

GRAND CANYON STATE ELECTRIC COOPERATIVE ASSOCIATION, INC.

BYLAWS

ARTICLE I. MEMBERSHIP

Section 1. Full Membership

Full Membership in the Grand Canyon State Electric Cooperative Association, Inc. (GCSECA) shall be limited to nonprofit electric cooperatives engaged in the generation, transmission, distribution or sale of electricity.

There shall be two classes of Full Membership. Class A Full Members shall be nonprofit electric distribution cooperatives. Class B Full Members shall be nonprofit electric generation, transmission or marketing cooperatives. The Board of Directors shall determine the class of membership to which a member is assigned.

Section 2. Member Certificates

There shall be no membership certificate required for full or associate membership.

Section 3. Membership Dues

Membership dues shall be paid by the member on the basis of voluntary contributions as requested by the Board of Directors.

Section 4. Associate Membership

In addition to the membership provided in Section 1 of this Article, the Board of Directors may upon majority vote admit to associate membership any and all such persons, firms, corporations, and other entities which share the common objectives and goals of GCSECA and who pay membership dues established by the Board of Directors. Organizations with corporate headquarters in the state of Arizona, which meet the description of Full Membership under Article I, Section 1 are not eligible for associate membership. Associate members shall have such privileges and responsibilities as shall be provided in the Bylaws and as defined by the Board of Directors from time to time.

There shall be two classes of associate members. Class A associate members shall be municipal electric utilities and those entities who qualify for rural electrification and telephone financing under the Rural Electrification Act; but who do not meet the requirements of Section I of this Article or entities the Board of Directors determines to have similar or like objectives and who provide either utility or community services.

Each Class A associate member shall be entitled to one designated voting representative who will have one vote to elect the one voting member and alternate voting member who represent the associate members on the Board of Directors. The associate member representative on the board of directors will serve a two-year

term. The designation of the representative must be certified in writing by the Secretary or the city manager of the Class A associate member and filed with the Secretary before the annual meeting.

The election must be by a majority vote of those Class A associate members actually present at the beginning of each annual meeting of GCSECA. The election shall be by secret ballot and conducted by the President, or his/her designee. The time and place of such election shall be held pursuant to notice in writing by the Secretary provided no less than fourteen days in advance of the annual meeting date.

Class B associate members shall be all other persons, firms, corporations, and other entities who do not qualify either as Full Members under Section 1 of this Article or as Class A associate members under this Section 4. Class B associate members shall not have voting privileges.

Section 5. Membership

Membership in GCSECA is not transferable or assignable, voluntarily or by operation of law. Any purported or attempted transfer, assignment or encumbrance shall be void and of no effect.

ARTICLE II. MEMBERSHIP MEETINGS

Section 1. Annual Meeting

GCSECA shall hold an annual meeting each year at a place so designated by the Board of Directors. The annual meeting shall be held not earlier than January 1st or later than March 31st each year, and on any date within such periods the Board of Directors may direct. During the annual meeting, a meeting of the Board of Directors shall be held for the purpose of forming the Board of Directors and electing officers. This meeting of the Board of Directors shall serve as the annual membership meeting.

Section 2. Special Meetings

Special meetings of the membership may be called by the President, by the Board of Directors, by any five members of the Board of Directors, or by not less than one-third of the Full Members.

Section 3. Notice of Meeting

Written or printed notice stating the time and place of each annual meeting and in the case of special meetings the purpose or purposes for which the meeting is called, shall be given to each voting member representative either personally or by mail not less than ten days nor more than twenty-five days before the date of the meeting. Such written or printed notice shall be delivered personally, by mail, or by other commercially acceptable means of business communications including, but not limited to, overnight mail, telex, or telecopier to each member at his or her address. If mailed, such notice shall be deemed to be delivered two business days after deposited in the United States mail, postage prepaid, addressed to the member.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting GCSECA may transact

any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days a notice of the adjourned meeting shall be given to each member.

Section 4. Quorum of Members

A quorum for the purpose of membership meetings shall consist of designated voting member representatives or alternates present and representing a majority of the Full Members.

