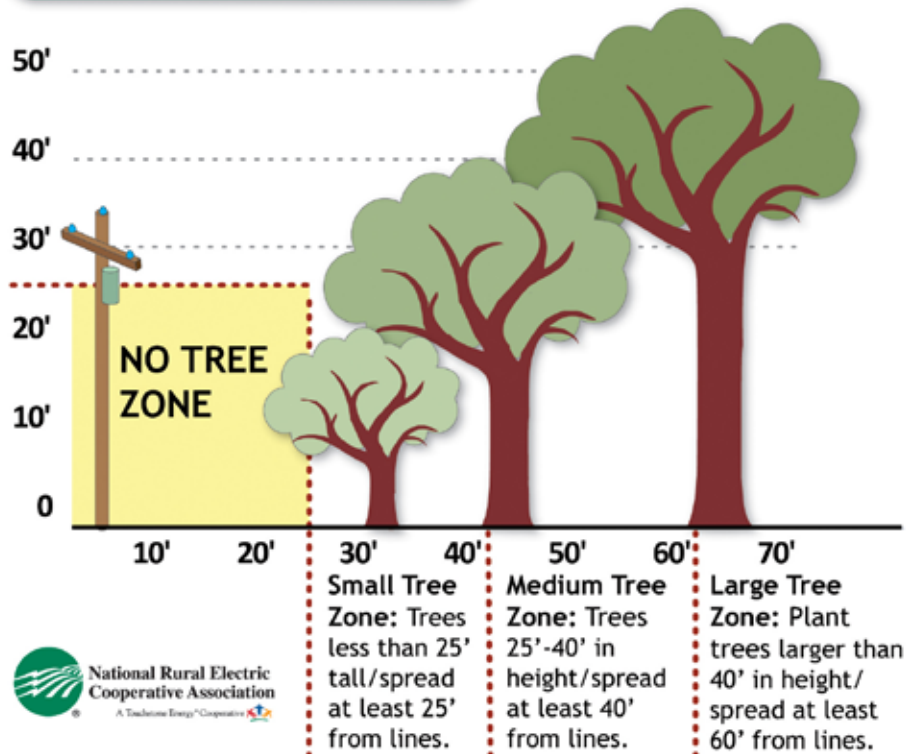
Cotton Electric evaluated the system and found several areas where trees are the major cause of service interruptions. Professional contract crews are sent to these areas to clear cut the brush and trees from underneath the lines. This is accomplished by using several pieces of heavy machinery – a hydro ax and a trimmer – as well as chainsaws and other hand-held equipment. The area beneath power lines is tree free and looking neat and orderly. But this isn't the end of the vegetation management schedule.

In order to maintain the cleared area, herbicide applications are used on a two-year rotation. Every two years, a crew will come back to apply a carefully chosen herbicide spray which will eliminate any regrowth and maintain the cleared area.

And you, our members, can also help in maintaining clearances near power lines. Before planting trees, call OKIE (1-800-522-6543) to make sure you're digging in a safe area and look up to make sure you are clear of any power lines. By planting in areas away from the lines, you not only improve the quality of service at your home and neighbors, but also reduce maintenance expense which translates to lower rates.

By taking these steps, the quality of service to the members of Cotton Electric Cooperative will greatly improve. And that is the commitment made by your Board of Trustees. Cotton Electric Cooperative is committed to being your provider of choice and supplying you with quality power that is safe, reliable and affordable.

Tree Planting Guide



National Rural Electric Cooperative Association
A Touchstone Energy® Cooperative



Operation Round Up

Cotton Electric Charitable Foundation

In 2004, Cotton Electric Cooperative began the Operation Round Up program and established the Cotton Electric Charitable Foundation. Operation Round Up is designed to provide financial assistance to worthwhile individuals and organizations.

Under the program, voluntary contributions from participating co-op members are collected when their monthly bills are “rounded up” to the next highest dollar. For example, if a member’s bill is \$49.77, the bill is rounded up to \$50.00. The additional 23 cents is then deposited to the Operation Round Up fund. The average yearly contribution from each participating cooperative member is about \$6. The most a member could contribute each year is \$11.88 and the least is one cent. Plus, contributions are tax deductible and participation is voluntary.

“The goal of CECF is to improve the lives of our members and we feel these contributions have made a dif-



ference in the quality of life in southwest Oklahoma,” said Jennifer Meason, Cotton Electric CEO and CECF board member.

Operation Round Up funds are usually targeted for health, community and emergency services and community programs.

“Rural fire protection is an important issue for our members,” said Ken Layn, president of the CEC board of trustees and CECF board member. “Through Operation Roundup, more than \$311,000 has been contributed to fire departments in our service area. These additional funds have helped

them purchase new equipment and have helped them cope with increased fuel and maintenance costs.”

Since 2004, more than \$1.26 million has been contributed by the members of Cotton Electric Cooperative and distributed to area individuals and organizations in need.

The funds collected by the Operation Round Up program are administered by the Cotton Electric Charitable Foundation and its five directors: Danny Marlett, president; Carter Waid, vice president; Cindy Zelbst, secretary-treasurer; Ken Layn, president of the Cotton Electric board of trustees; and Jennifer Meason, Cotton Electric CEO. The CECF board meets and discusses applications quarterly. A list of contributions is published on the website and in the Cotton Electric newspaper, The Current.

