Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning , 2010, and ending ,

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Terminated [ ] Amended return [ ] Application pending

ROANOKE ELECTRIC MEMBERSHIP CORPORATION
518 NC 561 West
Aulander, NC 27805

D Employer Identification Number: 56-0378505

E Telephone number: 252-209-2236

G Gross receipts $ 35,136,444.

F Name and address of principal officer: Curtis Wynn
Same As C Above

H(a) Is this a group return for affiliates? [ ] Yes [X] No
H(b) Are all affiliates included? [ ] Yes [ ] No
If 'No,' attach a list (see instructions)

I Tax-exempt status [ ] 501(c)(3) [X] 501(c) (12) ◄ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ► www.roanokeelectric.com

H(c) Group exemption number ►

K Form of organization [X] Corporation [ ] Trust [ ] Association [ ] Other ►

L Year of Formation 1938

M State of legal domicile NC

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SEVICE.

2 Check this box ► [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	70
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

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			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)		
	9	Program service revenue (Part VIII, line 2g)	33,774,694.	35,058,722.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	57,772.	77,722.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
	12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	33,832,466.	35,136,444.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	14	Benefits paid to or for members (Part IX, column (A), line 4)		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	427,938.	387,660.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	b	Total fundraising expenses (Part IX, column (D), line 25) ►		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	30,940,183.	33,076,148.
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	31,368,121.	33,463,808.
	19	Revenue less expenses Subtract line 18 from line 12	2,464,345.	1,672,636.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	77,722,057.	81,379,809.
	21	Total liabilities (Part X, line 26)	53,245,484.	54,673,225.
	22	Net assets or fund balances. Subtract line 21 from line 20	24,476,573.	26,706,584.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

▶ Signature of officer — Date 11-7-11

▶ Curtis Wynn, President + CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
BRYAN A ISGETT		OCT 31 2011		P01441928

Firm's name ► McNair, McLemore, Middlebrooks
Firm's address ► Post Office Box One, MACON, GA 31202-0001
Firm's EIN ► 58-1094351
Phone no (478) 746-6277

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

BAA For Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/21/10 Form **990** (2010)

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3 2

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐

1 Briefly describe the organization's mission:
TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SEVICE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If 'Yes,' describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If 'Yes,' describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code [redacted]) (Expenses $ 33,463,808. including grants of $) (Revenue $ 35,058,722.)
TO PROVIDE THE BEST POSSIBLE ELECTRIC SERVICE TO ALL WHO DESIRE IT WITHIN THE SYSTEM AREA AT A REASONABLE COST CONSISTENT WITH THE HIGHEST STANDARDS OF SEVICE.

4b (Code [redacted]) (Expenses $ including grants of $) (Revenue $)

4c (Code [redacted]) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ► 33,463,808.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If 'Yes,' complete Schedule A*	1		X
2	Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)	2		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If 'Yes,' complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If 'Yes,' complete Schedule C, Part II*	4		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If 'Yes,' complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If 'Yes,' complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If 'Yes,' complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If 'Yes,' complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If 'Yes,' complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If 'Yes,' complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is 'Yes', then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings and equipment in Part X, line 10? *If 'Yes,' complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments— other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If 'Yes,' complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments— program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If 'Yes,' complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If 'Yes,' complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If 'Yes,' complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If 'Yes,' complete Schedule D, Part X*	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If 'Yes,' complete Schedule D, Parts XI, XII, and XIII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If 'Yes,' complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If 'Yes,' complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If 'Yes,' complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If 'Yes,' complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If 'Yes,' complete Schedule G, Part I (see instructions)*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If 'Yes,' complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If 'Yes,' complete Schedule G, Part III*	19		X
20 a	Did the organization operate one or more hospitals? *If 'Yes,' complete Schedule H*	20		X
b	If 'Yes' to line 20a, did the organization attach its audited financial statements to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b		

Part IV Checklist of Required Schedules *(continued)*

		Yes	No
21 Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If 'Yes,' complete Schedule I, Parts I and II*	21		X
22 Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If 'Yes,' complete Schedule I, Parts I and III*	22		X
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If 'Yes,' complete Schedule J*	23	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, and that was issued after December 31, 2002? *If 'Yes,' answer lines 24b through 24d and complete Schedule K If 'No,'go to line 25*	24a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?	24d		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If 'Yes,' complete Schedule L, Part I*	25a		
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If 'Yes,' complete Schedule L, Part I*	25b		
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If 'Yes,' complete Schedule L, Part II*	26		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If 'Yes,' complete Schedule L, Part III*	27		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions).			
a A current or former officer, director, trustee, or key employee? *If 'Yes,' complete Schedule L, Part IV*	28a		X
b A family member of a current or former officer, director, trustee, or key employee? *If 'Yes,' complete Schedule L, Part IV*	28b		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If 'Yes,' complete Schedule L, Part IV*	28c		X
29 Did the organization receive more than $25,000 in non-cash contributions? *If 'Yes,' complete Schedule M*	29		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If 'Yes,' complete Schedule M*	30		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? *If 'Yes,' complete Schedule N, Part I*	31		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If 'Yes,' complete Schedule N, Part II*	32		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If 'Yes,' complete Schedule R, Part I*	33		X
34 Was the organization related to any tax-exempt or taxable entity? *If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1*	34	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	X	
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If 'Yes,' complete Schedule R, Part V, line 2* [X] Yes [ ] No			
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? *If 'Yes,' complete Schedule R, Part V, line 2*	36		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If 'Yes,' complete Schedule R, Part VI*	37		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

				Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	21			
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	70			
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)					
3a Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		X
b If 'Yes' has it filed a Form 990-T for this year? *If 'No,' provide an explanation in Schedule O*			3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b If 'Yes,' enter the name of the foreign country ►					
See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7 Organizations that may receive deductible contributions under section 170(c).					
a Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		
b If 'Yes,' did the organization notify the donor of the value of the goods or services provided?			7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		
d If 'Yes,' indicate the number of Forms 8282 filed during the year	7d				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9 Sponsoring organizations maintaining donor advised funds.					
a Did the organization make any taxable distributions under section 4966?			9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10 Section 501(c)(7) organizations. Enter.					
a Initiation fees and capital contributions included on Part VIII, line 12	10a				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11 Section 501(c)(12) organizations. Enter					
a Gross income from members or shareholders	11a	34,614,261.			
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	123,819.			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a		
b If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year	12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a Is the organization licensed to issue qualified health plans in more than one state?			13a		
Note. See the instructions for additional information the organization must report on Schedule O					
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c Enter the amount of reserves on hand	13c				
14a Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b If 'Yes,' has it filed a Form 720 to report these payments? *If 'No,' provide an explanation in Schedule O*			14b		

Part VI **Governance, Management and Disclosure** *For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

			Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a 9			
b Enter the number of voting members included in line 1a, above, who are independent	1b 9			
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?		2		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6 Does the organization have members or stockholders? See Schedule O		6	X	
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? See Schedule O		7a	X	
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? See Sch O		7b	X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a The governing body?		8a	X	
b Each committee with authority to act on behalf of the governing body?		8b	X	
9 Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If 'Yes,' provide the names and addresses in Schedule O*		9		X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

		Yes	No
10a Does the organization have local chapters, branches, or affiliates?	10a		X
b If 'Yes,' does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990 See Schedule O			
12a Does the organization have a written conflict of interest policy? *If 'No,' go to line 13*	12a	X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? *If 'Yes,' describe in Schedule O how this is done* See Schedule O	12c	X	
13 Does the organization have a written whistleblower policy?	13	X	
14 Does the organization have a written document retention and destruction policy?	14	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a The organization's CEO, Executive Director, or top management official See Schedule O	15a	X	
b Other officers of key employees of the organization See Schedule O	15b	X	
If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b If 'Yes,' has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► NC

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available Check all that apply

[ ] Own website [ ] Another's website [X] Upon request

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Schedule O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

► Eva Wiggins-Greene 518 NC 561 West Aulander NC 27805 252-209-2236

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of 'key employee '
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order individual trustees or directors; institutional trustees, officers, key employees; highest compensated employees, and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Kenneth Jernigan Director	4.44	X						16,737.	0.	0.
(2) Allen Speller President	7.04	X		X				29,295.	0.	0.
(3) Carolyn Bradley Director	5.38	X						21,483.	0.	0.
(4) Darnell Lee Director	4.73	X						21,869.	0.	0.
(5) Delores H. Amason Secretary/Treas	5.12	X		X				15,603.	0.	0.
(6) Millard Lee Director	5.83	X						23,333.	0.	0.
(7) Johnnie Garner Asst. Sec/Treas	3.06	X		X				14,798.	0.	0.
(8) Robert Riddick Vice President	5.73	X		X				27,619.	0.	0.
(9) Chester Deloatch Director	3.85	X						22,183.	0.	0.
(10) Curtis Wynn Exec. VP & CEO	50			X	X			179,625.	0.	51,396.
(11) George Price VP-Engin & Operat	50					X		126,260.	0.	34,995.
(12) Marshall Cherry VP-Member Services	50					X		109,420.	0.	30,575.
(13) Eva Wiggins-Greene V.P. Human Resourc	50					X		104,802.	0.	24,822.
(14) Clifton Ricks Supvr, Dispatch Se	40					X		118,735.	0.	22,107.
(15) Joseph Stallings Serviceman	40					X		109,953.	0.	26,801.
(16)										
(17)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(cont)*

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
(26)										
(27)										
(28)										
(29)										
1 b Sub-total ►								941,715.	0.	190,696.
c Total from continuation sheets to Part VII, Section A ►								0.	0.	0.
d Total (add lines 1b and 1c) ►								941,715.	0.	190,696.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ► 6

		Yes	No
3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If 'Yes,' complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If 'Yes' complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If 'Yes,' complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
New Frontier Tree Co., Inc. 5588 Range Rider Dr. Colorado Springs, C	Right-of-Way	370,974.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ► 1

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1a Federated campaigns 1a				
	b Membership dues 1b				
	c Fundraising events 1c				
	d Related organizations 1d				
	e Government grants (contributions) 1e				
	f All other contributions, gifts, grants, and similar amounts not included above 1f				
	g Noncash contributions included in lns 1a-1f: $				
	h **Total.** Add lines 1a-1f ►				
PROGRAM SERVICE REVENUE	Business Code				
	2a Electric Revenue 221000	34,614,260.	34,614,260.		
	b Capital Credits 221000	423,413.	423,413.		
	c Pole Rental 221000	21,049.			21,049.
	d				
	e				
	f All other program service revenue				
	g **Total.** Add lines 2a-2f ►	35,058,722.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts) ►	77,722.			77,722.
	4 Income from investment of tax-exempt bond proceeds ►				
	5 Royalties ►				
	(i) Real / (ii) Personal				
	6a Gross Rents				
	b Less rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss) ►				
	(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory				
	b Less: cost or other basis and sales expenses				
	c Gain or (loss)				
	d Net gain or (loss) ►				
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 a				
	b Less direct expenses b				
	c Net income or (loss) from fundraising events ►				
	9a Gross income from gaming activities. See Part IV, line 19 a				
	b Less direct expenses b				
	c Net income or (loss) from gaming activities ►				
	10a Gross sales of inventory, less returns and allowances a				
	b Less: cost of goods sold b				
	c Net income or (loss) from sales of inventory ►				
	Miscellaneous Revenue / Business Code				
	11a				
	b				
	c				
	d All other revenue				
	e **Total.** Add lines 11a-11d ►				
	12 **Total revenue.** See instructions ►	35,136,444.	35,037,673.	0.	98,771.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	387,660.	387,660.	0.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,023,906.	2,023,906.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,411,294.	2,411,294.		
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Purchased Power	18,762,281.	18,762,281.		
b Admin & General Exp	2,867,973.	2,867,973.		
c Distribution Operations	2,118,039.	2,118,039.		
d Distribution Maintenance	2,020,816.	2,020,816.		
e Consumer Accounts	1,334,755.	1,334,755.		
f All other expenses	1,537,084.	1,537,084.		
25 **Total functional expenses.** Add lines 1 through 24f	33,463,808.	33,463,808.	0.	0.
26 **Joint costs.** Check here ► ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
ASSETS	1	Cash – non-interest-bearing		824,068.	1	3,113,709.
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,869,199.	4	10,361,724.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)			6	
	7	Notes and loans receivable, net		1,487,168.	7	1,130,013.
	8	Inventories for sale or use		852,407.	8	835,038.
	9	Prepaid expenses and deferred charges		77,385.	9	170,681.
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 82,563,875.			
	b	Less accumulated depreciation	10b 17,421,753.	63,366,538.	10c	65,142,122.
	11	Investments – publicly traded securities			11	
	12	Investments – other securities See Part IV, line 11			12	
	13	Investments – program-related See Part IV, line 11		2,476,031.	13	2,853,182.
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		-2,230,739.	15	-2,226,660.
	16	**Total assets** Add lines 1 through 15 (must equal line 34)		77,722,057.	16	81,379,809.
LIABILITIES	17	Accounts payable and accrued expenses		4,309,984.	17	4,170,553.
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		42,022,015.	23	44,180,386.
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		6,913,485.	25	6,322,286.
	26	**Total liabilities.** Add lines 17 through 25		53,245,484.	26	54,673,225.
NET ASSETS OR FUND BALANCES		**Organizations that follow SFAS 117, check here ► ☐ and complete lines 27 through 29 and lines 33 and 34.**				
	27	Unrestricted net assets			27	
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ► ☒ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		62,750.	30	62,755.
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds		24,413,823.	32	26,643,829.
	33	Total net assets or fund balances		24,476,573.	33	26,706,584.
	34	Total liabilities and net assets/fund balances.		77,722,057.	34	81,379,809.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	35,136,444.
2	Total expenses (must equal Part IX, column (A), line 25)	2	33,463,808.
3	Revenue less expenses Subtract line 2 from line 1	3	1,672,636.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	24,476,573.
5	Other changes in net assets or fund balances (explain in Schedule O) See Schedule O	5	557,375.
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	26,706,584.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII [ ]

			Yes	No
1	Accounting method used to prepare the Form 990 [ ] Cash [X] Accrual [ ] Other _____			
	If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
d	If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both [ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11, or 12.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: ROANOKE ELECTRIC MEMBERSHIP CORPORATION

Employer identification number: 56-0378505

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)
☐ Preservation of an historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Tax Year
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ► $ _____

(ii) Assets included in Form 990, Part X ► $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ► $ _____

b Assets included in Form 990, Part X ► $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered 'Yes' to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ► _____ %
b Permanent endowment ► _____ %
c Term endowment ► _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		434,876.		434,876.
b Buildings		1,398,382.	791,167.	607,215.
c Leasehold improvements				
d Equipment		80,730,617.	16,630,586.	64,100,031.
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c))* ►				65,142,122.

