

HANDBOOK
FOR
MEMBERS
INCLUDING
THE COOPERATIVE BY-LAWS



**Sedgwick County
Electric Cooperative**

A Touchstone Energy® Cooperative 

P. O. Box 220, 1355 S. 383rd St. W.
Cheney, Kansas 67025

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MEMBER MANUAL

YOUR INSTRUCTION BOOK

A book of instructions comes with most equipment.

This is a book of the same kind. It has been prepared to answer most of the questions you will have about your electric service and your business enterprise, The Sedgwick County Electric Cooperative.

1. Read this book now.
2. Keep it in an accessible location, just as you keep other books of instruction.

If you have a specific problem or question, do let us know—

We are as close as your telephone—no further than your mailbox. Better still, drop in, talk it over, and become better acquainted with your staff.

WHAT IS THE SEDGWICK COUNTY ELECTRIC COOPERATIVE?

Sedgwick County Electric Cooperative was organized to provide electric service in areas certificated by the Kansas State Corporation Commission. Incorporated under the laws of the State of Kansas on November 18, 1937, it is wholly owned and controlled by the people to whom it provides electric service.

STATEMENT OF OBJECTIVES

The Sedgwick County Electric Cooperative was established by a group of persons living in a rural area in the state of Kansas to provide for themselves a vitally needed service which they could not obtain or provide at all or as well on an individual basis.

1. The Sedgwick County Electric Cooperative must provide area coverage electric service at the lowest possible cost consistent with sound business principles. The Cooperative must anticipate the expanding energy requirements of its member-members in every respect and should achieve the highest standards of quality and continuity employing modern technology.
2. The Cooperative must achieve effective influence, control or ownership of an assured and adequate source of wholesale power in order to provide low-cost utility service in its area.
3. The Cooperative must develop and maintain effective influence, control or ownership of assured and adequate sources of low-cost capital sufficient to enable them to assure full utility responsibility and to successfully fulfill their obligations as corporate citizens.
4. The Cooperative must achieve and maintain territorial protection to assure the continued development of economically sound systems able to adequately serve present and future electric power requirements in their service territory.
5. The cooperative must actively promote electric service as the most desirable, beneficial and economical method of meeting the total energy requirements of their member-members.
6. The Cooperative must strive to achieve and maintain widespread understanding, participation and involvement of their member-owners in the affairs of their Cooperative and provide them a real sense of ownership through a true demonstration of cooperative principles and the democratic process.
7. The Cooperative must encourage and support their trustees and employees to improve and develop their capabilities and performance and must create the opportunity for individuals who understand and accept cooperative philosophy to achieve satisfying careers in their application of the principles, tools, and techniques of modern management, while providing the leadership for a continually vigorous and dynamic rural electric program.
8. The Cooperative must secure favorable public support for their activities and assure a position of leadership in improving the social, cultural and economic status of those living in the rural community.
9. The Cooperative, a member-owned rural organization, must identify or actively support programs which will contribute to the well-being of the member-owners and programs which will develop or improve community facilities and services.
10. The Cooperative members and their leaders must maintain active interest and participation in appropriate legislative and governmental activities, including political action programs on a non-partisan basis.
11. The Cooperative should promote development of the natural resources of the nation, including water power, and nuclear resources, for the benefit of all the people.

That's the difference between electric cooperatives and power companies!

Your electric cooperative is owned by its members... This means the members are in the "driver's seat" when it comes to selecting cooperative trustees and sharing in cooperative margins.

Commercial power companies, on the other hand, are owned by investors . . . people who have invested their money in them to realize a profit. This puts the investors in the "driver's seat" when it comes to naming company trustees and sharing in the profit.

You, as a member, are vitally interested in the quality of electric service you get. As a member-owner of an electric cooperative, you have a voice in the type of service you receive. You are one of the owners! Wouldn't you really rather be in the "driver's seat?"