Section 5. Vote of Members

During a membership meeting, each Class A Full Member shall be entitled to two votes, each Class B Full Member shall be entitled to one vote, and the Class A Associate Members shall be represented by one vote as a group.

Each voting member representative or alternate shall be entitled to one vote on each matter submitted to a vote. Members shall vote through their authorized member representative. Voting of members shall be in person; or when requested, may also be by mail or teleconference. Each designation of voting member representative and alternate voting member representative shall be certified in writing by the entity's Secretary and forwarded or delivered to the GCSECA Secretary prior to each membership meeting. The GCSECA Secretary will make notations of each certification in the Corporate minutes. Class A Associate Members shall have one vote as provided in the Bylaws.

Section 6. Waiver of Notice

Any member representative or alternate entitled to notice of a meeting may waive such notice in writing either before or after such meeting; if any such member representative or alternate shall attend such meeting, such attendance shall constitute a waiver of notice of such meeting, unless such member representative or alternate participates therein solely to object to the transaction of any business because the meeting had not been legally called or convened.

Section 7. Presiding Officer

Meetings of members shall be presided over by the President, or, if he or she is not present or there is none, by the Vice President, or, if he or she is not present or there is none, by a person chosen by the Board of Directors; if no such person is present or has been chosen, a majority of the members who are present shall choose any person present to act as chair of the meeting.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Number of Directors

The Board of Directors shall consist of two designated voting member representatives of each Class A Full Member cooperative, one designated voting member representative of each Class B Full Member cooperative and the voting member representative elected by the Class A Associate Members at the annual meeting of members. Each director shall serve until their successors are duly

elected or designated and qualified. The term of office of such directors shall be for a period of two years.

Section 2. Election of Directors

Each year, each Class A Full Member, if not incorporated, shall elect from its membership, or if incorporated, the Board of Directors of each member shall elect and designate, one voting member representative and one alternate voting member representative who shall serve a two year term. Every other year, each Class B Full Member, if not incorporated, shall elect from its membership, or if incorporated, the Board of Directors of each Class B Full Member shall elect and designate, one voting member representative and one alternate voting member representative who shall serve a two year term. Each election or designation of voting member representative and alternate voting member representative shall be certified in writing by the entity's Secretary and forwarded or delivered to the GCSECA Secretary prior to each annual meeting. The GCSECA Secretary will make notations of each certification in the Corporate minutes.

In no case shall a Full Member be entitled to more than two votes on any issue. No director may cast more than one vote on any issue and proxy or absentee votes are not permitted. Member voting representatives or their alternates shall be subject to revocation by a member at any time and, in the event of inability to serve for any reason, a member may appoint a replacement to fill any unserved term.

Section 3. Vacancies on Board of Directors

Any vacancies on the Board of Directors shall be filled by the member affected designating a replacement for such vacancy and by action of its Board of Directors or a vote of membership where appropriate.

Section 4. Power of Board of Directors

The business and affairs of GCSECA shall be managed by said Board of Directors, which Board shall exercise all of the powers of GCSECA, except such as are by law or by the Bylaws conferred upon or reserved to the members.

Section 5. Meetings of the Board of Directors

Meetings of the Board of Directors shall be held quarterly, or as called by the President, or by request of a majority of the Board of Directors. Special meetings of the Board of Directors may be called upon five days notice, at such time, on such day, and at such place as the President or a majority of the Board of Directors shall designate, and may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, their participation in such a meeting to constitute presence in person.

Section 6. Notice

Notice of any meeting shall be delivered at least five days previous there to by written notice delivered personally, by mail or by any other commercially acceptable means of business communication including, but not limited to, overnight mail, telex or telecopier to each director at his or her address. If mailed, such notice shall be

deemed to be delivered two business days after deposit in the United States mail, so addressed, by certified delivery with postage prepaid.

The business to be transacted at, and the purpose of, any annual or special meeting of the Board of Directors shall be specified in the notice or waiver of notice of such meeting.

Section 7. Quorum

A majority of the number of directors entitled to vote shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such number is present at a meeting, the majority of the directors present may adjourn the meeting from time to time without further notice.

Section 8. Manner of Acting

The act of the majority of the directors entitled to vote and be present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or as otherwise provided in these Bylaws.