Part VII Investments—Other Securities. See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990 Part X, column (B) line 12.)* ►		

Part VIII Investments—Program Related. (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must equal Form 990, Part X, column (B) line 13)* ►		

Part IX Other Assets. (See Form 990, Part X, line 15) N/A

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, column(B), line 15)* ►	

Part X Other Liabilities. (See Form 990, Part X, line 25)

(a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) Accum Prov for Pension & Benefits	4,854,500.
(3) Consumer Deposits	1,080,272.
(4) Deferred Credits	387,514.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, column (B) line 25)* ►	6,322,286.

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements N/A

1	Total revenue (Form 990, Part VIII,column (A), line 12)	
2	Total expenses (Form 990, Part IX, column (A), line 25)	
3	Excess or (deficit) for the year Subtract line 2 from line 1	
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 through 8	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return N/A

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12)*			5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return N/A

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18)*			5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Part XIV Supplemental Information *(continued)*

SCHEDULE J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

► **Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.**
► **Attach to Form 990.** ► **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: ROANOKE ELECTRIC MEMBERSHIP CORPORATION

Employer identification number: 56-0378505

Part I Questions Regarding Compensation

		Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
☐ First-class or charter travel			
☐ Travel for companions			
☐ Tax indemnification and gross-up payments			
☐ Discretionary spending account			
☐ Housing allowance or residence for personal use			
☐ Payments for business use of personal residence			
☐ Health or social club dues or initiation fees			
☐ Personal services (e g , maid, chauffeur, chef)			
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain	1b		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
☐ Compensation committee			
☐ Independent compensation consultant			
☐ Form 990 of other organizations			
☒ Written employment contract			
☒ Compensation survey or study			
☒ Approval by the board or compensation committee			
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a Receive a severance payment or change-of-control payment from the organization or a related organization?	4a		X
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.			
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a The organization?	5a		
b Any related organization?	5b		
If 'Yes' to line 5a or 5b, describe in Part III			
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a The organization?	6a		
b Any related organization?	6b		
If 'Yes' to line 6a or 6b, describe in Part III			
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If 'Yes,' describe in Part III	7		
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If 'Yes,' describe in Part III	8		
9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9		

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
Curtis Wynn	(i)	169,615.	450.	9,560.	31,087.	20,309.	231,021.	0.
1	(ii)	0.	0.	0.	0.	0.	0.	0.
George Price	(i)	114,970.	450.	10,840.	20,721.	14,274.	161,255.	0.
2	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
3	(ii)							
	(i)							
4	(ii)							
	(i)							
5	(ii)							
	(i)							
6	(ii)							
	(i)							
7	(ii)							
	(i)							
8	(ii)							
	(i)							
9	(ii)							
	(i)							
10	(ii)							
	(i)							
11	(ii)							
	(i)							
12	(ii)							
	(i)							
13	(ii)							
	(i)							
14	(ii)							
	(i)							
15	(ii)							
	(i)							
16	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: ROANOKE ELECTRIC MEMBERSHIP CORPORATION

Employer identification number: 56-0378505

Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder

THE COOPERATIVE HAS MEMBERS AS PROVIDED FOR IN ITS BYLAWS WHICH ARE INCLUDED AS A PART OF THIS RETURN.

Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body

THE COOPERATIVE HAS MEMBERS WHO ELECT MEMBERS OF THE GOVERNING BODY AS PROVIDED FOR IN ITS BYLAWS WHICH ARE INCLUDED AS A PART OF THIS RETURN.

Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders

CERTAIN DECISIONS OF THE GOVERNING BODY ARE SUBJECT TO APPROVAL BY MEMBERS AS PROVIDED FOR IN ITS BYLAWS WHICH ARE INCLUDED AS A PART OF THIS RETURN.

Form 990, Part VI, Line 11b - Form 990 Review Process

FORM 990 IS REVIEWED BY THE BOARD WITH ALL SUPPORTING DOCUMENTATION MADE AVAILABLE TO THEM.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

THE COOPERATIVE REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THEIR CONFLICT OF INTEREST POLICY AS PROVIDED FOR IN ITS POLICY WHICH IS INCLUDED AS A PART OF THIS RETURN.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment

COMPENSATION FOR THE CEO IS REVIEWED AND APPROVED THROUGH THE USE OF A PERFORMANCE REVIEW CONDUCTED BY THE MEMBER-ELECTED BOARD.

Form 990, Part VI, Line 15b - Compensation Review & Approval Process for Officers & Key Employees

COMPENSATION FOR KEY EMPLOYEES IS REVIEWED AND APPROVED THROUGH THE USE OF A PERFORMANCE REVIEW CONDUCTED BY THE CEO.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

THE COOPERATIVE MAKES ITS BYLAWS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC AS PART OF ITS FORM 990. THE FORM 990 IS AVAILABLE UPON REQUEST AS REFLECTED IN PART VI SECTION C LINE 18.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

► Complete if the organization answered 'Yes' to Form 990, Part IV, line 33, 34, 35, 36, or 37.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: ROANOKE ELECTRIC MEMBERSHIP CORPORATION

Employer identification number: 56-0378505

Part I **Identification of Disregarded Entities** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

Part II **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity? Yes	No
(1) Roanoke Economic Development, Inc. 518 NC 561 West							
(2) Aulander, NC 27805 56-2182551	Charitable and Educational	NC	501(c)(3)	7	Roanoke EMC		X
(3)							
(4)							
(5)							
(6)							
(7)							

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Roanoke Energy Resources, Inc. 518 NC 561 West Aulander, NC 27805 56-2183341	Online Procurement	NC	Roanoke EMC	C Corp	-31,578.	79,929.	100.00
(2)							
(3)							

Part V Transactions With Related Organizations (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

		Yes	No
1 During the tax year did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to other organization(s)	1b		X
c Gift, grant, or capital contribution from other organization(s)	1c		X
d Loans or loan guarantees to or for other organization(s)	1d	X	
e Loans or loan guarantees by other organization(s)	1e		X
f Sale of assets to other organization(s)	1f		X
g Purchase of assets from other organization(s)	1g		X
h Exchange of assets	1h		X
i Lease of facilities, equipment, or other assets to other organization(s)	1i		X
j Lease of facilities, equipment, or other assets from other organization(s)	1j		X
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		X
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		X
m Sharing of facilities, equipment, mailing lists, or other assets	1m		X
n Sharing of paid employees	1n	X	
o Reimbursement paid to other organization for expenses	1o		X
p Reimbursement paid by other organization for expenses	1p	X	
q Other transfer of cash or property to other organization(s)	1q		X
r Other transfer of cash or property from other organization(s)	1r		X

2 If the answer to any of the above is 'Yes,' see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Roanoke Economic Development, Inc.	d	234,288.	Cost
(2) Roanoke Energy Resources, Inc.	d	319,151.	Cost
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See Instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Form 990, Part XI, Line 5
Other Changes in Net Assets or Fund Balances

Donated Capital	$	90,811.
Membership Fees		5.
Other Comprehensive Income - (SFAS 158)		1,096,400.
Retirements of Patronage Capital		-629,841.
Total	$	557,375.

ROANOKE ELECTRIC COOPERATIVE (ROANOKE) IS A MEMBER OF A NUMBER OF ORGANIZATIONS WHERE A ROANOKE OFFICER OR DIRECTOR MAY SERVE AS ROANOKE'S REPRESENTATIVE ON THE BOARD OF DIRECTORS. THESE INDIVIDUALS SERVE AT THE PLEASURE OF ROANOKE AND CAN SERVE ONLY AS LONG AS THEY REPRESENT ROANOKE. THE FOLLOWING INDIVIDUALS SERVED IN SUCH POSITIONS:

CURTIS WYNN - DIRECTOR OF NORTH CAROLINA ELECTRIC MEMBERSHIP CORPORATION (NCEMC); DIRECTOR OF NORTH CAROLINA ASSOCIATION OF ELECTRIC COOPERATIVES, INC. (NCAEC); DIRECTOR OF NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA); DIRECTOR OF SOUTHEASTERN DATA COOPERATIVE (SEDC); DIRECTOR OF GREENCO; DIRECTOR OF TSE SERVICES, INC. (TSE)

ALLEN SPELLER - DIRECTOR OF NCEMC; DIRECTOR OF NCAEC

NCEMC IS A POWER SUPPLIER FOR MOST OF THE STATE OF NORTH CAROLINA'S MEMBER COOPERATIVES. NCEMC PROVIDES RELIABLE, AFFORDABLE AND SAFE ELECTRIC AND RELATED SERVICES INCLUDING OPERATION OF A LOAD MANAGEMENT SYSTEM, POWER SUPPLY PLANNING AND DEMAND SIDE MANAGEMENT PLANNING.

ROANOKE PAID $18,219,988 FOR THE ABOVE SERVICES PROVIDED BY NCEMC DURING 2010.

NCAEC IS A MEMBER-OWNED COOPERATIVE OF 26 ELECTRIC MEMBERSHIP COOPERATIVES IN NORTH CAROLINA. NCAEC PROGRAMS SERVE THE NEEDS OF THEIR MEMBER COOPERATIVES INCLUDING:

- GOVERNMENT RELATIONS
- MONTHLY MAGAZINE PUBLISHED FOR CONSUMER-MEMBERS
- TRAINING PROGRAMS AND CONFERENCES FOR COOPERATIVE DIRECTORS, MANAGERS AND STAFF
- YOUTH SCHOLARSHIPS, EDUCATION PROGRAMS AND TOURS
- SAFETY AND JOB TRAINING FOR LINE WORKERS
- STRATEGIC COMMUNICATIONS PLANNING, ADVERTISING AND BRANDING, AND COMMUNITY RELATIONS EFFORTS ON BEHALF OF THE MEMBER COOPERATIVES

ROANOKE PAID $140,642 FOR THE ABOVE SERVICES PROVIDED BY NCAEC DURING 2010.

NRECA IS THE NATIONAL SERVICE ORGANIZATION DEDICATED TO REPRESENTING THE NATIONAL INTERESTS OF COOPERATIVE ELECTRIC UTILITIES AND THE CONSUMERS THEY SERVE. NRECA PROVIDES NATIONAL LEADERSHIP AND MEMBER ASSISTANCE THROUGH LEGISLATIVE REPRESENTATION BEFORE THE U.S. CONGRESS AND THE EXECUTIVE BRANCH; REPRESENTATION IN LEGAL AND REGULATORY PROCEEDINGS AFFECTING ELECTRIC SERVICE AND THE ENVIRONMENT; COMMUNICATION; EDUCATION AND CONSULTING FOR COOPERATIVE DIRECTORS, MANAGERS AND EMPLOYEES; ENERGY, ENVIRONMENTAL AND INFORMATION RESEARCH AND TECHNOLOGY; TRAINING AND CONFERENCES; AND INSURANCE, EMPLOYEE BENEFITS AND FINANCIAL SERVICES. PROGRAMS ARE FUNDED THROUGH DUES AND FEES.

ROANOKE PAID $19,744 IN DUES AND $628,928 FOR EMPLOYEE BENEFIT PLANS TO NRECA DURING 2010.

SEDC IS A MEMBER-OWNED CORPORATION THAT OPERATES AS THE SUPPLIER OF DATA PROCESSING SYSTEMS AND SERVICES TO ITS MEMBERS. SEDC OPERATES AS A COOPERATIVE WHEREBY ALL MONIES IN EXCESS OF COST OF PROVIDING DATA PROCESSING SYSTEMS ARE CAPITAL, AT THE MOMENT OF RECEIPT, AND ARE CREDITED TO EACH MEMBER'S CAPITAL ACCOUNT.

ROANOKE PAID $256,736 FOR THE ABOVE SERVICES PROVIDED BY SEDC DURING 2010.

GREENCO IS A CORPORATION OWNED BY 23 ELECTRIC MEMBERSHIP CORPORATIONS (MEMBERS) IN NORTH CAROLINA. GREENCO WAS FORMED IN 2008 AND WAS ORGANIZED TO:

- FURNISH ENERGY EFFICIENCY PROGRAM DEVELOPMENT AND PILOT PROJECTS FOR ITS MEMBERS
- ASSIST ITS MEMBERS IN COMPLYING WITH RENEWABLE ENERGY PORTFOLIO STANDARDS

IN NORTH CAROLINA AND THE RELATED REGULATORY REPORTING REQUIREMENTS

ROANOKE PAID $46,696 FOR THE ABOVE SERVICES PROVIDED BY GREENCO DURING 2010.