What Those Initials Mean

REC – Rural Electric Cooperative – a private, nonprofit business enterprise which provides electric service in rural areas. Incorporated under state law, an REC is owned and controlled by the members it serves.

RUS – Rural Utilities Service – an agency of the U.S. Department of Agriculture, RUS loans funds to rural electric cooperatives to finance construction of electric power generation, transmission and distribution facilities to serve rural areas.

KEC – Kansas Electric Cooperatives – a nonprofit organization providing certain services to Co-op's in this state. Located in Topeka, KEC publishes the *Kansas Country Living* magazine, represents RECs in legislative concerns, and provides employee training and safety and public information services.

NRECA – National Rural Electric Cooperative Association – a national service organization, located in Washington, D.C., with membership of almost 1,000 rural electric systems, including Sedgwick County Electric Cooperative.

G&T – Generation and Transmission Cooperative – a federation of Cooperatives joined together for the purpose of providing wholesale electric power to member Co-op's. Sedgwick County Electric Co-op is a member of Kansas Electric Power Cooperative (KEPCo).

CFC – National Rural Utilities Cooperative Finance Corporation – a nongovernment, nonprofit, Cooperative-owned bank located in Washington, D.C. CFC borrows money in the private money market and re-loans it to Cooperatives and G&Ts. CFC was created by Cooperatives in 1970 to supplement RUS loans as a source of financing for Co-op growth and development.

KCC – Kansas Corporation Commission – has jurisdiction over service territories of public utilities in Kansas.

Board of Trustees

Each year at the annual meeting, members like you elect members to the Board of Trustees. The Board establishes basic policies, reviews all activities of your cooperative, attends training courses to improve its abilities, and meets with other Boards of Trustees to exchange ideas.

Staff

The Board of Trustees employ a Manager who is responsible for carrying out the Board's policies. The staff members employed by the Manager and are responsible for work in their area of operations. By action of the Board of Trustees, employees have a definite schedule of vacation and sick leave, and are covered by health and retirement insurance programs.

Taxes

You have probably heard about taxes paid by investor-owned power companies. In general, they are talking about income taxes—taxes on profit. If we made a profit for investors, we would pay income taxes. Any power company, in fact, any business in America, can obtain the same tax treatment we get by agreeing in advance, as we do, to return to its members any charge greater than the cost of service. Actually, this talk of taxes paid by investor-owned power companies usually misses the main point. The companies really only collect the taxes; their members pay them, because taxes are a cost of doing business and are allowed as expenses in establishing their rates. Like investor-owned power companies, the Sedgwick County Electric Co-op does pay property taxes. These taxes have been paid since the Cooperative was incorporated in 1938. As members, you pay sales taxes to the Sedgwick County Electric Cooperative which turns it over to the State of Kansas.

Member Services

With the advent of computerization and the variations in fuel costs, the electric utility industry has become even more complicated. People tend to become confused over such terms as adjustment factor, peak demand, load management, etc. A member with an electrical problem sometimes finds it necessary to seek outside help in finding a solution to his problem.

Your Member Services Department is able to offer assistance and information on a wide variety of electrical matters, conservation and weatherization. One of the most frequent activities performed by representatives of this department is aiding members with high electricity use patterns. The representatives can supply information on consumption of electricity based on your type of dwelling, appliances in use, and the lifestyle of your family. They will also suggest ways to conserve energy to help curb rising bills.

Member Services (cont.)

Another function of the department is to answer questions and resolve misunderstandings concerning high bills. It is the desire of the Cooperative to make your bill as easy to understand as possible. However, matters such as previous balances, estimated readings, and the changing fuel costs adjustments can complicate the billing process. In such cases, representatives are more than willing to explain exactly how your bill was figured. In those cases where a mistake appears, an adjustment can be made to your account to correct the error.

The Member Services Department is here to serve you. Feel free to call, write, or drop by the office. We will try to assist you any way we can. This is another way your Cooperative is trying to meet your needs.

Meter Readings

Once upon a time, members were asked to read their meters and submit that read with their payment.

