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**RESTATED ARTICLES OF INCORPORATION
OF
MIDSTATE ELECTRIC COOPERATIVE, INC.**

Midstate Electric Cooperative, Inc., an Oregon cooperative corporation, originally formed under the laws of the state of Oregon by filing its Articles of Association on October 1, 1948 by membership vote adopts the following Restated Articles of Incorporation.

ARTICLE I

The name of the corporation: Midstate Electric Cooperative, Inc.

ARTICLE II

The object or objects and purposes for which the corporation is formed are:

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

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

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any

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and all real and personal property or any interest therein necessary, useful or appropriate to enable the corporation to accomplish any or all of its purposes;

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

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

(f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers as may be necessary and convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the corporation is formed. The corporation shall render no service to or for the public.

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ARTICLE III

Section 1. The corporation is formed without any purpose of pecuniary profit to itself and shall have no capital stock.

Section 2. Any person, firm, corporation or body politic may become a member of the corporation by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from the corporation electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the articles of incorporation of the corporation and the bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors; provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

The bylaws may provide for appeal by an applicant to a meeting of the members. No person, firm, corporation or body politic may own more than one (1) membership in the corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 3. The membership fee shall be five dollars (\$5.00) unless a different amount shall be established by the board of directors and approved by the membership from time to time.

Section 4. Each member shall, as soon as electric energy shall be available, purchase from the corporation all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the board of directors; provided, however, that the electric energy which the corporation

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shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the corporation such minimum amount per month as shall be fixed by the board of directors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the corporation as and when the same shall become due and payable.

Section 5. The private property of the members of the corporation shall be exempt from execution for the debts of the corporation and no member shall be individually liable or responsible for any debts or liabilities of the corporation.

Section 6. The board of directors of the corporation may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the corporation or the bylaws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the corporation and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 8.

(a) Membership in the corporation and a certificate of membership representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of

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existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate.

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of section 2 of this article. Such transfer shall be made and recorded on the books of the corporation and such joint membership noted on the original certificate representing the membership so transferred.

(c) When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the corporation the certificate may be reissued to and in the name of the survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the corporation.

Section 9. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of the majority of the members voting thereon in person or by mail, except as otherwise provided by law, the articles of incorporation of the corporation, or the bylaws. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 10. As long as the total number of members does not exceed five hundred (500), at least ten percent (10%) of the total number of members present in person shall constitute a quorum

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for the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500), then at least fifty (50) members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

ARTICLE IV

Section 1. Except as limited elsewhere in these articles or in the bylaws of the corporation, the business and affairs of the corporation shall be vested in and managed and controlled by a board of directors and the officers of the corporation shall be a president, a vice-president, a treasurer and a secretary. The offices of secretary and treasurer may be held by the same person.

Section 2. The officers of the corporation shall be elected, by ballot, by and from the members of the board of directors at such times and for such terms of office as shall be provided in the bylaws of the corporation.

Section 3. The number of directors of the corporation shall be nine (9). At the first annual meeting of members following the adoption of these articles there shall be elected by and from the membership of the corporation nine (9) directors, three (3) of whom shall be elected to serve for a term of one (1) year or until their successors shall have been elected and shall have qualified, three (3) of whom shall serve for a term of two (2) years or until their successors shall have been elected and shall have qualified, and three (3) of whom shall be elected for a term of three (3) years or until their successors shall have been elected and shall have qualified. Thereafter, at each annual meeting three (3) directors shall be elected to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified.

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Section 4. The bylaws shall make provision for the removal of directors and the filling of vacancies so created. Bylaws may also provide for division of the territory served by the corporation into voting districts, and for the election of directors directly by such voting districts, or by a body of delegates elected by such voting districts.

Section 5. The directors shall not receive any salary for their service, as directors, except that by resolution of the board of directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors, and while a director is away from the service area of the corporation, on business of the corporation.