TSE IS AN ENERGY SERVICES CORPORATION OWNED BY NORTH CAROLINA'S ELECTRIC COOPERATIVES. TSE PROVIDES ENERGY-RELATED AND MARKETING SERVICES TO ELECTRIC COOPERATIVES TO MEET THE NEEDS OF THEIR CUSTOMERS. THE SERVICES TSE PROVIDES INCLUDE KEY ACCOUNT MANAGEMENT AND ENERGY SERVICES, MARKET RESEARCH AND MARKETING SUPPORT SERVICES.

ROANOKE PAID $77,319 FOR THE ABOVE SERVICES PROVIDED BY TSE DURING 2010.

Roanoke Electric Cooperative

SERVICE RULES AND REGULATIONS
&
BYLAWS

Effective Date: January 22, 2008

P.O. BOX 440 ~ RICH SQUARE, N.C. ~ 27869~0440
(252) 539-2236
WWW.ROANOKEELECTRIC.COM

Service Rules and Regulations

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ROANOKE EMC
SERVICE RULES AND REGULATIONS

MEMBERSHIP AGREEMENT WITH THE CONSUMER/OWNER

These Service Rules and Regulations, as part of the Service Agreement between Roanoke Electric Membership Corporation and the Member, govern the supply and receiving of electric service. Membership is available to all persons within the service area of the Cooperative on a non-discriminatory basis as set forth in the Bylaws of the Cooperative. This document highlights the main points found in the Service Agreement and does not constitute a contract between the Cooperative and the Member.

As a Member of the Cooperative, you are both a consumer and an owner of the Cooperative. You have the right to vote in selecting the Cooperative's Board of Directors. The Board of Directors sets policies that determine how the Cooperative operates.

We take great pride in providing you with quality service. Quality service is our roost important product. We will endeavor to maintain at all times the quality service that you expect and deserve; however, we cannot guarantee continuous and uninterrupted service.

The general summary of your rights to service is as follows:

1. You have the right to electric service if you establish satisfactory credit and provide the Cooperative with necessary and reasonable access to your property for your electric service and that of neighboring property.

2. You have the right to establish your credit in any one of four ways: (1) you may show that you have been a recent consumer of an electric utility and have established a good payment record over the last twelve months that service was provided (2) you may provide a Member in good standing to guarantee payment of your bills up to the amount of deposit if you do not pay them; (3) you may make a cash deposit with the Cooperative or (4) you have a satisfactory record with an established credit reporting service acceptable to the Cooperative. The Cooperative will endeavor to fully explain all means of establishing credit.

3. Any cash deposit you make will be interest bearing after the first ninety (90) days and refundable after twenty four (24) consecutive months of maintaining the status of Member in Good Standing for payment of your electric bills.

4. You have *25* days after the billing date shown on your electric bill to pay your electric bill. After 25 days, the bill will be considered past due.

5. The Cooperative will notify you with the next month's bill that you have at least seven (7) days before your electric service can be disconnected for failure to pay electric bills. This notice will explain the reason why the Cooperative plans to disconnect the service, state the date after which the service may be disconnected and explain what you can do to keep the service from being disconnected. The disconnect notice will state that the Cooperative's office can be contacted prior to the disconnection date to discuss credit arrangements if you cannot pay the bill.

6. As a Member you can name another person to receive a copy of any disconnect notice. This other person may be able to help you avoid having your electric service disconnected but is not obligated to pay the bills.

7. You have the responsibility to notify toe Cooperative in writing if there is someone in your household who is either chronically or seriously ill, disabled or on an electrically operated life support system. In that case, you have the right to special handling of your account should service become subject to disconnection for your failure to pay your electric bills.

8. If the Cooperative plans to disconnect your electric service because you have not paid your electric bills and if you can show that you are unable to pay your account at once, you have the right to make installment payments, with interest accruing, designed to pay your account in full within six months. If you cannot pay your account by installments, the Cooperative cannot disconnect your service (between December 15 and March 15) without notifying the North Carolina Rural Electrification Authority if there is a person 65 years or older or disabled person in your household and if you are eligible and certified to receive energy assistance from the local social services department.

9. The Cooperative will not disconnect electric service after 4:00 p.m. on a Friday or on a weekend or a legal holiday for non-payment.

10. You have the right to have the Cooperative test your electric meter for accuracy and to have a report of the test results given to you. A fee, paid in advance, will be charged for the testing; the fee will be refunded if the meter is found to be outside acceptable accuracy limits, i.e., 2% fast.

11. You will be offered a New Member orientation including, but not limited to, explanation of Cooperative principles, bylaws, rates, meter reading, rebates, loans, reporting of power failure, statement of nondiscrimination and conservation practices when you are accepted for membership in the Cooperative. The Cooperative will send you

upon request, without charge, a copy of your billing information for the past twelve months.

12. A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or billing complaints is as follows:

a) File a complaint at the Cooperative office and allow reasonable time for investigation, advice, and action.

b) File a complaint with the Cooperative Manager, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:

c) File a complaint with the North Carolina Rural Electrification Authority in Raleigh, 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina 27611, (919) 733-7513. Allow reasonable time for the Authority to act.

d) If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to act.

13. You may request and have installed by the Cooperative at your expense, types of service that exceed what is normally supplied, provided that they meet the general conditions in the Service Rules and Regulations. If you need such services, please call us.

14. As a Member of this Cooperative, you will share in margins called Capital Credits, which are assigned in the Members' names. The refunding of the Capital Credits is at the discretion of the Board of Directors.

Office and Service Hours

The Cooperative's general office is located at 114 North Main Street (Hwy. 258) Rich Square, North Carolina.

The office is open for business between the hours of 8:00 A.M. and *5:00* P.M. Monday through Friday. Routine and regular service work is performed during these office hours, except that no routine or regular service work will be performed on Saturdays, Sundays and holidays. Service work for unusual conditions or circumstances may be arranged at other times upon request. Emergency service work is performed 24 hours a day, 7 days a week.

Service personnel may be reached by calling 1-800-433-2236 or (919) 539-2236.

STATEMENT OF NONDISCRIMINATION

Roanoke EMC is the recipient of Federal financial assistance from the Rural Electrification Administration, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1974, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Liberache Harris, Controller. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination, may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

DEFINITIONS

Applicant - A Member or prospective Member who has applied for service.

Area Coverage - The public policy of obligating the Cooperative to provide service, on a nondiscriminatory basis, to all persons and entities desiring electrical service within a service territory assigned to the Cooperative.

Billing Period - The time period between two successive, scheduled meter readings.

Capital Credits - The amounts of the cooperative's net margins allocated to individual members and returned on a periodic basis as determined by the Board of Directors.

Clean and maintained right-of-way - Right-of-way area that is regularly maintained free of logs and brush.

Cooperative - Roanoke Electric Membership Corporation

Conservation - The practice of efficiently and effectively using electric generating and transmitting facilities while avoiding wasteful consumption of electrical energy.

Delinquent bill - A bill for which payment is not received in the office by the close of business on the 25th day from the billing date.

Electric Service - The Cooperative's legally imposed duty of supplying to an established point of delivery energy service in the form of an alternating current of frequency at nominal 60 cycles per second and of various nominal voltages.

Foreign Electricity - Any electricity used by the Member that is obtained from a source other than the Cooperative. This includes, but is not limited to, power obtained from other power suppliers and customer-owned generators.

Member - Any person or legal entity who has applied for and been accepted into membership of the Cooperative for the purpose of receiving electric service.

Member in good standing - Any Member who has fulfilled all obligations of the Member for any and all accounts under the Member's name and who, within the previous twelve months has hade) not more than two delinquent billings, 2) no involuntary disconnections, 3) not more than two (2) returned checks, or 4) no violation of meter tampering.

Meter Tampering - Diversion of power or the unauthorized alteration or manipulation of the Cooperative's meter, wires, seals, or other apparatus in such a way as to prevent the meter from recording under seal the amount of electric service supplied to the Member. (This is a misdemeanor under law and subject to penalty and effects the status of Member

in good standing.)

NCEMC - North Carolina Electric Membership Corporation located in Raleigh, North Carolina is the wholesale supplier of electric service for 27 Cooperatives in North Carolina. NCEMC is a cooperative owned by the 27 Cooperatives in the same manner that the Members receiving retail electric service from the Cooperatives own the Cooperatives.

Permanent - Buildings which have permanent foundations and permanent water and sewer facilities.

Person 65 years or older or Disabled - The Cooperative accepts the certification of the local county social services department as applied to the energy Crisis Assistance Program.

Point of Delivery - The point at which ownership of the electric service is transferred from the seller to the buyer. The Point of Delivery will be, unless otherwise specified, where the cooperative's wiring system terminates in the delivery of electric service to the Member's wiring system. On overhead services the Point of Delivery will be the weather head, and on underground services the Point of Delivery will be the line side of the meter base; however, the Member may be required to provide and maintain certain facilities between the cooperative's facilities and the meter.

Seasonal - Member, facilities or premises which are active, in use or inhabited on a part-time basis, or during only certain months of the year.

Service Agreement - The agreement between the Cooperative and Member consisting of the following:

Membership card and/or Application, sighed by Member and Cooperative (with membership fee and security deposit, if required),
Bylaws,
All necessary right-of-way easements,
Current applicable rate schedules and riders,
Load management agreement (if applicable), and
Current Service Rules and Regulations.

Service Voltage - The voltage at the point where the electric systems of the supplier and the user are connected (Point of Delivery). The Service Voltage is usually measured at the service meter base or entrance switch and allowable variations are usually expressed on a 120-volt base.

Standard service connection - Unless otherwise stated or agreed by the Cooperative, the standard service connection will be single phase, 60 cycles per second electric service provided to the point of delivery at the Cooperative's standard supply voltages.

GENERAL SERVICE RULES AND REGULATIONS

100 ELECTRIC SERVICE AVAILABILITY

101 Application for Membership

The Service Agreement between The Cooperative and its Member will consist of the following:

Membership card and/or Application, signed by Member and Cooperative (with membership fee and security deposit, if required),
Bylaws,
All necessary right-of -way easements,
Current applicable rate schedule and riders,
Load Management Agreement (if applicable), and
Current Service Rules and Regulations.

A supplemental written contract on a form provided by the Cooperative may be required from any applicant whose estimated demand is 50 KW or more.

The Cooperative's form of Application for Membership must be completed, signed and submitted, accompanied by a membership fee of $5.00. Applications for joint membership require the signature of each individual. Neither the Membership nor the Service Agreement is transferable or assignable; however, capital credits may be transferred to the cooperative or to another Member if authorized by the Member. A non-refundable connection charge, as specified in the Schedule of Charges, will be required.

When two or more rate schedules and/or riders are available, the Cooperative will assist in the selection, but it is the Member's right and responsibility to determine which to select. Refer to Appendix for descriptions of the available Rate Schedule and Riders.

102 Security Deposit

A service security deposit shall be collected in advance of connection or reconnection of any service if the Cooperative determines that such is needed to assure its being saved harmless from delinquency in bill payments. In making such determination, the Cooperative will take into account a number of factors, which may include, without limitation:

A. Type of service involved;
B. If the potential Member is a business, the age of the business;
C. Credit Rating of the consumer
D. Any other factor relating to the consumer's financial dependability.

The amount of the security deposit required for residential accounts will be determined by the applicant's credit score as provided by an independent credit scoring service as follows:

A. For scores equaling 10% or less, the security deposit will be waived.
B. For scores of 10.1% through 25%, the security deposit will equal $150.00.
C. For scores of 25.1% through 50%, the security deposit will equal $300.00.
D. For scores exceeding 50%, the security deposit will equal $450.00.

The amount of the security deposit required for non-residential accounts (1000 kVA or less) will be determined by the applicant's credit score as provided by On-Line Services as follows:

A. For scores equaling 10% or less, the security deposit will be waived.
B. For scores of 10.1% through 25%, the security deposit will equal $275.00.
C. For scores of 25.1% through 50%, the security deposit will equal $550.00.
D. For scores exceeding 50%, the security deposit will equal $825.00.

The security deposit may be higher, if the Cooperative's Board of Directors determines that a higher amount is necessary due to extenuating circumstances. The deposit for accounts 1000 kVA or more will be determined by applicant's credit history or anticipated monthly usage. In the event that there is no established credit history for the applicant, the highest level deposit will be required.

Notwithstanding the above and in the sole discretion of the Cooperative, the Cooperative may require prospective and existing Members to participate in the Cooperative's prepaid metering program as a precondition to service. Such a requirement may be imposed for reasons other than credit history, such as (without limitation) meter tampering, an excessive number of disconnects, an excessive number of returned checks, or altercations with service personnel. Further, any Member may choose to participate in the Cooperative's prepaid metering program, regardless of credit history. The Cooperative reserves the right to waive any security deposit required in the event a Member elects prepaid metering.

As an alternative to a Service Security Deposit, the Cooperative will accept: a letter of reference indicating the Member has been a recent consumer of an electric utility and which states the prospective Member's payment record over the last twelve months service was provided satisfies the Cooperative's status of Member in Good Standing or a guarantee payment of your bills up to the amount of deposit from a Member in Good Standing.

A Member's Service Security Deposit will be refunded, with interest, after a period of twenty-four (24) consecutive months only if the Member has fulfilled all Member Obligations. Interest shall accrue on a Service Security Deposit after the first ninety (90)

days following the payment of the same, and the interest rate will be determined by the Board of Directors.

