



Shelby Energy
Cooperative



Your Touchstone Energy® Partner



Articles of Incorporation

Amendments Included Through June 1997

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
SHELBY RURAL ELECTRIC COOPERATIVE
CORPORATION

RECEIVED & FILED

Ch 9 for

JUN 20 11 06 AM '97

JOHN Y. BROWN III
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY *[Signature]*

Shelby Rural Electric Cooperative Corporation adopts the following amended articles to its Articles of Incorporation:

ARTICLE I

The name of the Corporation shall be "Shelby Energy Cooperative, Inc.", (hereinafter referred to as the "Corporation").

ARTICLE II

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric and other energy in the Commonwealth of Kentucky by making electric, gas, and other energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as aforesaid electric and other energy devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity, gas, or other energy sources) operated by electric, gas, or other energy and, without limiting the generality of the foregoing:

a) To generate, manufacture, purchase, acquire and accumulate electric, gas, or other energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric, gas, or other energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment, and electric, gas, or other energy transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

d) To assist its members to wire their premises and install therein electrical, gas, and other energy and plumbing appliances,

fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical, gas, or other energy and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired; and

f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

ARTICLE VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, association, corporation or body politic or subdivision thereof will become a member of the Corporation upon receipt of electric service from the Corporation, provided that he or it has first:

- a) Made a written application for membership therein;
- b) Agreed to purchase from the Corporation electric energy;
- c) Agreed to comply with and be bound by these Articles of Incorporation and the Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors, and
- d) Paid the membership fee, if any, specified in the Bylaws of the Corporation.

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the Corporation all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Corporation shall be required to furnish to any one member. 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 the Bylaws. Each member shall pay to the Corporation such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Corporation as and when the same shall become due and payable.

Section 4. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or any rules or regulations adopted.

Section 5. Any member of the Corporation may withdraw from membership upon payment in full of all of his debts and liabilities to the Corporation and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 6. Membership in the Corporation and the certificate representing the same, if any, shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate, and his or its certificate of membership shall be surrendered to the Corporation. Subject to the payment of all debts and liabilities of a member to the Corporation, upon any such termination of membership and the surrender of his or its membership certificate, if any, the Corporation shall pay to each

member or his personal representative, an amount equal to the membership fee, if any, paid by such member; provided, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in the Bylaws, shall be repaid to the member only in accordance with the provisions of the Bylaws with respect to the retirement of patronage capital. Termination of membership by death; cessation of existence, expulsion or withdrawal shall not release the member from the debts or liabilities of such member to the Corporation. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Corporation as the Board of Directors may prescribe.

Section 7. Membership in the Corporation may be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to or inconsistent with the Articles of Incorporation or the Bylaws of the Corporation, nor until such membership fee, if any, has been fully paid for in cash and such payment has been deposited with the Treasurer of the Corporation.

Section 8. No member may own more than one membership in the Corporation and each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at any meeting of the members of the Corporation.

Section 9. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be

filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of its execution and the proxy so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting.

ARTICLE X

Subject to the provisions of any mortgage given by the Corporation and within sixty (60) days after expiration of each fiscal year, the Board of Directors, after paying or providing for the payment of all operating expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other non-operating expenses which shall have become due and be unpaid, and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority;

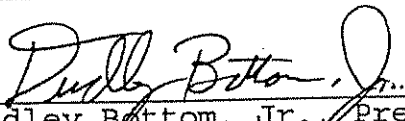
1. The establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness of the Corporation in an amount which shall equal the amount of principal and interest required to be

paid in respect of such notes, bonds or other evidences of indebtedness during the ensuing fiscal year;

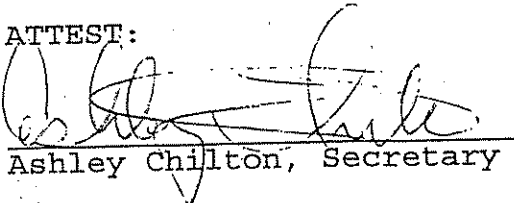
2. The establishment and maintenance of a general reserve fund for working capital, insurance, taxes, depreciation, obsolescence, and contingencies in an amount which the Board of Directors shall deem reasonable;

and all revenues and receipts not needed for the above and foregoing purposes shall be returned, paid, or abated to the members as a patronage dividend or refund on the basis and in the manner provided in the Act under which the Corporation is organized, provided, however, that in no case shall any such patronage dividend or refund be returned, paid, or abated to any member who is indebted to the Corporation until such indebtedness is paid or arrangements in respect thereof satisfactory to the Board of Directors shall have been made.