In 2011 Sedgwick County Electric Cooperative started installing an Automatic Metering Infrastructure (AMI) system at our substations. In August 2011 the Cooperative starting installing meters that are able to be read from the office. Benefits to our new AMI system:

- Increased efficiency and reliability
- Allows us to detect problems more quickly
- Locate outages more precisely
- Will help members understand how and when they are using electricity
- Ensures a more consistent billing cycle
- Minimizes line loss

AMI project was completed the first quarter of 2013.

Cutting a Meter Seal is Illegal

Cutting or removing the seal from your electric meter enclosure is both dangerous and illegal. The seal is used by our employees to prevent tampering and accidental shock. If you or an electrician needs to remove your meter you must contact the cooperative. After the work is finished, you will need to call back and we will come out and reseal the meter for you. When we find a cut or missing seal, we will investigate for possible meter tampering and if needed we will contact the sheriff department for further investigation. If you have an unsealed meter or know of one please contact us so it can be resealed. From a reliability standpoint, illegal connections to power sources and attempts to divert metering devices can overload the system, cause interruptions and compromise power

Information Regarding Your Billing Statement

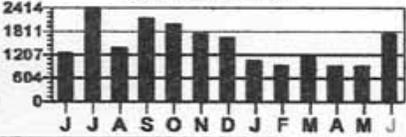
On approximately the 5th of each month, every member should receive a billing statement as shown below.



**THE SEDGWICK COUNTY ELECTRIC
COOPERATIVE ASSOCIATION, INC.**
1355 S. 383rd St. W.
P.O. Box 220 Cheney Kansas 67025

Office Hrs 8:00 A.M. - 5:00 P.M. Monday - Friday
TELEPHONE: 316-542-3131 Toll Free 1-866-542-4732

BEFORE REPORTING AN OUTAGE, PLEASE REMEMBER TO CHECK YOUR BREAKERS AND CHECK WITH YOUR NEIGHBOR. THEN CALL OUR TOLL FREE NUMBER 1-866-542-4732, OR AFTER HOURS CALL 1-316-761-7225.

Current Month's Average KWH Per Day 52	<div style="text-align: center;"> KWH Usage History  </div>
Average Cost Per Day 5.16	

DID YOU REMEMBER TO READ YOUR METER?

Account No.	Service Location	Cycle	Map Location	Billing Date	
Meter Number	Pres Read	Prev Read	Mult	KWH Used	Rate Schedule / Reference / Bill Type
Activity Since Last Bill		\$ Amount	Current Bill Information		\$ Amount
Previous Balance			ENERGY CHARGE		
Payments			POWER COST ADJUSTMENT @ 0.0065600-		
Adjustments			CONSUMER CHARGE		
Balance Forward			ENERGY SUBTOTAL		
<ul style="list-style-type: none"> ● Outside depository for after hour payments. ● Failure to receive bill does not exempt from payment or late charges. ● Account is considered paid when payment is received in our office. We are not responsible for the mail service. ● The Power Cost Adjustment is a portion of power costs not included in the basic rate. ● All meters are property of the cooperative and shall not be tampered with. 			COUNTY TAX		
			Current Charges Due By		
			Previous Balance		
			Total Amount Due		

Retain this copy for your records.
Return Bottom Portion With Your Payment

Check box (indicate change of address or phone # on back)

Account Number	Enter Readings Here	Date Meter Read

Account Number	
Current Bill Due Date	
Amount Due	
Amount Due with Penalty	

Amount Paid _____

Paying Your Monthly Electric Bill

Sedgwick County Electric Cooperative offers several convenient payment options for you, our member to pay your electric bill:

- Mail Payments: P.O. Box 220, Cheney, Ks 67025
- SmartHub – On-line payment option, go to our web-site and click on SmartHub link
- Pay Now – Free on-line payment option, go to our web-site and click on Pay Now link
- Drop Box: Located at 1355 S. 383rd St. W., Cheney, Kansas 67025
- Automatic Bill-Paying Plan: Payments deducted from your checking account the third Wednesday or the last Friday of the month. (forms attached)
- Bank Withdrawals – Contact your Bank for more information.