Any Payment Guarantee will automatically be voided after twenty-four (24) consecutive months of satisfactory, timely payments and no violations of the member's obligations.

Upon termination of Membership, the Membership Fee and any remaining Security Deposit will be refunded or applied against any unpaid balance owed to the Cooperative.

103 Additional Service Connections

A Member may have any number of service connections under one membership. The Member may be obligated to pay, pursuant to the above Section 102, the applicable service security deposit for each additional service and will be obligated to pay for all electric demand and energy used on the premises at the Cooperative's applicable rates. A Member with more than one account is equally responsible for current payment of all accounts, and service maybe denied for a new service for failure to pay on another account under the same Member.

104 Area Coverage and Line Facilities

In providing area coverage service, the Cooperative will provide a standard service connection that requires no facilities or services in excess of those normally provided by or acceptable to the Cooperative. The Cooperative may require additional fees for line extensions beyond the limits as provided by Cooperative policy. When a Member or an individual requests that the Cooperative supply electric service in a manner which requires equipment and facilities in
excess of those which the Cooperative would normally provide, and the Cooperative finds it practical to do so, such excess equipment and facilities will be provided as excess facilities at the cost of the Member. The Cooperative and the Member will collect costs through excess facilities charges and/or contributions-in-aid of construction as agreed upon.

105 Metering Facilities

The Cooperative normally provides and installs the meter and requires the Member to provide for an approved meter base and certain connection facilities to the meter base. Any meter installed at the request of the Member that would not have been installed as standard equipment will be considered an excess facility.

Members applying for more than one class of service on the same premises will arrange their wiring so that each class of service can be metered separately. Regardless of

ownership of the facilities, the Cooperative will have the right, at its option, and at its own expense, to place demand meters, voltmeters, locking devices, or other instruments on the premises of the Member for the purpose of monitoring and maintaining the Member's service.

200 CONDITIONS OF SERVICE

201 General Conditions

The Cooperative will supply electrical service to the Member after all of the Following conditions are met:

A. The Member is in compliance with all aspects of the Service Agreement and agrees to be bound by the Cooperative's Articles of Incorporation and Bylaws.

B. The Member agrees to furnish without cost to the Cooperative all necessary easements and rights-of-way.

C. The Member agrees to have all streets, alleys, and driveway en-trances graded to within six (6) inches of final grade and have lot lines established before installation or extension of electrical service begins.

D. The Member agrees that the Cooperative will have right of access to Member's premises at all times for the purpose of reading meters, testing, repairing, removing, maintaining or exchanging any or all equipment and facilities which are the property of the Cooperative, or when on any other business between the Cooperative and the Member. In cases where it is reasonably necessary and cost effective, the Cooperative may use, without payment to the Member, the Member's premises for accessing neighboring property served by the Cooperative.

E. Any previous outstanding debts owed by the Member, or any other person in the Member's household, to the Cooperative have been paid.

F. Provision of service in no way conflicts with public authorities.

G. All Member wiring and equipment has met the requirements of the National Electrical Code and of the Cooperative, in addition to the specifications of any local authorities having jurisdiction. Proof of inspections required to meet local and state governmental standards of the premises wiring has been made available by the Member.

H. The Member has not connected, and agrees not to connect in the future, any motors or other equipment which are not suitable for operation with the character of the service supplied by the Cooperative or which adversely affect the Cooperative's equipment or the service to other Members.

I. The Member agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference with service to the Cooperative's other Members. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation, such as welders, X-ray machine, shovel loads, or motor starting across the line.

J. The Member agrees to be responsible for notifying the Cooperative of any additions to or changes in the Member's equipment which might affect the quality of service or might increase the Member's demand.

K. The Member agrees that when multi-phase service is furnished, the Member will at all times maintain a reasonable balance of load between the phases. Three-phase motors with high-starting or fluctuating currents must be installed in accordance with the Cooperative's Rate Schedule and Riders and Rules and Regulations.

L. The Member agrees to promptly notify the Cooperative in writing if there is someone in their household who is either chronically or seriously ill, disabled or on an electrically operated life support system and if the Member desires special handling of the account in the event of failure to pay electric bills.

M. The Member agrees to promptly notify the Cooperative with proper certification of special handling of the Member's account with respect to the Cold Weather Disconnection provisions in Section 402.

202 Standard Supply Voltages

The Cooperative maintains one system of alternating current at a standard frequency of 60 cycles per second that is supplied throughout its system and within prudent utility practices. The Cooperative will determine the voltage, number of phases, and type of metering, which will be supplied depending upon the Cooperative's facilities available and upon the character, size and location of the load to be served. The Member will consult the Cooperative before proceeding with the purchase or installation or wiring of equipment. To avoid misunderstanding, this information should be in writing from both the Member and the Cooperative.

The service voltages described below are nominal, and variations permitted will not be less than 114 volts or more than 126 volts on a 120 volt basis.

Single Phase, 2 Wire,	120 Volts
Single Phase, 3 Wire,	120/240 Volts
Three Phase, 4 Wire, Wye	120/208 Volts
Three Phase, 4 Wire, Delta	120/240 Volts
Three Phase, 4 Wire, Delta	2401480 Volts
Three Phase, 4 Wire, Wye	277/480 Volts
Single Phase, 2 Wire Three	7200 Volts
Phase, 4 Wire	7200/12470 volts or 14,440/24,900 Volts

It will not be considered a violation of this voltage standard when voltages outside of the prescribed limits are caused by any of the following:

Action of the elements,
Service interruptions,
Temporary separation of parts of the system from the main system,
Infrequent fluctuations of short duration,
Voltage control for load management purposes,
Other causes beyond the control of the Cooperative,
Addition of Member equipment without proper notification to the Cooperative,
Emergency operations, or
The operation of the Member's equipment.

203 Service Interruptions

The Cooperative does not guarantee continuous and uninterrupted service and will not be liable for loss or damage to any Member's equipment, belongings, real property, business losses or consequential damages caused by any failure to supply electric service or by any

interruption or reversal of the supply of electric service, if such is due to any cause beyond the reasonable control of the Cooperative.

Such causes include, but are not limited to:

A. An emergency action due to an adverse condition or disturbance on the system of the Cooperative, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electric service to some consumers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected, system.

B. An Act of God, or the public enemy, or insurrection, riot, civil disorder, fire, or earthquake, or an order from Federal, State, Municipal, County or other public authority.

C. Making necessary adjustments to, changes in, or repairs on lines, substations, and facilities, and in cases where, in the Cooperative's opinion, the continuance of service to consumers' premises would endanger persons or property.

The Member will notify the Cooperative immediately of any defect in service or of any trouble or irregularity to the electric supply.

Maintenance work on lines or equipment requiring service interruption will be done, as far as practicable, at a time that will cause the least inconvenience to the Members. The Members to be affected by such planned interruptions will be notified in advance, if practicable.

204 Right-of-Way Maintenance

The Member will grant to the Cooperative, and the Cooperative will maintain right-of-way according to its specifications with the right to cut, trim and control the growth of trees and shrubbery located within the right-of-way or that may interfere with or threaten to endanger the operation or maintenance of the Cooperative's line or system. When trimming right-of-way, the Cooperative will remove debris at its expense from "clean and maintained" areas; that is, an area that is regularly maintained free of logs and brush, but not the removal of stumps. In other areas, right-of-way debris will be left in the right-of-way limit.

Members who desire to have trees trimmed or cut which are close to Cooperative lines and, in the opinion of the Cooperative, pose a possible hazard to the lines may request assistance from the cooperative in cutting or trimming. The Cooperative will schedule such work at its convenience.

205 Power Factor

The member will at all times maintain a power factor at a point of delivery as close to one hundred (100%) as practicable. Where the overall power factor of the Member's load is less than 95 percent (95%) lagging, the Cooperative may require the Member to install at the Member's expense equipment to correct the power factor, and may adjust the Member's billing demand as specified by the applicable rate schedule. The Cooperative reserves the right to measure the power factor at any time.

206 Foreign Electricity, Parallel Service, and Standby Generation

The Member will not use the Cooperative's electric service in parallel with other electric service, nor will other electrical service be introduced on the premises of the Member for use in conjunction with or as a supplement to the Cooperative's electric service, without the prior written consent of the Cooperative.

Where approved standby and/or supplemental the member provides on-site generation, parallel operation of the Member's generating equipment with the Cooperatives system will not be allowed, without express permission of the Cooperative. The Member will install all protective devices specified in the National Electric Code, or the National Electric Safety Code, as applicable. A double throw switch must be used to prevent possible injury to the Cooperative's personnel and equipment by making it impossible for power to feed back into the main line from the emergency generator.

207 Qualifying Facilities and Independent Power Producers

The Cooperative is required to comply with the Public Utility Regulatory Policies Act of 1978 (PURPA), along with rules and regulations promulgated under PURPA as they relate to qualifying facilities (QF). Any owner/operator of a QF desiring to connect with and sell electric demand and energy to the Cooperative shall notify the Cooperative. The cooperative will provide the owner/operator with its current rates as specified in the attached Current Applicable Rate Schedule and Riders.

Any contracts for the sale of electrical demand and energy from QF will be made between the owner/operator and the Cooperative or NCEMC. The Cooperative will assist the owner/operator in making initial contact with NCEMC.

Also through a similar prior arrangement with NCEMC, all contracts for the sale of electric demand and energy from an independent power producer (IPP) will be made between the owner/operator and NCEMC.

208 Line and Facilities Conversion and Relocation

Upon request, the Cooperative will, consistent with prudent utility practice, relocate line, poles, and facilities. The Member will be required to pay in advance the nonbetterment cost of relocating the facilities. Any additional right-of-way necessary for relocation will be the responsibility of the Member to obtain.

At a Member's request, the Cooperative may convert existing adequate overhead facilities to underground, provided that the Member pays the Cooperative the cost incurred.

Under most circumstances, the Cooperative will, upon request, raise or lower lines to afford a safe passage for buildings or equipment being moved. Parties making such requests will be required to pay the cost of the labor and any material used, plus an appropriate charge for transportation equipment. Also, such parties will be required to make a deposit, in advance, of the estimated cost of the Cooperative.

209 Energy Management Assistance

The Cooperative will, at no charge, investigate, render advice and lend assistance needed for all reasonable requests of the member pertaining to the Member's account, usage, bill load management equipment, and energy conservation measures.

300 BILLING

301 Responsibility to Read Meter

Meters will be read and bills rendered by the Cooperative. When a meter cannot be read on or about the scheduled date, the meter reading and corresponding use for the period will be estimated based on prior usage. Accounts billed on an estimated basis will be adjusted as necessary when actual readings are obtained. An explanation of the meter-reading process can be obtained from the Cooperative.

302 Due Dates and Failure to Pay

Bills are due and payable upon receipt and are considered delinquent if payment is not received in the office by the close of business on the 25th day from the billing date. Members whose bills become delinquent will be charged a late payment of $5.00. If the bill is still delinquent at the time the next month's bill is prepared, the next month's bill will show the previous month's account balance with a disconnect notice. This notice will explain the reason why the Cooperative plans to disconnect the service, state the date after which the service may be disconnected and explain what you can do to keep the service from being disconnected. The disconnect notice will state that the Cooperative's office can be contacted prior to the disconnection date to discuss credit arrangement if you cannot pay your bill.

If after seven (7) days from the mailing of the disconnect notice, the account remains delinquent, a supervisor within the Cooperative will review the account to determine if the Member has taken the necessary action to avoid disconnection.

The Cooperative may either refer the account to a collection agency at the cost of the Member or dispatch field personnel to read the meter and make the effort to notify the Member, receive payment, make satisfactory credit arrangements, agree to defer action because of death or illness or disconnect. The field personnel may require payment of all past due portions of the delinquent bill plus a field collection fee, as specified in the Schedule of Changes, or disconnect the service without further notice.

Members may request in writing that a copy of any disconnect notices be sent to a specified third party.

303 Multiple Services

If a Member has more than one account, the Cooperative reserves the right to apply any payment made by the Member to any account owed to the Cooperative by the Member. All funds received first will be applied to any interest and penalty on the delinquent account(s) with the remaining funds to be applied against the electric bill service.

304 Bill in Dispute

Failure to receive a bill does not exempt a member from payment. A duplicate bill may be obtained from the Cooperative. Neither a dispute concerning the amount of a bill nor a claim or demand by the Member against the Cooperative will alter the normal requirements for payment. See complaint procedure in Section 503 for resolution of disputed bills.

305 Method of Payment

Payments may be made:

In person,
In the after-hours deposit facility,
By mail (check or money order only),
By bank draft.

The Cooperative offers a budget billing procedure for Members who request levelized payments throughout the year by completing and signing the Cooperative's Budget Billing Agreement.

306 Returned Checks

Any member whose check for service is returned for insufficient funds will be notified immediately and a returned check fee will be added to the Member's account. Such charge will be up to the maximum allowed by North Carolina Law (GS25-3-572). If the Member is in good standing, the Cooperative will attempt to notify the Member. The returned check fee and account will be considered to be delinquent, and the delinquent billing handled in accordance with Section 302, above. If the Member is not in good standing and payment is not made within three days after the date of notification, service will be discontinued. If the Cooperative receives more than two such checks from a Member in the previous 12-month period, the Cooperative may refuse to accept further checks from that Member.

307 Corrections for Errors

Billing Adjustments- Adjustments made to the electric bill due to inaccurate metering equipment, errors in meter reading or billing will be made promptly. The Cooperative will issue immediate credit when it is in error and the Member will be expected to pay any appropriate additional charges as billed. Payments to the Cooperative may be made in installments over the same period of time during which the error occurred.