For information about the Operation Round Up program, call 580-875-3351 or 800-522-3520 or visit our website, CottonElectric.com.



Danny Marlett
President



Carter Waid
Vice President



Cindy Zelbst
Secretary



Jennifer Meason
Board Member



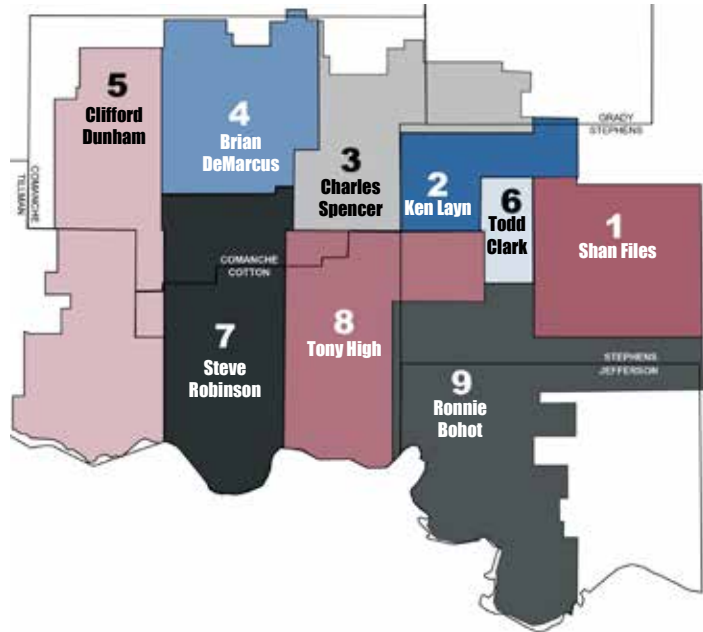
Ken Layn
Board Member

Cotton Electric Mission Statement

Our mission is to be the leader in providing the most reliable and innovative electric system, with affordable rates, through the positive, enthusiastic and professional use of our resources and people.

Board of Trustees

Cotton Electric's board of trustees is comprised of nine trustees, each representing one of the nine districts in Cotton's service territory. Just like you, Cotton Electric's trustees are members of CEC. Trustees are elected for a three-year term and may be re-elected. They are elected on a staggered basis so there will always be experienced and knowledgeable trustees managing your cooperative. The members vote at their District Meeting to elect their trustee.



SHAN FILES

represents District #1 from Velma. Mr. Files was appointed to the board in 2010. He and his wife, Starlet, have two children. Mr. Files is partner in OK Dozer Service and is a farmer-rancher.



KEN LAYN

represents District #2 from Marlow. Mr. Layn was appointed to the board in 2010. He is a retired educator. He and his wife, Sharon, have two daughters.



CHARLES SPENCER

represents District #3 and resides in Elgin. Mr. Spencer, a farmer-rancher, was appointed to the board in 2000. He and his wife, Janis, have two sons and two daughters.



BRIAN DeMARCUS

represents District #4 and resides in the Meers area. Mr. DeMarcus, a banker, was appointed to the board in 2013. He and his wife, Cassie, have two daughters and a son.



CLIFFORD DUNHAM

represents District #5 and lives in Chattanooga. Mr. Dunham is a Goodyear employee and was elected to the board in 2018. He and his wife, Nikki, have three daughters.



TODD CLARK

represents District #6 and lives northeast of Duncan. He was appointed to the board in July 2019. He and his wife, Shelley, have two daughters and three grandchildren. Mr. Clark is a commercial property manager and developer.



STEVE ROBINSON

represents District #7 and resides in Cache. Mr. Robinson was appointed to the board in 2015. He is a lawyer and financial advisor. He and his wife, Stacy, have two daughters.



TONY HIGH

represents District #8 and resides in Walters. Mr. High was elected to the board in 2017 and is a local farmer and rancher. He and his wife, Laura, have three children and four grandchildren.

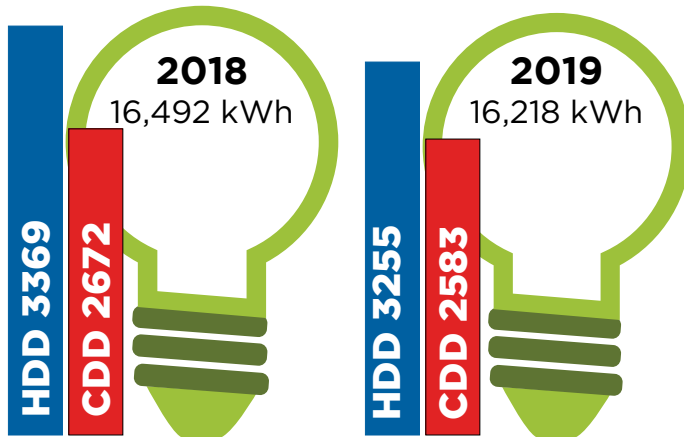


RONNIE BOHOT

represents District #9 and lives in Hastings where he farms and ranches. He was appointed to the board in 2009. He and his wife, Belinda, have two sons.