SHELBY RURAL ELECTRIC COOPERATIVE CORPORATION


Dudley Bottom, Jr., President

ATTEST:


Ashley Chilton, Secretary

STATE OF KENTUCKY)
) SS
COUNTY OF SHELBY)

Subscribed and sworn to before me by Dudley Bottom, Jr.,

ARTICLE I.

The name of the Corporation shall be "Shelby Rural Electric Cooperative Corporation."

ARTICLE II.

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as aforesaid electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity or electric energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes:

(b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation:

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corpora-

tion to accomplish any or all of its purposes:

(d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor:

(e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired:

(f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

ARTICLE III.

The principal office of the Corporation shall be located at Shelbyville, in the County of Shelby, Commonwealth of Kentucky.

ARTICLE IV.

The operations of the Corporation are to be conducted in the County of Shelby and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Corporation or of its members.

ARTICLE V.

The number of directors of the Corporation shall be not less than five (5) nor more than nine (9).

ARTICLE VI.

The names and post office addresses of the Directors who are to manage the affairs of the Corporation until the first annual meeting of

the members or until their successors shall have been elected and shall have qualified are:

Name	Post Office Address
Alex B. Veech	Finchville, Kentucky
Howard Pearce	Shelbyville, Kentucky
G. T. Kent	Bagdad, Kentucky
Ralph D. Searce	Shelbyville, Kentucky
E. Guthrie Jesse	Waddy, Kentucky

ARTICLE VII.

The duration of the Corporation is: perpetual.

ARTICLE VIII.

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, association, corporation or body politic or subdivision thereof will become a member of the Corporation upon receipt of electric service from the Corporation, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Corporation electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by these Articles of Incorporation and Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors, and

(d) Paid the membership fee specified in the Bylaws of the Corporation.

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. 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 the bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 4. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or any rules or regulations adopted.

Section 5. Any member of the Corporation may withdraw from membership upon payment

in full of all of his debts and liabilities to the Corporation and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 6. Membership in the Corporation and the certificate representing the same shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate, and his or its certificate of membership shall be surrendered to the Corporation. Subject to the payment of all debts and liabilities of a member to the Corporation, upon any such termination of membership and the surrender of his or its membership certificate, the Corporation shall pay to such member or his personal representative, an amount equal to the membership fee paid by such member; provided, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in these bylaws, shall be repaid to the member only in accordance with the provisions of these bylaws with respect to the retirement of patronage capital. Termination of membership by death; cessation of existence, expulsion or withdrawal shall not release the member from the debts or liabilities of such member to the Corporation. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Corporation as the Board of Directors may prescribe.

Section 7. Membership in the Corporation shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to or inconsistent with the Articles of Incorporation or the Bylaws of the Corporation, nor until such membership fee has been fully paid for in cash and such payment has been deposited with the Treasurer of the Corporation.

Section 9. No member may own more than one membership in the Corporation and each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at any meeting of the members of the Corporation.

Section 10. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of its execution and the proxy so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting.

ARTICLE IX.

Section 1. The Bylaws of the Corporation may fix such other terms and conditions upon which members shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation or the Act under which it is organized.

Section 2. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these Articles of Incorporation or the Bylaws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 3. Neither the incorporators nor any other member of the Corporation shall be personally responsible for any debt, obligation or liability of the Corporation.

ARTICLE X.

Subject to the provisions of any mortgage given by the Corporation and within sixty (60) days after the expiration of each fiscal year, the Board of Directors, after paying or providing for the payment of all operating expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other non-operating expenses which shall have become due and be unpaid, and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority;

1. the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness of the Corporation in an amount which shall equal the amount of principal and interest required to be paid in respect of such notes, bonds or other evidences of indebtedness during the ensuing fiscal year;

2. the establishment and maintenance of a general reserve fund for working capital, insurance, taxes, depreciation, obsolescence, and contingencies in an amount which the Board of Directors shall deem reasonable;

and all revenues and receipts not needed for the above and foregoing purposes shall be returned, paid or abated to the members as a patronage dividend or refund on the basis and in the manner provided in the Act under which the Corporation is organized, provided, however, that in no case shall any such patronage dividend or refund be returned, paid or abated to any member who is indebted to the Corporation until such indebtedness is paid or arrangements in respect thereof satisfactory to the Board of Directors shall have been made.

ARTICLE XI.

The Corporation may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.