If the interval during which the error occurred cannot be determined, then the billing adjustment will be based on an appropriate estimation of usage and/or demand for a given period of time. For Members having a demand of less than 50 KW, that period will not exceed 150 days. For Members having a demand of more than 50 KW, that period will not exceed 12 months.

When a meter stops or fails to register correctly, or if the calibration is found to be in error of more than plus or minus two percent (2%), the Member's account will be adjusted accordingly. The Cooperative will periodically test and inspect meters.

A member may request in writing that a meter be tested. A report will be supplied to the Member within a reasonable time after the completion of the test. A meter test charge, as specified in the Schedule of Charges, will be imposed and refunded if the meter is found to be in error in excess of plus or minus two percent (2%).

308 Credit

At the discretion of the Cooperative, credit may be extended to Members in accordance with the following standards:

A. When it is determined that enforcement of the policy will constitute an undue hardship in relation to the amount of the delinquent bill, and the extension of credit for a fixed time, or arrangement for installment payment of the bill will not unduly impair the Cooperative's ability to effectuate final collection of the bill; or

B. When the Member involved establishes to the satisfaction of the Cooperative that the Member's failure to pay the bill has resulted from a mistake on the Cooperative's part or a mistake for which the Member was not responsible; or

C. When the involved bill is a final bill covering service to a farm, home, or other residential structure and the main building thereof has been destroyed by fire not caused by act of arson on the part of the Member or the Member's family; or

D. When disconnection of service might impose immediate danger to the Member or other persons due to illness or some hazardous condition, or when the household is immediately and directly affected by a death; or

309 Unavoidable Cessation of Service by Member

In the event that the Member's premises is destroyed by fire, natural disaster, or other casualty, or the operation of its plant is shut down because of strike, fire, natural disaster, or other cause beyond the Member's control, making a complete cessation of service, then upon written notice by the Member to the Cooperative within thirty (30) days thereafter, advising that the Member intends to resume service as soon as possible, any minimum charge, or guarantee occurring after such cessation of service for which the Member may be liable will be extended for a corresponding period. The Member's obligation to pay for charges incurred before cessation will be postponed with interest. Otherwise, the agreement for service will immediately terminate.

400 DISCONNECTION AND RECONNECTION

401 Disconnection of Service by the Cooperative

Service may be disconnected after notice has been given and reasonable time to comply has been allowed for noncompliance with the Bylaws of the Cooperative, the Service Agreement with the Cooperative, or any applicable Federal, Sate or other local laws, regulations or codes, including, but not limited to, nonpayment and refusal of access to the Cooperative's meters or other facilities on the premises.

The Cooperative may disconnect service immediate and without notice for the following reasons:

A. Discovery of meter or load management equipment tampering or diversion of current.

B. Use of power for unlawful, unauthorized or fraudulent reasons.

C. By order of public authority.

D. Discovery of an electrical condition determined by the Cooperative to be potentially dangerous and eminently hazardous to life or property of the Cooperative or the public.

E. For repairs, emergency operations, unavoidable shortages, or interruptions in the Cooperative's supply source.

F. Introduction of foreign electricity on the premises without prior written consent.

Waiver of default- Any delay or omission on the part of the Cooperative, to exercise its right to discontinue service, or the acceptance of a part of any amount due, will not be deemed a waiver by the Cooperative of such right if the Member continues to be or again becomes non-compliant with the Service Agreement.

402 Cold Weather Disconnection

With respect to bills rendered between December 15 and March 15 of every year and in the spirit of the policy regulations expressed by Congress in the Public Utility Regulatory Act (PURPA) of 1978, the notice of proposed termination shall take place without the express approval of the Cooperative's Board of Directors and notification of the North Carolina Rural Electrification Authority if the Member can establish all of the following:

A. That a Member of the Member's household is either disabled or 65 years of age or older.

B. That the Member is unable to pay for such service in full.

C. That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs to be eligible (whether funds are then available or not) to receive assistance under such programs.

The Cooperative may continue to charge interest on accounts that are subject to this provision. As provided in Section 201, the Member must provide advance notification and certification of meeting the requirements for special handling of the accounts.

403 Reconnection of Service by the Cooperative

Subsequent to the disconnection of electric service by the Cooperative for reasons listed in the previous sections, service may be reconnected under the following conditions:

A. The conditions causing the disconnection are corrected.

B. Payment has been made for the cost of repair or replacement of the Cooperative's meter or any other properties, if tampered with or otherwise damaged or destroyed.

C. Where the service has been disconnected for non-payment of a bill, mater tampering, unauthorized or illegal use of power, the Cooperative will have the right to refuse service to the same Member or to any other applicant who is a member of the Member's household until the infraction is corrected, credit is reestablished by the Member and all applicable accounts have been paid.

D. The Member has agreed to comply with reasonable requirements to protect the Cooperative against further infractions.

E. A reconnection fee and/or any other applicable service charges and security deposits, as specified in the Schedule of Charges, have been paid.

404 Termination of Service by Member

For termination of service, the Member should give a minimum of one working day's notice prior to requested disconnection unless a written contract specifies otherwise.

A Member may voluntarily withdraw in good standing from membership under both of the following conditions:

A. Payment of any and all amounts due the Cooperative, and cessation of any noncompliance with the membership obligations, all as of the effective date of withdrawal; and either removal to other premises not furnished service by the Cooperative, or ceasing to use any central station electric service whatever at any of the premises to which such service has been furnished by the Cooperative pursuant to the service agreement; and

B. Upon such withdrawal, the Member will receive a refund of the balance of the membership fee and of any service security deposit held by the Cooperative after being applied to the Member's final bill.

500 COOPERATIVE AND MEMBER OBLIGATIONS

501 Approval and Cooperative's Board Authority

The Cooperative's Board of Directors is the governing body and is the final authority for making and revising these Service Rules and Regulations. These Rules and Regulations and Rate Schedules are on file in the Cooperative's headquarters office, and such filing and publishing will constitute official notice to all Member s on such changes. Failure of the Cooperative to enforce any of the terms of these Rules and Regulations will not be deemed as a waiver of its right to do so.

In case of conflict between any provision of the Bylaws and these Service Rules and Regulations, the Bylaws will prevail. In case of conflict between any provision of Rate

Schedule of Rider and these Service Rules and Regulations, the Rate Schedule or the Rider will prevail.

These Rules and Regulations and Rate Schedules and any changes will be filed with the North Carolina Rural Electrification Authority and, additionally, pursuant to North Carolina Law (GS 62-138(f)), with the North Carolina Utilities Commission.

502 Responsibility of Member and Cooperative

Electric service is supplied by the Cooperative and purchased by the Member upon the express condition that after it passes the Point of Delivery it becomes the property of the Member to be used only as provided in the Service Agreement. The Cooperative will not be liable for loss or damage to any person, property, business losses or consequential damages whatsoever, resulting directly or indirectly from the use, misuse, or presence of the said electric service after it passes the Pont of Delivery or for any loss or damage resulting from the presence, character, condition of the wires or equipment of the Member or for the inspection or repair of the wires or equipment of the Member.

It is understood and agreed that the Cooperative is merely a supplier of electric service, and the Cooperative will not be responsible for any damage or injury to the buildings, motors, apparatus or other property of the Member due to lightning, defects in wiring or other electrical installations, defective equipment or other cause not due to the negligence of the Cooperative. The Cooperative will not be in any way responsible for the transmission, use or control of the electric service beyond the delivery point, except as it might apply to the use of load management programs.

In maintaining the right-of-way, the Cooperative will not be liable for damage to trees, shrubs, lawns, fences, sidewalks or other obstructions incident to the installation, maintenance or replacement of facilities, unless caused by its own negligence.

All meters, service connections and other equipment furnished by the Cooperative will be, and will remain, the property of the Cooperative. The Member will not interfere with, or alter, the Cooperative's meters, seals, or other property, or permit the same to be done by others than the Cooperative's authorized agent or employee. Damage caused or permitted by the Member to the Cooperative's property will be paid for by the Member.

No person or organization will install or attach any wire, sign (s) or other material or equipment to any of the Cooperative's poles, conductors, or other fixtures, except with express written consent of the Cooperative.

To the extent that Members may require electric service at a level of less variation allowed under the standard service, any additional equipment required by the Member to ensure the level of power quality will be at the Member's expense. The Cooperative will assist the Member in the technical development of the power quality electric service.

503 Complaint Procedure

A full and prompt investigation will be made of all service complaints. The recommended order for handling quality-of-service or rate complaints is as follows:

A. File a complaint at the local Cooperative's office and allow reasonable time for investigation, advice, and action. If the results are not satisfactory, then:

B. File a complaint with the Cooperative Manager, providing information and results from the initial complaint and/or naming local Cooperative personnel who handled the complaint. Allow reasonable time for the Manager to act. If the results are still not satisfactory, then:

C. File a complaint with the North Carolina Rural Electrification Authority in Raleigh, North Carolina: 430 North Salisbury Street, Dobbs Building, Raleigh, NC 27611, (919) 733-7513. Allow reasonable time for the authority to act, then;

D. If results are still not satisfactory, file a written complaint with the Cooperative Board of Directors. Allow reasonable time for the Board to schedule the item at a regular meeting. Allow reasonable time for the Board's orders on the matter to be carried out.

ARTICLE I
MEMBERSHIP

SECTION 1.01 Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision thereof, or body politic (each hereinafter referred to as "person," "applicant," "him," or "his") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, Roanoke Membership Corporation (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

SECTION 1.02 Application for Membership; Renewal of Prior Application. Application for Membership- whereby the applicant agrees to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Certificate of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations")- shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any other special deposits that may be required by the Cooperative), which fee (and such service deposit, service connection

deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the North Carolina legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03 Membership Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall be paid by the member for each additional service connection requested by him.

SECTION 1.04 Joint membership. A husband and wife, by specifically so requested in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. The words "member," "applicant," "person," "his," and "him," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing-

(a) The presence at a meeting of either or both shall constitute the presence of one member, a joint waiver of notice of the meeting, and a revocation of any proxy executed by either or both;

(b) The vote of either or both shall constitute, respectively, one joint vote: PROVIDED, that is both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote; PROVIDD, FURTHER, that if each execute a separate proxy, the one most recently executed shall revoke the former and shall constitute their sole joint proxy; or, if each executes a separate proxy on the same date, the holder or holders thereof shall cast only one-half (1/2) vote in respect of each;

(c) Notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver notice;

(d) Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;

(e) Either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet qualifications required therefore; and

(f) Neither will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05 Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application be denied for other good cause: PROVIDED FURTHER, that any person whose application, for sixty (sixty) days or longer, has been submitted to but not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

SECTION 1.06 Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to ALL Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement; and shall pay therefore at the times, and in accordance with the rules, regulations, rate classifications and schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each Member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the Member has more than one service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and peroration. None of such power shall be resold.

SECTION 1.07 Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.08 Wiring of Premises; Responsibility Thereof; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Identification. Each Member shall cause all

premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the North Carolina Fire Insurance Underwriters, Association, the National Electric Code, any applicable state code or local government ordnances and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for- and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of- such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dos or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatus or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the Member, or by any other person when the Member's reasonable care and surveillance should have prevented such, the Member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting there from, including but not limited to the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering, equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

SECTION 1.09 Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each Member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of way over, on, and under such lands owned or leased by or mortgaged to the Member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other Member's or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each Member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.

ARTICLE II
MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01 Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his membership obligations, a persons membership shall automatically be suspended and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the Member's. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended Member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the Members, appeal to and be present and heard at such meetings, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefore as provided in Sections 1.02 and 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

SECTION 2.03 Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04 Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner

or partners a continue to won or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

SECTION 2.05 Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06 Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the Legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07 Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board of Director's, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. For the purposes of electing Directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the

Members shall be held on the fourth Saturday of the month of August each year, at such place in one of the counties in North Carolina within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix; provided, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting pursuant to this Section. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage Member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the Members may be called by the Board of Directors, Director or by at least two (2%) percent of the Members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held, as set by the Board of Directors, at any place within one of the counties in North Carolina which the Cooperative serves, on such date, not sooner than forty (40) days after the call or request for such meeting is made.

SECTION 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each Member not less than seven (7) days nor, except as provided in Article XI, more than twenty-five (25) days before the date of the meeting, by any reasonable means, by or at the direction of the President, the Secretary, or other officer or persons calling the meeting. Reasonable means of providing such notice shall include, but not be limited to, United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No matter the carrying of which, as provided by law or by the Cooperative's Certificate of Incorporation or Bylaws requires the affirmative votes of at least a majority of the then-total Members of the Cooperative shall be acted upon at any meeting of the Members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the Member's address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least seven (7) days before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any Member to receive such notice shall not invalidate any action which maybe taken by the Members at any such meeting, and the attendance in person or by proxy of a Member at any meeting of the Members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any Member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. Quorum. Business may not be transacted at any meeting of the Members unless there are present in person at least two (2%) percent of the Cooperative's Members except that, if less than a quorum is present at any meeting, a majority of those then present in person may adjourn the meeting to another time and date not less than thirty-five (35) days later and to any place within one of the counties in North Carolina

which the Cooperative serves; provided, that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the Members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those Members who were registered as present in person or by proxy.