Average Farm/Residential kWh consumed

Annual fluctuations can often be attributed to **Heating Degree Days** and **Cooling Degree Days**



424.5
megawatts produced
at solar site
in 2019

22,356
METERS

5,200
MILES OF LINE

4.30
METERS SERVED
PER MILE OF LINE

\$1,021
AVERAGE MONTHLY
EXPENSES PER MILE

99.97%
AVERAGE SYSTEM RELIABILITY

7,287
OUTAGE
PHONE CALLS
RECEIVED

1,199
OUTAGES

532
OUTAGES CAUSED
BY WEATHER

370
Lightning
157
Wind

2
Ice
3
Other

97
Outages caused
by animals

6,568
POLES
INSPECTED

3,136
POLES
REPLACED

6,994
UNDERGROUND LOCATES

Source:
Cotton Electric 2019 Annual Report

Energy Efficiency Home Evaluation



Cotton Electric Cooperative provides **FREE** home evaluations for members to help determine economical ways to improve their home's energy-efficiency.

An energy efficiency home evaluation, which is performed by the cooperative's Energy Efficiency Coordinator, consists of a thorough inspection of your home's foundation, floors, walls, doors, windows and attic. During the evaluation, careful measurements are taken of your home's insulating factor and heat loss areas such as doors and windows.

Or, if you are planning on adding-on to your home, building a new one or adding new air conditioning or heating equipment, your cooperative's Energy Efficiency Coordinator can visit with you one-on-one to discuss the energy saving improvements best suited for you and the size of equipment needed for your home.

After conducting an on-site evaluation, Cotton Electric Cooperative's Energy Efficiency Coordinator then uses a specially-designed computer program to calculate how energy improvements, such as adding insulation, storm doors and windows, and a more efficient heating and cooling system can help reduce kilowatt hour waste.

A thorough explanation of the results is returned to you, which will address the energy saving improvements that are best suited for your home.

Cotton Electric offers another type of evaluation that is more technical and precise. The traditional energy efficiency home evaluation is free of charge, but for an investment of \$50 per test, Cotton Electric will perform a blower door and/or a duct blaster test, and use a thermal image camera to pinpoint weak spots in a home to maximize energy saving improvements. Evaluations that offer the same tests can cost as much as \$350. After the tests are conducted, a report is provided explaining results of the test, best areas to improve, and possible savings that can be expected.

A blower door test can help determine a home's air tightness. A powerful fan mounted into the frame of an exterior door pulls air out of the house, lowering the air pressure inside. The higher outside air pressure flows in through all unsealed cracks and openings.

A duct blaster test uses a powerful fan to push air into the closed off central HVAC system's ducts. The test can determine the amount of air leaking from ducts.

Performing the tests takes about two hours. After the tests, all data collected generates a report.

For more information about the audits or to schedule either a **FREE** walk-around evaluation or a blower door or duct blaster test, call 580-875-3351.



Touchstone Energy



Your Touchstone Energy[®] Cooperative

The power of human connections[®]

What is Touchstone Energy?

Touchstone Energy is a national alliance of local, member-owned electric cooperatives providing high standards of service to customers large and small.

More than 750 Touchstone Energy cooperatives in 46 states are delivering electric power and energy solutions to more than 32 million customers every day.

Touchstone Energy cooperatives are local, active members of their communities dedicated to serving commercial, industrial, agricultural and residential customers with integrity, accountability, innovation and commitment to community.

What does the name Touchstone Energy mean?

A 'touchstone' is a measure of quality and value. Touchstone Energy was selected as the most effective name for communicating the unique characteristics that convey the special nature of cooperatives.

Why is Cotton Electric a Touchstone Energy Cooperative?

Cotton Electric has always strived to provide our members with quality service at competitive rates. Our affiliation with Touchstone Energy shows our dedication to providing consumers reliable, high-quality service at competitive prices.

Wholesale Power Supply

wfec
western farmers
electric cooperative

Cotton Electric Cooperative does not generate its own electricity. Cotton purchases its power from Western Farmers Electric Cooperative.

Western Farmers Electric Cooperative (WFEC) is a consumer-owned cooperative responsible for supplying wholesale electric power to 17 member cooperatives in Oklahoma, along with Altus Air Force Base, plus four cooperatives in New Mexico, and other power users in Kansas and Texas.

Headquartered in Anadarko, Okla., WFEC owns and operates generating and transmission resources.

The generation and transmission (G&T) cooperative's energy resources include a coal-based power plant, as well as numerous natural gas units. Wind resources and hydropower allocations also make up a part of the overall energy mix, as well. WFEC recently introduced solar into this diverse blend.

WFEC has six generating facilities, located at Mooreland, Anadarko and Hugo in Oklahoma, and Lovington, New Mexico, with a total power capacity of more than 2,400 megawatts, including hydropower allocation and other contract power purchases.

Bylaws

ARTICLE I

Membership

Section 1 - REQUIREMENTS FOR MEMBERSHIP

Any person, firm, association, corporation or body politic or subdivision thereof may become a member in Cotton Electric Cooperative (hereinafter called the "Cooperative") by:

- (a) Filing a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees, and
- (d) Paying a nonrefundable membership fee as set by the Board of Trustees.