Section 9. Presumption of Assent

A director of GCSECA who is present at a meeting of the Board of Directors at which an action on any corporate matter is taken shall be presumed to have assented to the action unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the Secretary within ten days after the adjournment of the meeting, or at the time of the next meeting, whichever is sooner. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 10. Action Without a Meeting

Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if all directors entitled to vote consent thereto in writing specifically setting forth such action taken. Such consent shall have the same effect as a unanimous vote.

Section 11. Executive Committee

The President, Vice President, Secretary and Treasurer shall comprise the executive committee of the Board of Directors. The executive committee shall have such powers and duties as the Board of Directors may from time to time vest and require of it provided, however, that the Executive Committee shall not have the authority of the Board of Directors in reference to the following matters: (a) the authorization of distributions; (b) the approval or recommendation to Members of any action that requires the Members approval; (c) the filling of vacancies on the Board of Directors or in any committee of the Board of Directors; (d) the amendment or repeal of the Articles of Incorporation or Bylaws or the adoption of new Articles of Incorporation or Bylaws; (e) the fixing of compensation of directors for serving on the Board of Directors or on any committee of the Board of Directors; and (f) the liquidation or dissolution of GCSECA, or the transfer, disposition, or encumbrance of the properties or assets of GCSECA other than in the ordinary course of the GCSECA's business.

ARTICLE IV. OFFICERS

Section 1. Number of Officers

The officers of GCSECA shall be President, Vice President, Secretary, Treasurer, and such other officers as may be deemed necessary by the Board of Directors.

Section 2. Election of Officers

Said officers shall be elected from the Board of Directors at the Board of Directors meeting conducted during the annual meeting. Said officers shall hold office for a term of one year or until their successors have been duly elected and qualified.

Section 3. Duties

The President shall preside at all meetings of the members and Board of Directors and with the Secretary shall sign all instruments required to be executed by GCSECA and in general perform all duties incidental to the office of the President. The Vice President shall perform the duties of the President in the absence of the President.

The Secretary, or the Board of Director's appointed designee, shall keep minutes of all meetings and shall be custodian of the seal and execute all instruments as required to be executed in the corporate name. The Treasurer, or the Board of Director's appointed designee, shall have charge and custody of and be responsible for all funds of GCSECA and shall in general perform all the duties incident to the office.

Section 4. Chief Executive Officer

The Board of Directors may appoint a Chief Executive Officer who shall perform such duties as the Board of Directors may from time to time require of him/her and shall have such authority as the Board of Directors may from time to time vest in him/her.

Section 5. Insurance/Bonds of Officers

The Board of Directors shall require any officer or employee of the GCSECA charged with responsibility for the custody of any of its funds or property to be insured in such sum and in such manner as the Board of Directors shall determine.

Section 6. Removal

Any officer or agent may be removed, with or without cause, by a vote of the Board of Directors whenever in its judgment the best interests of GCSECA will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 7. Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, creation of a new office, or any other reason, may be filled by a vote of the Board of Directors for the unexpired portion of the term.

ARTICLE V. COMMITTEES

Section 1. Standing Committees

To assist GCSECA in carrying out its statewide functions, and to assist in the development of a statewide work program, the following committees shall be standing committees whose members shall be appointed by the individual members of GCSECA. The designation of committee members must be certified in writing to the Secretary before the annual meeting. The Chairperson of each standing committee shall be appointed from among the committee members by the President with approval of the Board of Directors.

a. Legislative and Government Relations Committee

The activities considered by the Legislative and Government Relations Committee are those activities concerned primarily with improving our relationship with state legislators, the Arizona congressional delegation, the Governor, state constitutional officers, and state and federal agencies. Activities under this section also include those undertaken to maintain a strong working relationship with the National Rural Electric Cooperative Association, other national organizations, and state organizations to maintain a strong rural electric program in the state and nation.

b. Member and Public Relations Committee

The activities considered by the Member and Public Relations Committee are primarily those dealing with publications, communications, and activities developed to bring about understanding and support of the rural electric program by the general public and members of Arizona's rural electric cooperatives.

c. Education and Professional Development Committee

The activities considered by the Education and Professional Development Committee are those primarily concerned with improving the professional and technical abilities of Arizona rural electric cooperative managers, directors, and employees. These activities include workshops and conferences developed by GCSECA, program offers through NRECA, state universities, conferences developed by rural electric cooperative employee groups, and others.