SECTION 3.05. Credentials and Election Committee. The Board of Directors shall, at least forty-five (45) days before any meeting of the Members, appoint a Credentials and Election Committee consisting of an odd number of Cooperative Members not less than five (5) nor more than fifteen (15), who are not Members of the Nominating Committee or existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as hereinafter defined) or Members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the Directorate Districts served by the Cooperative. The Committee shall elect its own chairperson and secretary prior to the Member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of Members in person or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to Member voting and the election of Directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of Directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairperson, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.06. Voting. Each Member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at any meeting of the Members. Voting by Members other than Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each Member meeting, of satisfactory evidence entitling the person presenting the same to vote. A person entitled to cast the vote of an entity, who is also a Member, may vote that person's own personal

Membership as well as that of the entity represented. At all meetings of the Members, all questions shall be decided by a majority of the Members voting thereon, except as otherwise provided by law or by the Cooperative's Certificate of Incorporation or these Bylaws. Members may not cumulate their votes, vote by mail or vote by proxy, except as provided in Section 3.07.

SECTION 3.07. Proxies. No Member shall vote by proxy at any meeting of the Members except as to any matter, the carrying of which requires the affirmative votes of not less than a majority of the then-total Members of the Cooperative. Proxies to be voted on any such matter shall:

(a) be registered with the Cooperative at its principal office during office hours on or before the third business day next preceding the date of the meeting or any adjournment thereof;

(b) be executed by the Member in writing and designate the holder thereof (and, if the Member so desires, an alternate holder thereof and/or conferring upon the holder(s) full power of substitution), which holder(s) (or substitute(s), if any) shall be the Member's spouse, an adult close relative (18 years or older) residing in the same household as a Member, or another Member who is a natural person; and

(c) specify the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than ninety (90) days prior to the date of such meeting or any adjournment thereof;

provided, that any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced; and provided further, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the Member at such adjournment. In the event a Member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a Member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case maybe, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. A person entitled under this Section may vote as proxy for an unlimited number of Members, and a person who is voting as the duly authorized representative of one or more Members which are not natural persons, as provided for in Section 3.05, may vote as proxy with respect to any proxies granted to the nonnatural person Member of which he is such representative. Notwithstanding the foregoing provisions of this Section, whenever a Member is absent from a meeting of the Members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote, the proxy of such Member on any matter on which there is a vote taken and use of proxies is authorized by these Bylaws.

SECTION 3.08. Order of Business. The order of business at the annual meeting of the Members and, insofar as practicable or desirable, at all other meetings of the Members shall be essentially as follows:

(a) Report on the number of Members present in person in order to determine the existence of a quorum;

(b) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
(c) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereof;
(d) Presentation and consideration of reports of officers, Directors and committees;
(e) Election of Directors;
(f) Unfinished business;
(g) New business; and
(h) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the Members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, that no business other than adjournment of the meeting to another time and place maybe transacted until and unless the existence of a quorum is first established.

ARTICLE IV

DIRECTORS

SECTION 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors, which shall exercise all the powers of the Cooperative except such as are by law or by the Cooperative's Certificate of Incorporation or Bylaws conferred upon or re-served to the Members.

SECTION 4.02. Qualifications. To become or remain a Director, an individual must comply with the following Director Qualifications during his or her term:

(a) Be an individual.
(b) Have the capacity to enter legally binding contracts.
(c) Not have been convicted of a felony within the previous 10 years.
(d) Be a Member and receive the Cooperative's electric service at his or her primary residential abode for at least the twelve (12) months period immediately preceding the date of his or her nomination.
(e) Fulfill all Membership Obligations for any and all accounts of the Member and, for the 12 months preceding the date of his or her nomination:
(1) have no more than two delinquent payments to the Cooperative;
(2) have no involuntary disconnections; or
(3) have no more than two returned checks.
(f) Have no instance of Meter Tampering at any time.
(g) Not have been an employee of the Cooperative or its subsidiaries for at least 10 years preceding the date of his or her nomination.
(h) Not be a close relative of an incumbent Director or of an employee of the Cooperative or its subsidiaries; provided however, no incumbent Director shall lose eligibility to remain a Director or to be re-elected as a Director if that person becomes a close relative

of another incumbent Director or of an employee of the Cooperative or its subsidiaries because of a marriage to which he or she was not a party.

(i) Not be employed by or substantially financially interested in an enterprise in competition with the Cooperative or its subsidiaries; a business selling electric energy or supplies to the Cooperative or its subsidiaries; or a business substantially engaged in selling electrical appliances, fixtures or supplies primarily to Members of the Cooperative or its subsidiaries.

"Close Relative" as used in these Bylaws, means a person who (a) by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal or (b) resides in the same residence as the principal (collectively, "Close Relative.")

Upon election, Director Qualifications shall include regular attendance at meetings of the Board of Directors and, unless excused for good cause by the Board, a Director who does not attend at least two-thirds (2/3) of the Board Meetings during any twelve (12) month period no longer meets Director Qualifications for being a Director.

For purposes of this provision, the date of nomination of a Member is the earlier of: (a) the date the Member is nominated by the Nominating Committee or (b) the date a nomination petition conforming with the requirements of Section 4.06 is received by the Cooperative.

Only persons meeting and complying with the Director Qualifications of these Bylaws may become or remain a Director. The Credentials and Election Committee shall have the sole responsibility as to matters relating to member voting and the election of Directors and compliance of nominees, as set forth in Section 3.05 of these Bylaws, and the decisions of the Credentials and Election Committee on those issues shall be final and binding. Upon establishment of the fact that a nominee for Director lacks eligibility under these Bylaws, it shall be the duty of the Credentials and Election Committee to disqualify such nominee.

Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as maybe provided elsewhere in these Bylaws, it shall be the duty of the chairperson presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed there from, as the case may be. After being elected, if any Director fails to comply with or meet any Director Qualification, the Board shall disqualify the Director and the individual is no longer a Director if:

(a) The Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding the Board's proposed disqualification; and

(b) Within ten (10) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the Members, Directors shall be elected by secret written ballot by the Members from among those Members who are natural persons and who meet the Director Qualifications as provided of Section 4.02 of these Bylaws; provided, when the number of nominees does not exceed the number of Directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the Members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the Members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie vote.

SECTION 4.04. Tenure. Directors shall be so nominated and elected that one Director from or with respect to each of Directorate Districts Nos. 1, 5 and 9 shall be elected for three-year terms at an annual Member meeting; one Director from each of Directorate Districts Nos. 2, 6 and 8 shall be elected for three-year terms at the next succeeding annual Member meeting; and one Director from each of Directorate Districts 3, 4 and 7 shall be elected for three-year terms at the next succeeding annual Member meeting, and so forth; provided, that the terms of no two Directors from the same Directorate District shall coincide. Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the annual meeting of the Members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of Directors shall not be held at an annual meeting of the Members duly fixed and called pursuant to these Bylaws, such election maybe held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the Members. Failure of an election for a given year shall allow the incumbents whose Directorships would have been voted on to hold over only until the next Member meeting at which a quorum is present.

SECTION 4.05 Directorate Districts. The territory served by the Cooperative shall be divided into nine (9) Directorate Districts. Each District shall be represented by one Director. The Directorate Districts shall be as follows (all map section numbers refer to the map sections of the Cooperative's official key maps, which are on record in the Cooperative's office in Rich Square, North Carolina, and by such references fully incorporated herein):

Directorate District No.	(Description)
1	(1) Beginning at that point where the Northampton-Halifax County Line, being the Roanoke river, is shown coming southeasterly onto Map Section 7, 6-26, and running thence southeasterly along said River to the point where the same is precisely due east of the Town of Halifax, North Carolina, as shown on Map Section 16, 6-33; (2) running thence directly west to the Seaboard

Coastline Railroad as shown on the same Map Section; (3) running thence southerly along said Railroad to the point just west of Enfield, North Carolina, where the same is shown going off the Map Section 23, 6-39; and (4) containing all areas west of the foregoing calls and lying in Halifax County, North Carolina.

Directorate District No.	(Description)
2	(1) The western boundary consists of that portion of the eastern boundary of District No. 1 which begins at the Roanoke River (the Halifax-Northampton County Line) directly east of Halifax and runs thence from that point westward to and then southwesterly along the Seaboard Coastline Railroad; (2) the northern boundary consists of that portion of the southern boundary of District 3 (hereafter described) that begins at a point in the Roanoke River directly east of Halifax and runs thence with said River to a point just northeast of Caledonia State Prison Farm; (3) running thence southeasterly along the Roanoke River to the point of its crossing by Highway No. 258; (4) running thence southerly along said Highway No. 258 to that point near Scotland Neck where the same intersects the southern border of Map Section 24,6-40;(5) running thence westward along the southern boundary of Map Sections 24, 6-40 and 23,6-39 to the end of said border in the latter Map Section; and (6) running thence north along the western border of -said latter Map Section number to the intersection with the southeastern boundary of District No. 1 near Enfield.

Directorate District No.	(Description)
3	(1) Beginning at that point where the Northampton-Halifax County Line, being the Roanoke River, is shown coming southeasterly onto Map Section 7, 6-26, and running thence along the northern and eastern border of said River and County Line to a point where said river makes an approximate-mate 90° turn from northeasterly to southeasterly, just northeasterly from the Caledonia State Prison Farm in Map Section 17, 6-34; (2) continuing thence from said point in a straight line which if extended would intersect the intersection of North Carolina Power's (formerly VEPCO's) 110 KV transmission line and another Seaboard Coastline Railroad, as shown in Map Section 18, 6-35; (3) proceeding thence northerly along said Railroad to the point where it crosses the North Carolina-Virginia State Line in Map Section 2, 6-23; (4) continuing thence westward along said State border to that point which is directly north of the beginning call of this District; and (5) proceeding thence directly south along a straight line which would thusly intersect the said beginning point.

Directorate District No.	(Description)

4 (1) Its western boundary is the eastern boundary of District No. 3, running from the point where that boundary inter-sects the North Carolina-Virginia border southerly to where the Seaboard Coastline Railroad intersects with North Carolina Power's (formerly VEPCO's) 110 KV transmission line;(2) running thence southeasterly along said transmission line to the point where the same intersects another Seaboard Coastline (formerly Atlantic Coastline) Railroad just north of the Hertford-Bertie County line; (3) running thence northeasterly along said Railroad to the point where the same intersects the Chowan River;(4) running thence northerly along said River to the point where the same first intersects the North Carolina-Virginia border; and (5) running thence westerly along said State border to the point of beginning.

Directorate District No.	(Description)
5	(1) The western border of said District consists of that portion of the eastern border of District No. 4, being the Chowan River, from the point at which said River is crossed by Highway No. 97 to the point that said River first intersects the North Carolina-Virginia border; (2) running thence northerly and then easterly along said North Carolina-Virginia border to the point where said border is intersected by Highway No. 32; (3) running thence southerly along said Highway No.32 to the point that said Highway is intersected by North Carolina Power's (formerly VEPCO's) 230 KV transmission line; (4) running thence southerly along said North Carolina Power transmission line to the point of its intersection with Highway No. 158; (5) running thence westerly along said Highway No. 158 to the point east of Eleanor's Crossroads where it is intersected by North Carolina Power's 33 KV transmission line; (6) running thence a straight line to the center of Gatesville; (7) running thence a straight line to the point where Highway No. 97 first enters Storys going north; and (8) running thence southerly along said Highway No. 97 to the point of beginning.

Directorate District No.	(Description)
6	(1) The northern border of District No. 6 is the southern border of District No.5, beginning at the point where Highway No. 97 crosses the Chowan River and ending at the point where North Carolina Power's (formerly VEPCO's) 230 KV transmission line intersects Highway No. 158; (2) running thence from said point southerly along said transmission line to the point where the same intersects the border between Map Sections 14, 7-27 and 22, 7-33; (3) running thence east along said border to its end; (4) running thence down the eastern border of Map Section 22, 7-33, to its end; (5) running thence westerly along the southern border of said Map Sections 22, 7-33 and 21, 7-32 to the point where the same

intersects the Chowan-Hertford County line in the Chowan River; (6) running thence northerly and northeasterly along said River to the point of beginning, being where Highway No. 97 crosses said River near Winton.

Directorate District No.	(Description)
7	(1) Beginning at the Seaboard Coastline Railroad at the midpoint of its passage through the town of Ahoskie, and then proceeding on a straight line southeasterly to the center of the Chowan River at the point where said River is intersected by the border separating Map Section 7-38 from Map Section 31, 7-44; (2) thence proceeding down the Chowan River, being the Chowan-Bertie County Line, to the point where said line intersects the eastern border of Map Section 31, 744; (3) running thence south on said Map border and continuing on down the eastern border of Map Section 34, 17-2, to the point where the same intersects the Washington-Bertie County line; (4) running thence down said County line to the point where the same intersects the southern border of Map Section 34, 17-2; (5) running thence west along the border of said Map Section 34, 17-2 to its intersection with the Roanoke River; (6) running thence northwesterly along said Roanoke River to its intersection with Cashie Creek; (7) running thence northwesterly along Cashie Creek to the point of its intersection with North Carolina Power's (formerly VEPCO's) 230 KV transmission line northwest of Butlers; (8) running thence northwesterly a straight line to the point where North Carolina Power's 33 KV transmission line intersects the Seaboard Coastline Railroad near Aulander; and (9) running thence along said Railroad to the point of beginning.

Directorate District No.	(Description)
8	(1) Beginning at the point in the northern boundary of Map Section 29, 6-48, which is intersected by the next to the last call in the preceding description for District No. 7, and proceeding southeasterly along the southwestern border with District No. 7 to Cashie Creek, and continuing down Cashie Creek, a southwestern border of District No. 7, to its confluence with the Roanoke River; (2) running thence westerly and northerly with the Roanoke River as it meanders to the point that the same intersects the northern border of Map Section 28, 6-47; and (3) proceeding thence east along the northern border of said Map Section and of Map Section 29, 6-48 to the point of beginning.