Section 2 - JOINT MEMBERSHIP

A husband and wife may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership, and any provisions relating to the rights and liabilities of memberships shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer; or trustee, provided that both meet the qualifications for such office.

Section 3 - CONVERSION OF MEMBERSHIP

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the Board of Trustees.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, who shall be responsible for all debts due the Cooperative. The estate of the deceased shall not be released from any debts due the Cooperative.

- (c) Upon the death of any individual member, the estate of the deceased shall not be released from any debts due the Cooperative.

Section 4 - PURCHASE OF ELECTRIC ENERGY

Each member, for so long as such are directly occupied or used by him, shall purchase from the Cooperative electric power and energy used on all premises described in his application for membership, or to which electric service has been furnished by the Cooperative through such membership, and shall pay therefore, monthly at rates which shall from time to time, be fixed by the Board of Trustees. Each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Trustees from time to time, regardless of the amount of energy consumed. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Section 5 - TERMINATION OF MEMBERSHIP

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, bylaws or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member from any debts due the Cooperative.

The membership of a member who has ceased to purchase energy from the Cooperative shall be cancelled effective on the date the electric service is disconnected.

Section 6 - EASEMENTS

Each member shall execute and deliver to the Cooperative grants of easements or right-of-ways on or over such lands owned by the member, and in accordance with such reasonable terms and conditions, as the Cooperative may require for the furnishing of electric service to his or other members, or for the construction operation and maintenance, or the relocation, of the Cooperative's electric facilities.

ARTICLE II

Rights And Liabilities Of Members

Section 1 - PROPERTY INTERESTS OF MEMBERS

Except as modified by Article VIII of these bylaws, members shall have no individual or separate interests in the property or assets of the Cooperative; however, in case of dissolution of the property belonging to the Cooperative, any assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, and remaining after all capital credits furnished through patronage shall have been paid without priority on a pro rata basis as provided for in Article VIII of these bylaws, shall be distributed among the members and former members, to the extent practicable, in proportion which the aggregate patronage of each bears to the total patronage of all current and former members. Provided further that the actual and necessary cost incurred by the Cooperative in complying with the provisions of said Article VIII of these bylaws, may be treated as debts and liabilities of the Cooperative, and shall be subtracted before any distribution is made.

Section 2 - NON-LIABILITY FOR DEBTS OF THE CO-OPERATIVE

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

Section 3 - TRANSFERABILITY

No membership shall be transferable.

Section 4 - OWNERSHIP

No member may hold more than one (1) membership in the Cooperative.

ARTICLE III

Meetings of Members

Section 1 - ANNUAL MEETING

The annual meeting of the members of the Cooperative shall be held each year on a date to be fixed by resolution of the Board of Trustees of the Cooperative, at such place within the area served by the Cooperative as shall be fixed by the Board of Trustees of the Cooperative, and such time and place of the holding of such annual meeting shall be designated in the notice of the meeting.

Such annual meeting of the members of the Cooperative shall be held for the purpose of passing upon reports for the previous fiscal year and for transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

Section 2 - SPECIAL MEETINGS

Special meetings of the members may be called by resolution of the Board of Trustees, or upon written request signed by any three trustees, by the President, or by five percent or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members shall be held in the service area of the Cooperative as specified by the Board of Trustees.

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, or an annual meeting at which business other than that listed in Section 6 of this Article, is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the record of the Cooperative, with postage thereupon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both.

Section 4 - QUORUM

Five percent (5%) of the members shall constitute a Quorum. 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; provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

Section 5 -VOTING Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these bylaws. Voting by proxy or mail shall not be permitted.

Section 6 - ORDER OF BUSINESS

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

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Unfinished business.
6. New business.
7. Adjournment.

ARTICLE IV

Trustees

Section 1 - GENERAL POWERS

The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws, conferred upon or reserved to the members.

Section 2 - VOTING DISTRICTS

The territory served or to be served by the Cooperative shall be divided into nine districts, each of which shall contain approximately the same number of members. Each district shall be represented by one trustee. The nine districts shall be as follows:

DISTRICT 1: Beginning at a point being the southwest corner of Section 31, Township 2 South, Range 6 West; thence north to a point being the northwest corner of Section 6, Township 1 North, Range 6 West; thence east to a point being the northeast corner of Section 1, Township 1 North, Range 4 West; thence south to a point being the northeast corner of Section 1, Township 1 South, Range 4 West; thence east to a point being the northeast corner of Section 6, Township 1 South, Range 3 West; thence south to a point being the southeast corner of Section 31, Township 2 South, Range 3 West; thence west to the point of beginning.

DISTRICT 2: Beginning at a point being the southwest corner of Section 34, Township 1 North, Range 9 West; thence north to a point being the northwest corner of Section 10, Township 2 North, Range 9 West; thence east to a point being the northwest corner of Section 7, Township 2 north, Range 6 West; thence North to a point being the northwest corner of section 31, Township 3 North, Range 6 West; thence east to a point being the northeast corner of Section 35, Township 3 North, Range 6 West; thence south to a point being the southeast corner of Section 35, Township 2 North, Range 6 West; thence west to a point being the southeast corner of Section 36, Township 2 North, Range 8 West; thence south to a point being the southeast corner of Section 36, Township 1 North, Range 8 West; thence west to the point of beginning.