REPORTING OUTAGES

Please check your breakers in the house and below the meter (if applicable) before calling in an outage. This is important because if an Sedgwick County Electric Cooperative crew are dispatched and the outage is due to a tripped breaker or fuse, you will be charged for the service call.

To report outages phone 316-542-3131.

Whenever a storm or other incident causes damage to Sedgwick County Electric Cooperative's electrical distribution system, its primary goal is to get the power back on to everyone in the quickest and safest fashion possible.

Sedgwick County Electric Cooperative follows a restoration process that is used by most utilities throughout the industry:

- The Cooperative's first priority is public safety, so crews are sent to remove damaged power lines from the roadways first.
- After that, substation power is restored. Sometimes service to hundreds of members can be restored immediately by replacing a fuse on a substation transformer.
- Next, the major distribution feeders are repaired. These are the power lines that come out of a substation that have three wires resting on a crossarm.
- Tap lines are repaired next. Tap lines carry power to groups of homes from the distribution feeders. You may see your neighbors' lights come on while yours remain out. This happens when a tap line is repaired, but there is still damage to your individual lines, so your home cannot receive power.
- Finally, individual service lines are repaired.

How To Reset a Circuit Breaker

1. Move handle to OFF position.
2. Push handle past OFF position.
3. Return handle to ON position.

THREE PHASE SERVICE

Where available, three-phase service can be supplied following the appropriate rules and regulations. Where it is necessary to make extensions or reinforce distribution lines to provide three phase service, the Cooperative will require a cash contribution or increased monthly customer charge calculated upon reasonable consideration before undertaking to supply service.

CHANGE IN OCCUPANCY

When a change of occupancy is to take place on any premises supplied with electric service by the Cooperative, notice shall be given the Cooperative not less than seven (7) days prior to the date of change by the outgoing member. The outgoing member will be responsible for payment for all energy recorded by the meter until the requested time of termination. If no such notice is given, the outgoing member will be held responsible for energy recorded during the time in which the account continues in the name shown on the records of the Cooperative. The member shall not be relieved by such notice of obligations already accrued under the services agreement. A membership application is required to be completed.

METER DEPOSITS

Applicants who have not previously received service from Sedgwick County Electric Cooperative Association, Inc., that have a record of delinquent bills or have failed to pay a final bill shall be required to make a meter deposit before service is connected. Deposits, with interest at the rate prescribed by law, shall be refunded as prescribed by the Rules and Regulations.

CHANGES IN FACILITIES

Changes requested by the Member that involves the replacement or relocation of the Cooperative's service lines, metering equipment, yard pole, guy and anchors, etc., shall be provided at Member's expense. The Cooperative will, at its expense, make all changes in its service wires, metering equipment, etc., on Member's premises that are required to meet the increased demand for electricity.

REMOVAL AND TAMPERING

No one, other than an agent of the Cooperative, shall be permitted to remove or tamper with the Cooperative's meter or meter seals or connections or with any of the property of the Cooperative on or about the member's premises. If at any time the Cooperative shall find that a meter, or any wiring or electrical equipment or parts thereof, or other instrumentation between the load side of meter and the Cooperative's distribution system being used to furnish service to the member, has been tampered with by anyone not legally entitled to do so, it shall be considered cause for immediate discontinuance of service by the Cooperative.

RE-SELLING OF SERVICE

Electric service is furnished for the sole use of the member. The member shall not sell or re-deliver electric service to any other person without the written consent of the Cooperative.

UNDERGROUND SERVICE LINES

Members desiring underground service to his buildings shall furnish and install at his own expense the necessary conduit, safety switches, underground wires and appurtenances at the point of delivery and all wires and appurtenances to be installed beyond this point. Specifications for underground service will be furnished upon request.