Directorate District No.	(Description)
9	(1) Beginning at the point where the Roanoke River intersects the northern border of Map Section 28, 6-47, and running thence

northwesterly with said River to the point therein where the River turns an almost 90° angle from northwesterly to southeasterly, a short distance northeast of Caledonia State Prison Farm, a corner in the description of District No.3; (2) running thence a straight line easterly to the point where North Carolina Power's (formerly VEPCO's) 110 KV transmission line intersects the Seaboard Coastline Railroad, also a common boundary and boundary point with District No. 3; (3) running thence along said North Carolina Power's 110 KV transmission line to the point of its intersection with another Seaboard Coastline Railroad near the Hertford-Bertie County line, a common boundary and boundary point for District No. 4; (4) running thence southeasterly down said Railroad to the point where the same is intersected by North Carolina Power's 110 KV transmission line; (5) running thence a straight line to the northern border of Map Section 29, 6-48, the latter two boundary segments being in common with District No. 7 and the latter point being in common with District Nos. 7 and 8; and (6) running thence westward along the northern border of Map Section 29, 6-48 and 28, 6-47 to the point of beginning.

Not withstanding the foregoing number of Districts and District descriptions, every year the Board of Directors, not less than ninety (90) days prior to the earliest date on which the annual member meeting may be scheduled pursuant these Bylaws to be held, shall review the Districts and Directorships. If the Board determines that the boundaries or number of Districts should be altered or that the number of District Directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residence of Members, the number or the geographic location of Districts or the number of District Directors, the Board shall amend these Bylaws accordingly and may, after such amendments become effective, appoint any additional Directors provided for by such amendments, and may fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses and initial terms of any such newly appointed additional Directors to be noticed in writing to the Members not less than five (5) days prior to the date on which the Nominating Committee for the next annual Member meeting shall first convene, and shall also, in timely advance of such Committee meeting, inform the Members of the names, addresses and telephone numbers of the Members of the Nominating Committee and of the date, hour and place of that Committee's first meeting.

SECTION 4.06. Nominations. It shall be the duty of the Board of Directors to appoint, not less than sixty (60) nor more than one hundred (100) days prior to the date of a meeting of the Members at which Directors are to be elected, a Nominating Committee, consisting of not less than five (5) or more than fifteen (15) Members of the Cooperative, who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director, who are not Close Relatives, as defined in Bylaw Section 4.02, or Members of the same household thereof, and who are so selected that each of the Cooperative's nine (9) Directorate Districts shall have equitable representative thereon.

The Committee shall prepare and post at the principal office of the Cooperative at least thirty-five (35) days before the meeting a list of nominations for Directors to be elected, listing separately the nominee(s) with respect to each Directorate District from which a Director must, pursuant to this Article, be elected at the meeting. Any fifteen (15) or more Members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, not less than thirty-five (35) days prior to the meeting, and the Secretary shall post such nominations confirmed by the Credentials and Election Committee at the same place where the list of nominations made by the Nominating Committee is posted. The Secretary shall mail to the Members with the notice of the meeting, or separately, but at least seven (7) days prior to the date of the meeting, a statement of the names and addresses of all nominee(s), from or with respect to each Directorate District, showing clearly those nominated by the Nominating Committee and those nominated by petition, if any. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.07. Voting for Directors; Validity of Board Action. In the election of Directors, each Member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of Directors to be elected, but no Member may vote for more nominees than the number of Directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such Directorate District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.08. Removal of Directors by Members. A Director may be removed by the Members for any grossly negligent, fraudulent, or criminal commission or omission significantly and adversely affecting the Cooperative. No Director may be removed for lawfully opposing or resisting any transfer of Cooperative assets or any Cooperative dissolution.

(a) The Director Removal Petition. For each Director for whom removal is requested, the Member(s) seeking removal shall deliver to the Board President or Secretary a dated, written petition ("Director Removal Petition"):

1. Identifying the Director on each page;
2. Explaining, on each page, the basis for seeking the Director's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
3. Containing the printed names, printed addresses, and original and dated signatures of at least two percent (2%) of the Cooperative's Membership obtained in a sixty (60) day period.

Within ten (10) days following receipt of a Director Removal Petition by the President or Secretary, the Cooperative shall

forward a copy of the Director Removal Petition to the implicated Director, and within thirty (30) days following receipt of the Director Removal Petition, the Board shall meet to review the Director Removal Petition.

(b) Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member meeting within sixty (60) days following the Board's determination. Notice of the Member meeting must contain the verbatim language of the charge against the Director, and state that:

1. A purpose of the Member meeting is to consider removing a Director;
2. Evidence may be presented, and a Member vote taken, regarding the removal of the Director; and
3. In the event the Director is removed, the Members may elect a successor Director.

If a quorum of Members are present at the Member meeting, then for the Director named in each Director Removal Petition:

1. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute and present evidence opposing the basis for removing the Director; and
3. Following the Director's presentation, and following Member discussion on the matter, the Members must vote, by secret ballot, whether to remove the Director.

(c) Effect of Removal. If a majority of the Members in attendance vote to remove a Director, then that Director is removed effective the time and date of the Member vote. At the same Member meeting at which the Director is removed, the Members may elect a new Director to succeed the former Director without complying with the Director nomination or notice provisions of these Bylaws; however, any successor Director must comply with the Director Qualifications, including being from the same Directorate District as the Director who was removed, and shall serve the removed Director's unexpired term. Neither a Director Removal Petition nor Director Removal shall affect the legality of any Board action.

SECTION 4.09. Director Resignation and Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the Members, a vacancy occurring in the board of Directors shall be filled by the Board of Directors. A Director thus elected shall serve out the unexpired term of the Director whose office was originally vacated and until his successor is elected and qualified. Provided, however, a Director so filling a vacancy shall comply with the Director Qualifications of these Bylaws, including being from the same Directorate District as was the Director whose office was vacated. A vacancy as used herein does not include Director positions vacated due to an expired Director Term. A Director may resign at any time by delivering written notice of resignation to the Board, President or

Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the receipt of the same by the Board, its President or its Secretary. If a Director's resignation is effective at a later date, and if the successor Director does not does not take office until the effective date of the Director's resignation, the pending Director vacancy may be filled before the effective date of the Director's resignation.

SECTION 4.10. Compensation, Expenses. As allowed by law and the Certificate of Incorporation, and as determined by resolution of the Board of Directors, Board members shall receive a fixed fee or fees, which may include insurance benefits, for each day or portion thereof spent on Cooperative business, for attendance at Board and annual meetings, and meetings at which the Board member has been selected by the Board to represent the Cooperative and, when such as had the prior approval of the Board of Directors, for attendance at such conferences and training programs or performing committee assignments relating to the Cooperative or reasonably enhancing the Director's ability to serve the role of Director. If determined by resolution of the Board of Directors, 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 close relative of a Director shall be employed by the Cooperative and no Director shall receive compensation for serving the Cooperative in any other capacity, unless the employment of such relative or the service of such Director is temporary, is certified by the Board as an emergency measure, and is approved by unanimous vote of the remaining Directors; provided however, a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining Directors. In consideration for serving as a Director, and as determined by the Board, and without granting a Director or former Director any contract or other vested rights, the Cooperative may reasonably provide medical insurance coverage after the Director ceases service as a Director. After a Director ceases serving as a Director, the Board shall determine or approve, and may change or eliminate for any reason, the manner, method, and amount of any compensation or benefits provided to the former Director.

SECTION 4.11. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, con-tracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the Members at or prior to the succeeding annual meeting of the

Members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

ARTICLE V
MEETINGS OF THE DIRECTORS

SECTION 5.01 Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time, and place in one of the counties in North Carolina within which the Cooperative serves, as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time, and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time, or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER that, if a Policy therefore is established by the Board, the President may change the date, time, or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all directors.

SECTION 5.02 Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, by the President, or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03 Notice of Directors Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any other director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04 Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken: PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED

FURTHER that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time, and place of such adjourned meeting.

ARTICLE VI
OFFICERS; MISCELLANEOUS

SECTION 6.01 Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and, Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The same person may hold the offices of Secretary and Treasurer.

SECTION 6.02 Election and Term of Office. The four officers named in Section 6.01 shall be elected from the Board of Directors at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors by the members and to the removal of officers by the Board of Directors. The Board from among such persons and with such title, tenure, responsibilities and authorities may elect any other officers, as the Board of Directors may from time to time deem advisable.

SECTION 6.03 Removal. Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served.

SECTION 6.04 Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05 President. The President shall—

(a) Be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;

(b) Sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors 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 Directors from time to time.

SECTION 6.06 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; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.07 Secretary. The Secretary shall—

(a) Keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and 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 or is required by law;

(d) Keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;

(e) Sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors;

(f) Have general charge of the books of the Cooperative in which a record of the members is kept;

(g) Keep, or cause to be kept on file at all times, a compete copy of the Cooperative's Certificate of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and

(h) In general, perform all duties incident to the office of the Secretary and other such duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.08 Treasurer. The Treasurer shall—

(a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) Receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and

(c) In general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.09 Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities, and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10 General Manager; Executive Vice President. The Board of Directors may appoint a general manager, who may be but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. He shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 6.11 Bonds. The Board of Directors shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as it will determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12 Compensation; Indemnification. The compensation, if any, of any officer, agent, or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties, and compensation of any other officers, agents, and employees shall be fixed or a plan therefore approved by the Board of Directors. The Cooperative shall indemnify present and former directors, officers, including the General Manager (or, if so entitled, the Executive Vice President) agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13 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 and showing the condition of the Cooperative at the close of the fiscal year.

ARTICLE VII
CONTRACTS, CHECKS, AND DEPOSITS

SECTION 7.01 Contracts. Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent, or employee 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 7.02 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 or countersigned by such officer, agent, or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03 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 Directors may select.

ARTICLE VIII

MEMBERSHIP CERTIFICATES

SECTION 8.01 Certificate of Membership. Membership in the Cooperative may, if the board so resolves, 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 Cooperative's Certificate of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

Section 8.02 Issue of Membership Certificates. No membership certificate shall be issued for less than the membership fee, nor until such membership fee, any required service security deposits, facilities extension deposits, service connection fees, or contributions in aid of construction have been fully paid.

SECTION 8.03 Lost Certificate. In case of a lost, destroyed, or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX

NON-PROFIT OPERATION

SECTION 9.01 Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons.

SECTION 9.02 Patronage Capital in Connection with Furnishing Electric Energy. In the furnishings 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 non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishings 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 capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account for 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 Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited him. 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: PROVIDED, that insofar as gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board of Directors, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part, except that, due to administrative costs; capital credit checks in the amounts of $2.00 or less will not be mailed. After February 24, 1986, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital: PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to their account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method of determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions 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. 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 directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person or if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of patron, which assignee was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immedialty upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind,

and such legal representatives, shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby. The Cooperative, before retiring any capital credited to any patron's account, shall deduct there from any amount owing by such patronage to the Cooperative. Together with interest thereon at the North Carolina legal rate on judgments in affect when such amount became overdue, compounded annually.

SECTION 9.03 Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

ARTICLE X

WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE XI

DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSTES ON DISSOLUION

SECTION 11.01 Disposition and Pledging of Property. (a) Not inconsistently with the provisions of subsection (b) hereof, the Cooperative shall not sell, mortgage, lease, or otherwise encumber or dispose of any of its property (other than merchandise and property which lie within the limits of an incorporated city or town, or which shall represent not in excess of ten (10%) percent of the total value of the Cooperative's assets, or which in the judgment of the Board of Directors are not necessary or useful in operating the Cooperative) unless authorized so to do by the votes of at least a majority of its total membership and by the consent of the holders of seventy-five (75) percent in amount of the Cooperative's outstanding bonds, except that the members of the Cooperative may, by the affirmative majority of the votes cast in person at any meeting of the members, delegate to the Board of Directors the power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine to and (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security thereof.

(b) Notwithstanding the foregoing subsection (a) or any other provisions of these Bylaws, no sale, lease. Lease-sale, exchange, or other disposition of all or in excess of ten (10) percent of the Cooperative's assets (other than merchandise and property which lies within the limits of an incorporated city or town or which in the judgment of the Board of

Directors are not necessary or useful in operating the Cooperative) to any other entity shall be authorized except in conformity with the following:

(1) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, or other disposition it shall first cause three (3) independent opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by the Superior Court Resident Judge for the Judicial District in North Carolina in which the Cooperative's headquarters are located. If such judge refuses to make such designations, the Board of Directors shall make them.

(2) If the Board fo Directors, after receiving such appraisals (and other terms and conditions which are recommended, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric membership corporation corporately sited and operating in North Carolina (which has not made such an offer for such sale, lease, lease-sale, exchange, or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the report(s) of the three (3) appraisers. Such electric membership corporations shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which the proposals are to be submitted shall be stated in the written notice given to them.

(3) If the Board then determines that the favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof, which the meeting shall not be held sooner than ninety (90) days after the giving of such notice to the members: PROVIDED, that consideration thereof by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.

(4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing o alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, or other disposition to one or more other electric membership corporations if the substantive effect thereof is to merge or consolidate with such other one or more electric membership corporations.