DISTRICT 3. Beginning at a point being the southwest corner of Section 34, Township 1 North, Range 11 West; thence north to a point being the northwest corner of Section 22, Township 2 North, Range 11 West; thence east to a point being the northwest corner of Section 19, Township 2 North, Range 10 West; thence north to a point being the northwest corner of Section 6, Township 4 North, Range 10 West; thence east to a point being the northeast corner of Section 1, Township 4 North, Range 7 West; thence south to a point being the Southeast corner of Section 1, Township 2 North, Range 7 West; thence west to a point being the southeast corner of Section 4, Township 2 North, Range 9 West; thence south to a point being the southeast corner of Section 33, Township 1 North, Range 9 West; thence west to the point of beginning.

DISTRICT 4: Beginning at a point being the southwest corner of Section 7, Township 1 North, Range 13 West; thence north to a point being the northwest corner of Section 31, Township 5 North, Range 13 West; thence east to a point being the northeast corner of Section 36, Township 5 North, Range 11 West; thence south to a point being the southeast corner of Section 13, Township 2 North, Range 11 West; thence west to a point being the southeast corner of Section 16, Township 2 North, Range 11 West; thence south to a point being the southeast corner of Sec-

tion 4, Township 1 North, Range 11 West; thence west to a point of being the southeast corner of Section 6, Township 1 North, Range 11 West; thence south to a point being the southeast corner of Section 7, Township 1 North, Range 11 West, thence west to the point of beginning.

DISTRICT 5: All territory in Ranges 14 West, 15 West and 16 West in Cotton County, Comanche County and Tillman County.

DISTRICT 6: All territory in Township 1 North, Range 7 West; and Township 1 South, Range 7 West, in Stephens County.

DISTRICT 7: Beginning at a point on the Oklahoma state line being approximately at the southwest corner of Section 31, Township 4 South, Range 13 West; thence north to a point being the northwest corner of Section 18, Township 1 North, Range 13 West; thence east to a point being the northwest corner of Section 17, Township 1 North, Range 11 West; thence north to a point being the northwest corner of Section 8, Township 1 North, Range 11 West; thence east to a point being the northeast corner of Section 9, Township 1 North, Range 11 West; thence south to a point being the southeast corner of Section 33, Township 1 North, Range 11 West; thence west to a point being the northeast corner of Section 5, Township 1 South, Range 11 West; thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River, being at a point approximately at the southeast corner of Section 5, Township 5 South, Range 11 West; thence along the Oklahoma state line in a westerly direction to the point of beginning.

DISTRICT 8: Beginning at a point on the Oklahoma state line being approximately at the southwest corner of Section 4, Township 5 South, Range 11 West; thence north to a point being the northwest corner of Section 4, Township 1 South, Range 11 West; thence east to a point being the northeast corner of Section 1, Township 1 South, Range 8 West; thence south to a point being the southeast corner of Section 12, Township 2 South, Range 8 West; thence west to a point being the southwest corner of Section 8, Township 2 South, Range 9 West, thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River being at a point approximately at the southeast corner of Section 17, Township 5 South, Range 9 West; thence along the Oklahoma State line in a westerly direction to the point of beginning.

DISTRICT 9: Beginning at a point on the Oklahoma State line being approximately at the southwest corner of Section 16, Township 5 South, Range 9 West; thence north to a point being the northwest corner of Section 16, Township 2 South, Range 9 West; thence east to a point being the northwest corner of Section 18, Township 2 South, Range 7 West; thence north to a point being the northwest corner of Section 6, Township 2 South, Range 7 West; thence east to a point being the northeast corner of Section 1, Township 2 South, Range 7 West; thence south to a point being the northeast corner of Section 1, Township 3 South, Range 7 West; thence east to a point being the northeast corner of Section 6, Township 3 South, Range 3 West; thence south to

a point being the southeast corner of Section 31, Township 3 South, Range 3 West; thence west to a point being the southeast corner of Section 35, Township 3 South, Range 6 West; thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River, being at a point approximately at the southeast corner of Section 2, Township 8 South, Range 6 West; thence along the Oklahoma state line in a westerly direction to the point of beginning.

The exact boundaries of the districts are shown on an official service area map located in the offices of Cotton Electric Cooperative, Walters, Oklahoma and incorporated herein by reference.

SECTION 3 - ELECTION OF TRUSTEES BY DISTRICTS FOR STAGGERED TERMS

The Board of Trustees shall each year, by a resolution adopted not later than sixty days preceding each annual meeting of the members fix a date for the holding of district meetings of members residing therein in such districts as are scheduled to meet during the year as set forth herein. The date of any such meeting shall not be less than fourteen nor more than thirty days preceding the annual meeting of the members; provided, however, that all district meetings held each year need not necessarily be held on the same date.