STANDBY SERVICE

Members operating standby power plants must install a double throw switch below the meter. The connection must be wired so that power cannot be delivered into the Cooperative system. Additional information can be obtained at the Cooperative's business office.

ELECTRIC HEAT RATE

Sedgwick County Electric has an electric heat rate for its residential members. To receive the heat rate, the member must have permanently installed electric space heating equipment of 5 kWh capacities or more, or an electric heat pump and has inform the company in writing:

Electricity must be the sole source of space heating for the member's use, except for energy provided by wood burning fireplaces and stoves.

This rate is for bills rendered for usage in November through March.

Services to members engaged in a commercial enterprise at their residence will be required to have separate meters.

PUBLICATIONS AND MEETINGS

Each month we send you *Kansas Country Living*. This magazine is published by the electric cooperatives in Kansas through their statewide association, Kansas Electric Cooperatives, Inc. It contains interesting and helpful articles on the use of electricity and discusses state and national problems including legislation, which have a bearing on our ability to provide service to you.

The center pages entitled *Current News* are prepared each month in our office and contain information about Sedgwick County Electric Cooperative.

Each year we publish an Annual Report. This tells in text, using statistics and graphs, the financial condition of the Cooperative. It is based on the report of an independent Certified Public Accountant who audits our books each year.

The purpose of these publications is to provide information upon which you can base your vote in the affairs of your Cooperative. You can exercise your right to participate in running the Cooperative by your vote at the Annual Meeting held each year when the Trustees are elected.

These meetings are business meetings and provide an opportunity to let you talk about anything you may or may not like about the way your cooperative is run.

Members have one vote regardless of the number of connections he/she has and only one vote per shared membership.

***ONLY THROUGH COOPERATION
CAN WE GO PLACES***

THE POWER POLE

Members' equipment or service wires may not be attached to any pole. Such equipment and/or devices of the member will be restricted to electrical service assemblies as approved by the Cooperative. Our poles must be accessible at all times to our line personnel. Their safety and yours has to come first. Any item, other than that authorized by the Cooperative, will be removed from the Cooperative equipment without notice to the member. The Cooperative will not be responsible for loss or damage to items removed.

**BYLAWS OF
THE SEDGWICK COUNTY ELECTRIC
COOPERATIVE ASSOCIATION, INC.
2013**

Article I, Section 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, trust or body politic or subdivision thereof, will become a member of the Sedgwick County Electric Cooperative Association, Inc., (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed 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.

No member may hold more than one membership in the cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

Section 2. JOINT MEMBERSHIP. A husband and wife may apply for a joint membership and, subsequent 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 membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect of 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 joint 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, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 4. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates, which shall from time to time be fixed by the board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Should the member fail to comply with such regulations of the Cooperative, the Cooperative may, after reasonable notice, disconnect such member, until said member complies with the regulations. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as when the same shall become due and payable.

Section 5. TERMINATION OF MEMBERSHIP.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board may, by the affirmative vote of not less than two-thirds of all the members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such 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 or by vote of the members at an annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the board.

(b) 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 or his estate from any debts due the Cooperative.

Article II, Section 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided by these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, then during the period of its existence.

Section 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

Article III, Section 1. ANNUAL MEETING. The annual meeting of the members shall be held between the dates of March 15 and April 15 of each year, beginning with the year 1951, at such place within a county served by the Cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called by resolution of the board, or upon a written request signed by any three board members, by the president, or by ten 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 may be held at any place within one of the counties served by the Cooperative as designated by the board and shall be specified in the notice of the 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 or an annual meeting at which business requiring special notice 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 day 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 records of the Cooperative, with postage thereon prepaid. The failure of any member to receive 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. Fifty members present in person 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. The minutes of each meeting shall contain a list of members present in person.

Section 5. VOTING. Each member shall be entitled to only one 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, except as otherwise provided by law, the articles of incorporation or these bylaws.