The objective of these activities is to keep our rural electric cooperative managers, directors, and employees abreast of the latest managerial, professional, and technical developments in the electric industry and the broad field of human relations.

d. Loss Control Committee

The activities considered by the Loss Control Committee are those which promote working practices and environments within the membership to help control losses.

The committee plans and makes recommendations regarding educational programs which promote loss control among electric utility employees. The committee reviews policies and standards for loss control and risk management.

e. Group Purchasing Committee

The activities considered by the GCSECA Group Purchasing Committee are primarily those which provide a forum to consider and discuss common, standard materials available for group purchase. Upon analysis, the Committee will initiate those purchase opportunities that make economic sense to the membership. The Committee membership consists of two representatives from each full member cooperative. One representative would be involved in the purchasing function and the other would come from the operations or engineering areas.

Section 2. Other Committees

GCSECA shall have such other committees as are by it designated from time to time. Unless otherwise provided in the resolution establishing such a committee, the members thereof shall be appointed by the President and shall serve at the pleasure of the President.

Section 3. Terms of Committees

All standing committee members under Article V shall serve one year terms.

ARTICLE VI. CORPORATE SEAL

The corporate seal shall be in the form of a circle and shall have inscribed thereon the name of the corporation.

ARTICLE VII. AMENDMENTS

The bylaws of GCSECA may be amended, repealed, or enlarged by the affirmative vote of a two-thirds majority of the Board of Directors at a properly noticed meeting.

The bylaws of GCSECA may also be amended, repealed, or enlarged by the affirmative vote of a majority of the membership at a properly noticed meeting. The Board of Directors can not change or repeal this paragraph.

ARTICLE VIII. MISCELLANEOUS

Section 1. Dissolution

In the event of the dissolution of GCSECA the assets of GCSECA shall be distributed among the Full Membership based on each Full Member's proportionate share of the Full Membership dues for the year the dissolution occurs.

Section 2. Promotion

Upon approval by majority of the Board of Directors, GCSECA may publish, regularly, materials relating to the objectives of GCSECA and for which the members

shall pay an annual subscription price in an amount to be set by the Board of Directors from time to time, and which may be paid by the members from any amounts accruing to them.

ARTICLE IX. AFFILIATED TRANSACTIONS AND INTERESTED DIRECTORS

Section 1. Affiliated Transactions

No contract or other transaction between GCSECA and Interested Persons (as hereinafter defined), including the sale, lease or exchange of property to or from Interested Persons, the lending or borrowing of monies to or from Interested Persons by GCSECA or the payment of compensation by GCSECA for services provided by Interested Persons, shall be void or voidable because of the relationship or interest between GCSECA and the Interested Persons or because any Interested Person is present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such transaction or because his/her or their votes are counted for such purpose if:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of any Interested Person(s); or

(b) The contract or transaction is fair and reasonable to GCSECA at the time the contract or transaction is authorized, approved or ratified in the light of circumstances known to those entitled to vote thereon at that time.

As used herein, the term "Interested Persons" shall mean any member, director, or officer of GCSECA, or any corporation, firm, association or other entity in which one or more of GCSECA's members, directors, or officers are directors, officers or members or are financially interested.

Any person seeking to establish that a contract or transaction described herein is void or voidable for any reason set forth herein shall first prove, by a preponderance of the evidence, that the provisions of subparagraphs (a) and (b) of Section 1 are not applicable.

Section 2. Determining Quorum

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof which authorizes, approves or ratifies the contract or transaction.

Section 3. Loans to Directors and Officers

Notwithstanding anything herein to the contrary, GCSECA shall not lend money to or use its credit to assist its directors, whether or not employees, or officers. Any director or officer who assents to or participates in making of any such loan shall be liable to GCSECA for the amount of such loan until repayment of the loan.

As Amended September 1, 2004