The purpose of such district meeting shall be for electing, by ballot, by and for the members of each such district, a trustee to serve as trustee of the Cooperative, for such term as herein after set forth.

For the purpose of establishing three-year staggered terms for trustees, district meetings for the purpose of electing trustees shall be held as follows: In the year 1959, Districts 1, 3 and 5 shall meet and each shall elect or hold over a trustee to serve for a term of two years or until his successor shall be elected and qualified, and District 4 and 9 shall meet and each shall elect to hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified.

In the year 1960, Districts 2, 6 and 8 shall meet and each shall elect to hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified, and District 7 shall meet and elect or hold over a trustee for a term of two years or until his successor shall be elected and qualified.

Thereafter, each year district meeting shall be held only in those districts the proper term of whose trustee will expire during such year, and at such meeting each such district shall elect or hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified.

The Board of Trustees shall fix the time and place for each district meeting of the members and cause notice of each such meeting to be mailed by the Secretary to each member not less than five days before the meeting, which notice shall indicate the district to which each member belongs.

Each such meeting shall be called to order by the trustee representing such district, or such other person as may be designated by the Board of Trustees. The members shall then proceed to elect a Chairman, who shall be someone other than a trustee,

and the chairman shall appoint a secretary, each to act for the duration of the meeting.

The presence of at least five percent (5%) of the members of the Cooperative registered in such district at such duly called district meeting shall constitute a quorum; if less than a quorum is present at the meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided that the Secretary shall notify absent members of the time and place of such adjourned meeting and any subsequent meeting called must be held prior to the annual meeting.

The member in each voting district receiving a majority number of votes cast at the election at such district meeting, shall be elected a trustee of the Cooperative to take office immediately following the ensuing annual meeting of members and serve his proper term and until his successor shall have been elected and qualified. In the event a quorum is not present at said meeting, the incumbent trustee shall hold over for the applicable proper term and until his successor is elected and qualified.

The Chairman and Secretary of each district meeting of members shall certify the minutes of the meeting and shall immediately deposit the same with the Secretary of the Cooperative and said minutes shall show the name of the person elected as trustee by the district.

There shall be no electioneering within 100 feet of any voting place while a district meeting for the purpose of electing a trustee is in progress.

Section 4 - QUALIFICATION AND TENURE

No person shall be eligible to become or remain a trustee or hold any position of trust in the Cooperative who:

- (a) Is not a bona fide resident of the particular district which the person is to represent; or
- (b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or a business selling supplies and services to the Cooperative. These proscriptions shall not apply if and where the degree of the prohibited activity, as determined by the Board of Trustees, is so inconsiderable and incidental as to pose no reasonable prospect of conflict of interest; or
- (c) Is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per month is paid.
- (d) Is a convicted felon.

A trustee shall inform the Board of Trustees of any act or fact that would disqualify him under this section.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such trustee from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

Section 5 - PROTESTING ELECTION OF TRUSTEES

Any member desiring to protest the election of any trustee at

any district meeting held for the purpose of electing a trustee shall file a written protest with the Secretary of the Cooperative within five (5) days after the date of such election. The written protest shall set forth the facts and circumstances comprising the basis of the member's protest, and shall be considered by the Board of Trustees at a special meeting of the Board of Trustees called for the purpose of considering the aforesaid protest of said election. Said meeting shall be held at least one (1) day prior to the annual meeting of the members at which the trustee is to be installed and three (3) days notice of said meeting in writing shall be furnished to the members of the board, the person filing the protest, and the trustee-elect.

All parties concerned shall be entitled to be present at said meeting of the board, and to be heard in person or by counsel and to present evidence in support of, or in opposition to the written protest. After the evidence has been presented, the remaining trustees shall go into executive session and consider the question of the validity of the election which has been protested, and shall decide by a majority vote of the members of the trustees to the validity of the election, provided that the removal of said trustee by the members pursuant to Article IV, Section 6, or if a vacancy is created by virtue of a protest pursuant to Article IV, Section 5 of these bylaws, then the Board of Trustees, within 120 days from the date of the office becomes vacant, shall call an election pursuant to Article IV, Section 3 of these bylaws, and the member thus elected as trustee shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

In the event a quorum is not present at said special meeting, the vacancy shall be filled by a majority vote of the Board of Trustees at their next regular or special meeting, and said trustees so appointed shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

Section 6 - REMOVAL OF TRUSTEE BY MEMBERS

Any member may bring charges against a trustee for cause by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent (10%) of the members and request the removal of such trustee by reason thereof.

The trustee against whom such charges had been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

The question of the removal of such trustee shall be voted upon at the next regular or special meeting of the members called for such purpose, and any vacancy created by such removal shall be filled in accordance with Article IV, Section 7 of these bylaws. Provided further that the new trustee must reside in the same district as the trustee in respect of whom the vacancy occurs.