ARTICLE V

Section 1. Membership in the corporation shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, these articles of incorporation or the bylaws of the corporation. Such certificate shall be signed by the president and by the secretary of the corporation and the corporate seal shall be affixed thereto.

Section 2. No membership certificate shall be issued for less than the membership fee provided herein, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the treasurer.

Section 3. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the corporation as the board of directors may prescribe.

Section 4. Bylaws may be adopted, altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed adoption, alteration, amendment or repeal.

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Section 5. The bylaws of the corporation may define and fix other duties and responsibilities of the members and prescribe other terms and conditions upon which members shall be admitted to and retain membership in the corporation, make provisions for annual and special meetings of members and directors and notices thereof, provide for methods of voting, quorum requirements, and any other matters relating to the internal organization and management of the corporation, provided that such provisions shall not be inconsistent with these articles of incorporation or the laws of the State of Oregon.

ARTICLE VI

The term of existence of the corporation shall be perpetual.

ARTICLE VII

The operations of the corporation may be conducted in the United States at such locations as the board of directors may decide from time to time. The principal office and place of business of the corporation shall be in LaPine, Oregon, but the corporation may maintain offices at such other place or places in the United States as the board of directors may decide from time to time.

ARTICLE VIII

Section 1. The provisions of this article shall supersede all other inconsistent provisions of the articles or bylaws of the corporation, and shall govern the interpretation and application of all matters within the scope of this article.

Section 2. Scope

The provisions of this article shall apply whenever any of the following transactions are proposed or considered by the corporation:

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(a) a sale, lease, exchange or other disposition of all, or substantially all, of the property and assets of the corporation to any person or firm or with a domestic or foreign for-profit business corporation; or

(b) a voluntary dissolution of the corporation; or

(c) a merger of the corporation with or consolidation into a domestic or foreign for-profit business corporation; or

(d) conversion of the corporation into a for-profit business corporation.

Section 3. Requirements

(a) Any action within the scope of Section 2 of this article shall require the affirmative vote of two-thirds (2/3) of the directors of the corporation.

(b) If the board of directors shall resolve to submit to the members for a vote at any annual or special meeting any proposal or recommendation within the scope of Section 2 of this article, no meeting of the members shall be called or held for the purpose of voting on any such proposal or recommendation for at least one hundred eighty (180) days after the date of such proposal or recommendation. The purpose of this waiting period is to permit the corporation's membership to become informed about this issue. As soon as practicable after the date the board adopts any proposal or recommendation referred to herein, the board shall give written notice to each member of the following:

(1) The full text and date of the board's resolution; and

(2) An objective explanation of the proposed action which is the subject of the resolution.

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(c) Ten percent (10%) of the members present in person shall be necessary for a quorum at any regular or special meeting at which the members will vote on any matter within the scope of Section 2 of this article.

(d) No member's vote may be cast by proxy on any matter within the scope of Section 2 of this article.

(e) An affirmative vote of two-thirds (2/3) of all members of the corporation is required to approve any action within the scope of Section 2 of this article.

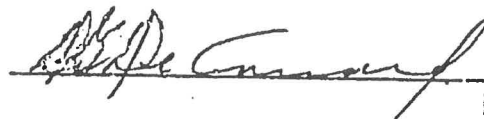
Section 4. Severability

In the event any provision, condition or part of this article shall be finally determined by a court of competent jurisdiction to be invalid, void or voidable, the remaining provisions and conditions shall be and remain in full force and effect.

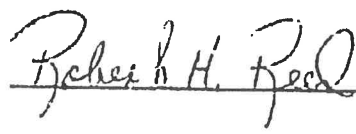
ARTICLE IX

These articles may be amended by a majority of the corporation's members except that the provisions of Article VIII of the corporation bylaws (relating to a sale, merger, consolidation, dissolution or conversion to a business corporation) may only be amended by two-thirds (2/3) of the corporation's membership at a meeting where a quorum of at least ten percent (10%) of the corporation's members are present.

Adopted this 2nd day of May, 1998.



President



Secretary