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 on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due 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. Election of trustees.
8. Adjournment.

Article IV, Section 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all of 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. ELECTION AND TENURE OF OFFICE. The persons named, as trustees in the Articles of Conversion shall compose the Board of Trustees until the first meeting or until their successors shall have been elected and shall have qualified except as hereinafter provided. At the annual meeting of the members in 1961, three (3) trustees shall be elected to serve for a term of three (3) years and two (2) trustees shall be elected to serve for a term of two (2) years. At the annual meeting of the members in the year 1962, three (3) trustees shall be elected to serve for a term

of three (3) years, and one (1) trustee shall be elected to serve for a term of one (1) year. Beginning with the annual meeting of the members in 1963, three (3) trustees shall be elected each year to serve for a term of three (3) years. Members of the Board of Trustees shall be elected by ballot by and from the members of the Cooperative and shall serve for the term specified above, or until their successors shall have been elected and shall have qualified. In the event no candidate for a particular trustee position being elected receives a majority of the votes cast for such position, the two candidates for that trustee position receiving the highest number of votes cast in their favor will be entered in a runoff election for said trustee position.

Section 3. QUALIFICATIONS. No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

- (a) has not been a member and bona fide resident in the area served or to be served by the Cooperative for at least three years; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, the Board of Trustees shall 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 4. NOMINATIONS. It shall be the duty of the Board of Trustees to appoint, not less than thirty days nor more than ninety days before the date of a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to ensure equitable representation. No member of the Board of Trustees may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least twenty days before the meeting a slate of nominations for each trustee position being elected which may include any number of candidates. Any fifteen or more members acting together may make other nominations by petition for any particular trustee position being elected not less than fifteen days prior to the meeting and the secretary shall post such nominations at the same place where the slate of nominations made by the committee is posted. The secretary shall mail with the notice of the meeting or separately, but at least seven days before the date of the meeting, a statement of the number of trustees to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nominations have been made. Nominations from the floor must be for a specific trustee position being elected. No member may nominate more than one candidate.

Section 5. REMOVAL OF TRUSTEES BY MEMBERS. Any member may bring charges against a trustee and, by filing with the secretary such charges in writing together with a petition signed by at least ten percent of the members, may request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person 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 considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

Section 6. VACANCIES. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the un-expired portion of the term.

Section 7. COMPENSATION. Board members shall not receive any salary for their services as such, except that members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the board as an emergency measure.

Section 8. INDEMNIFICATION.

- (a) AUTHORIZATION. The Cooperative shall indemnify and hold harmless any trustee, officer or employee who was a party, who is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative. Such person shall be indemnified and held harmless only if such person acted in good faith and in a manner reasonably believed to be in and not opposed to the best interests of the Cooperative. Such person shall be indemnified and held harmless only from amounts actually and reasonably incurred as expenses (including attorney fees), judgments, fines and amounts paid in settlement in connection with such actions, suits or proceedings. Such person shall be indemnified and held harmless only in connection with actions, suits or proceedings brought or threatened by reason of such person being a trustee, officer, or employee of the Cooperative or because such person was serving at the request of the cooperative as an officer, trustee, employee or agent of another corporation, partnership, joint-venture or other enterprise. Such person shall not be indemnified or held harmless from actions, suits or proceedings brought or threatened by or on behalf of the Cooperative. With respect to any criminal action, such person shall not be indemnified or held harmless unless such person had no reasonable cause to believe such person's conduct was unlawful.
- (b) PROCEDURE. Any indemnification shall be made only in a specific case and only upon a determination that indemnification is proper under this bylaw. Such determination shall be made by the Board of Trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit or proceedings. If such a quorum is not obtainable, such determination shall be made either by independent legal counsel in a written opinion or by the members of the Cooperative.
- (c) ADVANCE PAYMENTS. The Cooperative may advance payment to a trustee, officer or employee prior to final disposition but only upon a determination that indemnification would be proper under this bylaw. Such must be repaid if it is ultimately determined that such person is not entitled to indemnification.
- (d) OTHER RIGHTS TO INDEMNIFICATION. The right of indemnification hereby given shall not be exclusive of any other rights such trustee, officer or employee may have under law, agreement, insurance policy or otherwise.