Section 7 - VACANCIES

Vacancies occurring in the Board of Trustees of Cotton Elec-

tric Cooperative, Inc. shall be filled by a majority vote of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs except that a vacancy occurring as a result of removal of said trustee by the members pursuant to Article IV, Section 6, or if a vacancy is created by virtue of a protest pursuant to Article IV, Section 5 of these bylaws, then the Board of Trustees, within 120 days from the date of the office becomes vacant, shall call an election pursuant to Article IV, Section 3 of these bylaws, and the member thus elected as trustee shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

In the event a quorum is not present at said special meeting, the vacancy shall be filled by a majority vote of the Board of Trustees at their next regular or special meeting, and said trustees so appointed shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

Section 8 - COMPENSATION

Trustees shall not receive any salary, as such for their services, but may, by resolution of the Board of Trustees receive a fixed sum and expenses for attending each meeting of the Board of Trustees, or for attending any function or performing any act in behalf of the Cooperative. No trustee shall receive compensation for serving the Cooperative in any other capacity, provided however, that trustees shall be entitled to receive such benefits as may from time to time be offered trustees of all Rural Electric Cooperatives under programs sponsored by the National Rural Electric Cooperative Association.

No close relative of any trustee shall receive compensation for serving the Cooperative, unless the payment of compensation shall be specifically authorized by a vote of the members or the service of such trustee or close relative shall have been certified by the Board of Trustees as an emergency measure.

ARTICLE V Meetings of Trustees

Section 1 - REGULAR MEETINGS

A regular meeting of the Board of Trustees shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board, such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 2 - SPECIAL MEETING

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

Section 3 - NOTICE OF TRUSTEES' MEETING

Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than

five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty of the Secretary, by the President or the trustees calling the meeting, to each trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4 - QUORUM

A majority of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the trustees is present at said meeting a majority of the trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI Officers

Section 1 - NUMBER

The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board of Trustees from time to time. The office of Secretary and Treasurer may be held by the same person.

Section 2 - ELECTION AND TERM OF OFFICE

The officers shall be elected by ballot annually by and from the Board of Trustees at the first board meeting of the Board of Trustees held after the annual meeting of members. If the election of officers shall not be held at such meeting, such officers shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until successors shall have been elected and shall have been qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3 - REMOVAL

Any officer, agent or employee elected or appointed by the Board of Trustees may be removed by the Board whenever in its judgment the best interest of the Cooperative will thereby be served. However, such removal shall not be effectuated inconsistently with any written contract between the Cooperative and such officer, agent or employee unless that person so consents.

Section 4 - PRESIDENT

The President shall:

- (a) Be the principal officer of the Board of Trustees and, unless otherwise determined by the members of the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees;
- (b) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts and other instruments, authorized by the Board of Trustees to be executed except in cases in which the

signing and execution thereof shall be expressly delegated by the Board of Trustees or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

- (c) In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 5 - VICE PRESIDENT

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

Section 6 - SECRETARY-TREASURER

The Secretary-Treasurer shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board of Trustees in one or more books provided for that purpose.
- (b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) The keeping of the corporate records and of the seal of the Cooperative and affix the seal to all documents the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Having general charge of the books of the Cooperative in which a record of the members is kept;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and when requested by a member so to do, shall forward, at the expense of the Cooperative, a copy of the bylaws and of all amendments thereto to each member; and
- (g) In general perform all duties incident to the office of Secretary-Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 7 - CHIEF EXECUTIVE OFFICER

The Board of Trustees may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

Section 8 - BONDS OF OFFICERS

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its

discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety, as it shall determine.

Section 9 - COMPENSATION

The powers, duties and compensation of any officer, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these bylaws with respect to compensation for trustees and close relatives of trustees.

Section 10 - REPORTS

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

Special District Meetings

Section 1 - SPECIAL DISTRICT MEETINGS

In addition to the district meetings called for the purpose of electing trustees, meetings of the members within a particular district may be called by resolution of the Board of Trustees, or upon a written request signed by the trustee residing in the particular district, or by ten percent or more of the members located within such district for the purpose of making recommendations to the Board of Trustees or the entire membership with respect to any matters pertaining to the business of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Such meeting may be held at any place within the district as specified in the notice of the meeting. The presence of a least ten percent of the members of the Cooperative resident within the district at a duly called district meeting shall constitute a quorum. The members shall elect a chairman and a secretary to act for the duration of the meeting.

Section 2 - NOTICE OF SPECIAL DISTRICT MEETING

Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five days before such meeting. Meetings shall be opened for discussion of any matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, except that as to a meeting at which a trustee is to be elected, the notice must specify that such action is to be taken at the meeting.

ARTICLE VIII

Non-Profit Operation

Section 1 - DEFINITIONS

In this article the term "Patron" shall mean (a) a member to whom the Cooperative furnishes electric energy on a cooperative basis in accordance with Article I of these bylaws and (b) a

non-member to whom the Cooperative furnishes electric energy on a Cooperative basis by authorized contractual authority.

Section 2 - INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED

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

Section 3 - PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from and directly related to the furnishing of electric energy in excess of costs and expenses properly chargeable against the furnishing of electric energy, hereinafter referred to as "margins".

All such margins from and directly related to the furnishing of electric energy on a cooperative basis at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron such margins from and directly related to the furnishing of electric energy on a cooperative basis.

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 his account; provided, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine the specific amount of capital so credited to the patron's 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.