SECTION 11.02 Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors and not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative for any period during its existence, on the basis that their respective patronage during such period bears to the total receipts of the Cooperative since its inception: PROVIDED, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distributing, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XII

FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

ARTICLE XIII

RULES OF ORDER

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

ARTICLE XIV

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 and the words "corporate seal, North Carolina."

ARTICLE XV

AMENDMENTS

These Bylaws may be altered, amended, or repealed by the affirmative vote of not less than a majority of the total directors in office, or by a majority of the votes cast by the members represented, at any regular or special Board or member meeting, as the case

may be, but only of the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

ROANOKE ELECTRIC COOPERATIVE & SUBSIDIARIES

POLICY BULLETIN NO. P-501A

SUBJECT: DIRECTOR, OFFICER, AND KEY EMPLOYEE CONFLICT OF INTEREST POLICY

PURPOSE: To ensure Directors, officers, and key employees avoid conflict of interest situations and deal with them appropriately should they arise.

POLICY:

1. Definitions. As used in this Policy, and unless the context requires otherwise:

   A. Board means the Cooperative's Board of Directors.

   B. Business Opportunity means an opportunity to engage in a business activity, other than an opportunity offered to all similarly situated Cooperative members, of which:

      (1) An Official becomes aware in connection with performing Official functions; under circumstances reasonably indicating that the opportunity was expected to be offered to the Cooperative or a Subsidiary; or through using Cooperative or Subsidiary information or property if the Official should reasonably expect the opportunity to interest the Cooperative or the Subsidiary; or

      (2) An Official becomes aware and knows is closely related to a business in which the Cooperative or a Subsidiary is engaged or expects to engage.

   C. Conflicting Interest Transaction means a transaction or proposed transaction by the Cooperative or a Subsidiary, other than the payment of Official compensation or provision of Official benefits, and other than a transaction offered to all similarly situated Cooperative members:

      (1) To which an Official is a party; or

      (2) For which, at the time the Board considers the transaction, or at the time the Cooperative or the Subsidiary becomes legally obligated regarding the transaction, an Official had knowledge and a Material Financial Interest known to the Official; or an Official knew that a Related Person was a party or had a Material Financial Interest.

   D. Control or Controlled means:

      (1) Having the direct or indirect power, through ownership of shares or interests, by contract, or otherwise, to elect or remove a majority of an entity's governing body;

      (2) Being subject to a majority of the risk of loss from an entity's activities; or

(3) Being entitled to receive a majority of an entity's residual returns.

E. Cooperative means Roanoke Electric Cooperative.

F. Director means a member of the Board.

G. Disinterested Director means a Director who, at the time the Board acts regarding income, employment, competition, a Conflicting Interest Transaction, or a Business Opportunity:

(1) Is not associated with the income, employment, or compensation; is not engaged in the Transaction; and is not taking advantage of the Opportunity; and

(2) Does not have a relationship with an Official associated with the income, employment, or compensation; engaged in the Transaction; or taking advantage of the Opportunity, which relationship would reasonably be expected to impair the objectivity of the Director's judgment regarding the income, employment, competition, Transaction, or Opportunity.

H. Key Employee means a Cooperative employee, other than a Director or Officer, who:

(1) Receives more than $90,000 in compensation reported to the Internal Revenue Service on Form W-2.

(2) Has responsibilities, powers, or influence over the Cooperative similar to a Director or Officer; manages a segment or activity of the Cooperative representing ten percent or more of the Cooperative's activities, assets, income, or expenses; or has or shares authority to control or determine ten percent or more of the Cooperative's capital expenditures, operating budget, or employee compensation; and

(3) Is one of the twenty employees with the highest compensation reported to the Internal Revenue Service on Form W-2.

I. Material Financial Interest means a financial interest in a transaction reasonably expected to impair the objectivity of an Official's judgment regarding the transaction.

J. Officer means an individual:

(1) Appointed by the Board, or by another Officer authorized by the Board or by the Cooperative's Articles of Incorporation or Bylaws; and

(2) Serving as a chief executive, operating, financial, legal, or accounting officer; being in charge of a principal business unit; or performing a major policymaking function.

An Officer includes the Executive Vice President & CEO and the individual with ultimate responsibility for managing Cooperative's finances.

K. Official means a Director, Officer, or Key Employee.

L. President means a Director who is President of the Cooperative's Board.

M. Policy means this Conflict of Interest Policy.

N. Related Entity means an entity, other than the Cooperative, a Subsidiary, or an entity of which Cooperative is a member:

(1) Controlled by an Official or an Official's Related Individual;
(2) In which an Official owns more than ten percent of the entity's shares or interests;
(3) For which an Official is a general partner or member of the governing body;
(4) For which an Official is a trustee, guardian, personal representative, or similar fiduciary;
(5) Employing an Official; or
(6) Controlled by an entity employing an Official.

O. Related Individual means an individual:

(1) Who is the spouse of an Official;
(2) Who is, or is the spouse of, a child, stepchild, grandchild, parent, step parent, grandparent, sibling, step sibling, half sibling, aunt, uncle, niece, or nephew of an Official or the Official's spouse;
(3) Residing with an Official;
(4) For whom an Official is a trustee, guardian, personal representative, or similar fiduciary; or
(5) Employing an Official.

P. Related Person means a Related Entity or a Related Individual.

Q. Subsidiary means an entity Controlled by Cooperative.

2. Employment and Income. A Director may not be employed by the Cooperative or a Subsidiary. Unless an Official discloses income or employment to the Board and a majority of Disinterested Directors authorizes or ratifies the income or employment, the Official:

A. Other than retirement or insurance income from the Cooperative, and other than Director or employment compensation from the Cooperative, may not directly or indirectly receive more than ten percent of the Official's annual gross income from the Cooperative, a Subsidiary, or a Cooperative or Subsidiary employee;

B. May not directly or indirectly receive more than twenty-five percent of the Official's annual gross income from another Official; and

C. May not have a Related Individual employed by the Cooperative or a Subsidiary.

3. Competition. An Official may not advance the Official's pecuniary interests, or have a Related Person that advances the Related Person's pecuniary interests, by competing with the Cooperative or a Subsidiary, unless:

   A. There is no reasonably foreseeable harm to the Cooperative or the Subsidiary from the competition;
   B. Any benefit that the Cooperative or a Subsidiary may reasonably expect to derive from the competition outweighs any reasonably foreseeable harm to the Cooperative or Subsidiary from the competition; or
   C. The Official discloses the competition to the Board and a majority of Disinterested Directors authorizes or ratifies the competition.

4. Conflicting Interest Transaction. An Official may not engage in a Conflicting Interest Transaction unless:

   A. To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Official's conflicting interest and all facts known to the Official regarding the Transaction that a Disinterested Director would reasonably believe to be material in acting regarding the Transaction; Disinterested Directors deliberate and vote regarding the Transaction outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, authorizes the Transaction; or
   B. According to the circumstances at the time the Board considers the Transaction, or at the time the Cooperative or Subsidiary becomes legally obligated regarding the Transaction, the Transaction, as a whole, benefits the Cooperative or Subsidiary, considering, as appropriate, whether the Transaction was fair in terms of the Official's dealings with the Cooperative or Subsidiary and whether the Transaction was comparable to what might have been obtained in an arm's length transaction, given the consideration paid or received by the Cooperative or Subsidiary.

5 Business Opportunity. An Official may not directly or indirectly take advantage of a Business Opportunity unless, before the Official becomes legally obligated regarding the Opportunity:

   A. The Official informs the Cooperative or Subsidiary of the Opportunity; and
   B. To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Opportunity and all facts known to the Official regarding the Opportunity that a Disinterested Director would reasonably believe to be material in acting regarding the Opportunity; Disinterested Directors deliberate and vote regarding the Opportunity outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, disclaims interest in the Opportunity.

6. Insider Pecuniary Benefit. An Official may not use Cooperative or Subsidiary property, material private information, or position to secure pecuniary benefit unless:

A. Value is given for the use and assuming the use is a Conflicting Interest Transaction, the Official could engage in the Transaction under this Policy;
B. The use is payment of compensation or provision of benefits;
C. The use is of information only and the use is not connected with trading securities, is not a use of proprietary information, and does not harm the Cooperative or Subsidiary;
D. Assuming the use is a Conflicting Interest Transaction, a majority of Disinterested Directors authorizes the Transaction under this Policy; or
E. The benefit is received as a Cooperative member, made available to all other similarly situated Cooperative members, and lawful.

7. Compliance and Enforcement. The Board interprets and enforces this Policy. All Officials must annually review this Policy. The minutes of all Board meetings should record all disclosures, votes, authorizations, and other actions taken under this Policy. Each Official must annually complete and sign the Conflict of Interest Certification and Disclosure Form attached to this Policy and deliver the completed and signed Form to the Executive Vice President & CEO or his or her designee. If an Official discovers any information or fact that could impact another Official's compliance with this Policy, then the Official must disclose the information or fact to President or Executive Vice President & CEO immediately.

If the Executive Vice President & CEO or President receives a Form disclosing any information or fact that could impact an Official's compliance with this Policy, then, respectively, Executive Vice President & CEO must deliver the Form to the President and the President must present the Form to the Board. If the Executive Vice President & CEO receives or discovers any other information or fact that could impact any Official's compliance with this Policy, the Executive Vice President & CEO must disclose this information or fact to President and President must disclose this information or fact to the Board.

Upon receiving or discovering any information or fact that could impact a Director's compliance with this Policy, the Board must:

A. Provide the Director an opportunity to comment orally and in writing regarding the information or fact, and an opportunity to be represented by legal counsel; and
B. Determine whether the Director complies with this Policy.

If the Board determines that a Director does not comply with this Policy, then:

A. The Board must provide the Director an opportunity to comply with this Policy within thirty days; and
B. If the Director does not comply with this Policy within thirty days, then, as allowed by law, the Board must sanction the Director or take other action the Board deems appropriate.

Upon receiving or discovering any information or fact that could impact any other Official's compliance with this Policy, the Board must act as appropriate or authorize the Executive Vice President & CEO to act as appropriate.

RESPONSIBILITY:

1. All Directors, Officers, and Key Employees are responsible for complying with this Policy and reporting known and suspected violations.

2. The Executive Vice President & CEO and Board of Directors are responsible for the implementation of this Policy.

3. The Board of Directors will review this policy periodically and approve any changes to be made to this policy.

DATE ADOPTED: December 22, 2008
DATE EFFECTIVE: January 1, 2009
DATE MODIFIED:

Conflict of Interest Certification and Disclosure Form

As defined in the Roanoke Electric Cooperative Conflict of Interest Policy (Policy), the undersigned Official:

1. Has received or has access to, has read, and understands the most current version of the Policy;
2. Agrees to comply with the Policy;
3. Based upon the Official's good faith belief, to the best of the Official's knowledge, and except as disclosed below, certifies the Official currently complies with the Policy;
4. Discloses the following information or facts regarding any actual or potential income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact, that could impact the Official's compliance with the Policy:

   _____
   _____
   _____
   _____
   _____
   _____
   _____
   _____;
5. Upon discovering any information or fact regarding any actual or potential income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact, that could impact the Official's compliance, or another Official's compliance, with the Policy, agrees to disclose this information or fact to Cooperative's President or Executive Vice President & CEO; and
6. Upon not complying with the Policy, agrees to abide with any sanction, including disqualification, removal, or other action taken under the Policy.

_____	_____
Printed Name of Official	Signature of Official
_____	_____
Position of Official	Date

Form **8868**
(Rev January 2011)

Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

► **File a separate application for each return.**

OMB No 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ► [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions) For more details on the electronic filing of this form, visit *www irs gov/efile* and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only ► [ ]

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print	Name of exempt organization ROANOKE ELECTRIC MEMBERSHIP CORPORATION	**Employer identification number** 56-0378505
File by the due date for filing your return See instructions	Number, street, and room or suite number If a P O box, see instructions 518 NC 561 West	
	City, town or post office, state, and ZIP code For a foreign address, see instructions Aulander, NC 27805	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► Liberache Harris

Telephone No ► 252-539-2236 FAX No ►

- If the organization does not have an office or place of business in the United States, check this box ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ► [ ] If it is for part of the group, check this box ► [ ] and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 8/15, 20 11, to file the exempt organization return for the organization named above The extension is for the organization's return for
► [X] calendar year 20 10 or
► [ ] tax year beginning _____, 20 ___, and ending _____, 20 ___

2 If the tax year entered in line 1 is for less than 12 months, check reason [ ] Initial return [ ] Final return [ ] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	**3a**	$ 0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	**3b**	$ 0.
c Balance due. Subtract line 3b from line 3a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	**3c**	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

BAA For Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev 1-2011)

FIFZ0501L 11/15/10

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ► ☐

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1)

Part II **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

	Name of exempt organization	Employer identification number
Type or print	ROANOKE ELECTRIC MEMBERSHIP CORPORATION	56-0378505
File by the extended due date for filing the return See instructions	Number, street, and room or suite number If a P O box, see instructions McNair, McLemore, Middlebrooks Post Office Box One	
	City, town or post office, state, and ZIP code For a foreign address, see instructions MACON, GA 31202-0001	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of ► Liberache Harris
  Telephone No ► 252-539-2236 FAX No ►
- If the organization does not have an office or place of business in the United States, check this box ► ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ► ☐ If it is for part of the group, check this box ► ☐ and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 11/15 , 20 11

5 For calendar year 2010 , or other tax year beginning _____ , 20 __ , and ending _____ , 20 __

6 If the tax year entered in line 5 is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension Additional time needed in order to file a complete and accurate return.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	**8a**	$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	**8b**	$
c Balance due. Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	**8c**	$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ► Title ► CPA Date ► 8/10/11