Article V, Section 1. **REGULAR MEETINGS.** A regular meeting of the Board of Trustees may be held without notice, immediately after, and at the same place, as the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such 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 Trustees may be called by the president or any three trustees, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president or the trustees calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. **NOTICE OF TRUSTEES' MEETINGS.** Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each trustee 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 by the secretary, by the president or the trustees calling the meeting. 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 shall constitute a quorum, provided that if less than such majority of the board is present at said meeting, a majority of the board present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

Article VI, 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 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 by ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held immediately after the 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 Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3. **REMOVAL OF OFFICERS AND AGENTS BY TRUSTEES.** Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the secretary such charges in writing together with a petition signed by ten percent of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meetings 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. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next regular meeting of the members.

Section 4. **PRESIDENT.** The president shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or 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 or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be authorized 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 of and be subject to all the restrictions upon, the president. The vice president shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 6. **SECRETARY.** The secretary shall be responsible for:

- (a) keeping the minutes of the meeting of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all 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) 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 inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (f) in general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board.

Section 7. **TREASURER.** The treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts of all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of treasurer and such other duties as from time to time may be assigned him by the board.

Section 8. **MANAGER.** The Board of Trustees may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

Section 9. BONDS OF OFFICERS. The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of 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 10. COMPENSATION. The powers, duties and compensation of officers, 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 11. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the member's 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 the fiscal year.

Article VII, Section 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, 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 the 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 current member of the amount of capital so credited to his 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 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

However, 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 Cooperative by an organization furnishing power, service or materials to the Cooperative. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or 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 that any patron ceases to receive electric service from the Cooperative because of the death of the patron or for any other reason, to retire capital credited to any such patron upon such terms and conditions as the Board of Trustees, acting under policies of general application, provided however, that any unpaid accounts due to the Cooperative shall be deducted from the capital payment to be made and that the financial condition of the Cooperative will not be impaired thereby.

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 VIII. 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 sale, 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 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 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 revenues and income there from, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative, provided further, that the Board of Trustees may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this state pursuant to the act under which this Cooperative is incorporated, or to a municipality or other body politic or subdivision thereof.

Article IX. SEAL. The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon, "The Sedgwick County Electric Cooperative Assn., Inc." and the words "Corporate Seal, Kansas."

Article X. FINANCIAL TRANSACTIONS.

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

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders 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 and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

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 Trustees may select.

Section 4. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

Article XI, Section 1. MEMBERSHIP IN OTHER ORGANIZATIONS. This Cooperative may perform all acts, which may be lawfully performed by corporations in the State of Kansas; may serve as an incorporator, partner, member, director, or shareholder in any corporation, organization, or partnership; may participate in the formation and operation of other business ventures; may form subsidiary corporations to provide products or services.

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 transacting of any business on the ground that the meeting has not 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 the conversion of these bylaws, as it may deem advisable for the management 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, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. The Board of Trustees shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

Section 5. AREA COVERAGE. The board shall make diligent effort to see that electric service is extended to all un-served persons within the Cooperative service area who

(a) desire such service and

(b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Article XII. AMENDMENTS. These bylaws 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.

Statement of Non-Discrimination

The Sedgwick County Electric Cooperative is a recipient of federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of Agriculture. In accordance with federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs). The person responsible for coordinating this organization's nondiscrimination compliance effort is General Manager of The Sedgwick County Electric Cooperative Association, Inc.

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at program.intake@usda.gov.

Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Director of the U.S. Department of Agriculture's Office of Civil Rights or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purpose of the rules and regulations of the U.S. Department of Agriculture.



**Sedgwick County
Electric Cooperative**

A Touchstone Energy® Cooperative 

Service Map