Notwithstanding any provision in Article VIII, the margins from and directly related to the furnishing of electric energy, which are required to be allocated to the patrons on the basis of patronage, shall be the greater of regular federal taxable income or alternative minimum taxable income as determined before the exclusion for allocations of patronage capital under federal law. The Board of Trustees, however, does have the authority to adopt a reasonable alternative in lieu of the greater of regular federal taxable income or alternative minimum taxable income.

If the cost and expenses exceed the amounts received and receivable from and directly related to the furnishing of electric energy, hereinafter referred to as "loss", then the Board of Trustees shall have the authority to prescribe a fair and equitable manner in which such loss shall be handled, including but not limited to, (1) the cancellation of prior year capital credits of the loss year patrons, (2) the carrying forward of the loss to offset future allocations of patronage capital to patrons from the margins resulting from and directly related to the furnishing of electric energy, and/or (3) the offsetting of the loss against unallocated non-operating reserves. The cancellation of prior year capital credits will be done in the order of priority against capital first received by the Cooperative from those patrons who were active patrons of the Cooperative in the year of the loss. Losses subject to this paragraph will be determined in the same manner and method that capital credits are calculated and allocated to members as provided above with respect to the pre-existing obligation to allocate patronage capital.

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 Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

After August 19, 1976 and thereafter, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for amounts furnished as capital. Provided further, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative.

Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

In no event, however, may any such capital be retired if such retirement would reduce the capital of the Cooperative to such an extent as to violate the terms of any mortgage or financial covenant.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Trustees, acting

under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however that the financial condition of the Cooperative will not be impaired thereby provided further, however, that the aggregate amounts so retired in any one year shall not exceed five percent (5%) of the Cooperative's patronage capital to be retired and provided further, however, that, if acting under policies of general application the percentage mentioned above is not sufficient to retire the capital credited to any such patron or patrons, such patron or patrons shall have the capital credited to them retired in the next succeeding year before any other retirements are made in any succeeding year.

The Cooperative shall have the right to offset the retirement approved by the Board of Trustees for a patron against the debt owed to the Cooperative by such patron. The Cooperative, before retiring any capital credit of any patron's account, shall deduct from the retirement of capital credits any amount owing by such patron to the Cooperative. This provision shall apply to all retirements of capital credits.

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

ARTICLE IX

Disposition Of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sales, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained, in the notice of the meeting, provided, however, that notwithstanding anything herein contained, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority upon an affirmative vote of not less than two-thirds (2/3) of the Board of Trustees to authorize the execution and delivery of a lease-leaseback transaction only where the Board of Trustees determines that such transaction will not impair the ability of

the Cooperative to use the assets as needed to serve the members; provided, however, that such transactions shall apply only to the physical assets of a Cooperative and shall not be used to effect a sale or other disposition of the Cooperative business entity itself; and further, 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 of 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 revenue and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America, any instrumentality or agency thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of Rural Electric Cooperatives.

ARTICLE X

Seal

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative, the words, "Corporate Seal, Walters, Oklahoma."

ARTICLE XI

Financial Transactions

Section 1 - CONTRACTS

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

Section 2 - CHECKS, DRAFTS, ETC.

Except as otherwise provided by law or in these bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer, officers, agent or agents of the Cooperative, and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

Section 3 - DEPOSITS: INVESTMENTS

All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

Section 4 - 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 day of December of the same year.

ARTICLE XII

Miscellaneous

Section 1 - MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative, by a majority vote of the Board of Trustees, may become a member of other organizations which are organized and operated to further the interest of rural electrification,

and may also become a member of the various Chambers of Commerce organized in the area served by the Cotton Electric Cooperative.

Section 2 - WAIVER OF NOTICE

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

Section 3 - RULES AND REGULATIONS

The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 4 - ACCOUNTING SYSTEM AND REPORTS

The Board of Trustees shall cause to be established and maintained a complete accounting system which shall conform to generally accepted accounting principles, and, so long as the Cooperative is indebted to the Government or any agency instrumentality thereof, to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America.

All accounts of the Cooperative shall be examined by a committee of the trustees appointed by the Board of Trustees which shall render reports to the Board of Trustees at least four times a year at regular meetings of the Board of Trustees. The Board of Trustees shall also within sixty days 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 report shall be submitted to the members at the annual meeting next following the close of such fiscal year.

Section 5 - RULES OF PROCEDURE

Parliamentary procedure at all meetings of the members, of the Board of Trustees, provided for in these bylaws and of any other meeting of the members, of the Board of Trustees, which may from time to time be duly established, shall be governed by the most recent edition of Roberts Rules of Order, except to the extent such procedures are otherwise determined by law or by the Cooperative's Certificate of Incorporation, or bylaws.

ARTICLE XIII

Amendments

These bylaws may be altered, amended or repealed by the affirmative votes of a majority of the votes cast by the members at any annual or special membership meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

Before you switch on the lights, we've already put up the poles, connected miles of wire and flipped more than a few switches of our own. All to make sure your life is always "on." Learn more about the power of your co-op membership at TogetherWeSave.com.



COTTON
TOGETHERWESAVE.COM

YOUR ELECTRICITY ISN'T SOMETHING WE TAKE LIGHTLY.

