

**ARTICLES OF INCORPORATION
OF
KWAAN ELECTRIC TRANSMISSION INTERTIE COOPERATIVE, INC.**

These Articles of Incorporation are executed pursuant to Alaska Statutes, Title 10, Chapter 15, (AS 10.25) in order to incorporate Kwaan Electric Transmission Intertie Cooperative, Inc. (the “Cooperative”).

ARTICLE I
NAME

The name of the Cooperative shall be Kwaan Electric Transmission Intertie Cooperative, Inc.

ARTICLE II
DURATION

The duration of the Cooperative shall be perpetual.

ARTICLE III
PURPOSES

This Cooperative is formed for the following purposes:

A. To extend the availability of low cost and reliable electricity in Southeast Alaska through the acquisition and construction of electric transmission interties between communities in Southeast Alaska, as was generally envisioned by the Southeast Conference, an Alaska nonprofit corporation, and its Intertie Committee, as part of the Southeast Conference’s Southeast Alaska Intertie Project;

B. To acquire, construct, own, operate, and maintain plant, facilities, and equipment, including substation facilities (referred to herein collectively as “Intertie Segments”), for the transmission of electric power and energy, and to use the Intertie Segments to provide electric transmission and substation services in Southeast Alaska;

C. To acquire, construct, own, operate, and maintain telecommunications plant, facilities, and equipment, including fiber optic cable, that is collocated with and incidental to its Intertie Segments, and to use such plant, facilities, and equipment to provide telecommunications services;

D. To do and perform any other act and thing, and to have and exercise any and all powers, that may be necessary, convenient, or appropriate to accomplish any or all of the foregoing purposes; and

E. Any other lawful purpose as may be permitted by the statutes under which the Cooperative is formed, as such statutes may be amended from time to time, including, but not limited to, becoming a member of other cooperatives or other legal entities and acquiring ownership interests in such entities.

ARTICLE IV
FUTURE INTERTIE SEGMENTS

In furtherance of the purposes for which the Cooperative is formed, one of the basic functions of the Cooperative shall be to continue to acquire, construct, own, operate, and maintain additional Intertie Segments in Southeast Alaska in the future when it is reasonably determined that an additional Intertie Segment will be “economically feasible.” The Cooperative’s Bylaws shall set forth a uniform methodology to be used for determining whether and when an additional Intertie Segment will be economically feasible. The Cooperative’s Bylaws shall also provide for cooperation and consultation with the Southeast Conference regarding the timing, planning, and economic feasibility of future Intertie Segments to facilitate the build-out envisioned by the Southeast Conference’s Southeast Alaska Intertie Project and to advance the regional, public interest goals of reducing the cost of electricity in Southeast Alaska.

ARTICLE V
NONPROFIT OPERATION

Section 1. The Cooperative is not organized for profit and shall not have the authority to issue capital stock.

Section 2. The Cooperative shall provide services to members under the “operation at cost” principle, under which revenues from members will be used to meet current losses and expenses and maintain reserves to meet the reasonable business needs of the Cooperative. To the extent practicable, the operation at cost principle shall be applied uniformly to each individual Intertie Segment operated by the Cooperative, as shall be more particularly set forth in the Bylaws.

ARTICLE VI
PRINCIPAL OFFICE

The principal office for the transaction of the business of the Cooperative shall be at Juneau, Alaska, and such business may be carried on in such city, and elsewhere within the state, at the discretion of the Board of Directors. The post office address of the present principal office is P.O. Box 35466, Juneau, Alaska, 99803.

ARTICLE VII
REGISTERED AGENT

The registered agent for the Cooperative shall be KH&G Service Company, Inc., with offices at 255██. Fireweed Lane, Suite██00, Anchorage, Alaska 99503.

ARTICLE VIII
MEMBERSHIP

Section 1. The Cooperative is formed without any purpose of pecuniary profit to itself and shall have no capital stock. However, membership may be evidenced by a certificate of membership as may be provided by the Bylaws. Membership shall be nontransferable.

Section 2. 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 a majority of the members voting thereon in person, except as otherwise authorized by law and provided in these Articles or the Bylaws.

Section 3. The Cooperative may have one or more classes of members. The designation of such class or classes, the manner of election or appointment, the qualifications and rights of the members of each class, and any provisions for termination or forfeiture of membership and any allocations to members of capital credits shall be set forth in the Bylaws. Provisions relating to the imposition of membership fees, assessments, or other charges to members shall be set forth in the Bylaws.

Section 4. The initial membership of the Cooperative shall be constituted of the following two (2) members, represented by a natural person designated thereby:

Inside Passage Electric Cooperative, Inc.

Alaska Electric Light and Power Company

Section 5. In addition to satisfying other requirements and qualifications that may be set forth in the Bylaws, a person may become a member of the Cooperative only when the following requirements and qualifications are satisfied:

A. the person is a public utility, as defined in AS 42.05.990(4); and either (1) has a certificate of public convenience and necessity issued by the Regulatory Commission of Alaska for the provision of electric utility service, or (2) is a joint action agency established under AS 42.45.310;

B. the person agrees to use, and has the legal and operational capacity to use, the electric transmission services of the Cooperative when they are made available through an Intertie Segment of the Cooperative;

C. it has been reasonably determined that the Intertie Segment through which that person will use the Cooperative's electric transmission services will be economically feasible; and

D. it has been reasonably determined that the acquisition of, or the commencement date for permitting and construction of, the Intertie Segment is "sufficiently imminent," based on uniform criteria set forth in the Bylaws.

Section 6. In addition to other events of termination of membership set forth in the Bylaws, a member's membership in the Cooperative shall terminate if, and to the extent that, the Intertie Segment serving that member is decommissioned and taken out of service, or otherwise ceases to provide electric transmission service due to lack of demand for service or economic infeasibility. In the event a member's membership in the Cooperative is terminated for any of the reasons set forth in this section, that person's membership shall not be reinstated with respect to the Intertie Segment at issue until all of the requirements and qualifications set forth in Section 5 of this Article and the Bylaws are satisfied.

Section 7. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and, in accordance with AS \square 10.25.410, no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE IX BOARD OF DIRECTORS

Section 1. The number of directors of the Cooperative shall in no event be less than five (5). In the event there is only one (1) member of the Cooperative, the Board of Directors shall consist of five (5) natural persons nominated by and representing the member of the Cooperative. During all such times as there are two (2) members of the Cooperative, the Board of Directors shall consist of three (3) natural persons nominated by and representing each member of the Cooperative. During all such times as there are three (3) or four (4) members of the Cooperative, the Board of Directors shall consist of two (2) natural persons nominated by and representing each member of the Cooperative. During all such times as there are at least five (5) members of the Cooperative, the Board of Directors shall consist of one (1) natural person nominated by and representing each member of the Cooperative.

Section 2. Consistent with the provisions of these Articles, the Bylaws shall prescribe the number of directors, their qualifications other than those prescribed by law, the manner of holding meetings of the Board of Directors, and the manner of electing successors to directors who resign, die, or are otherwise incapable of acting. The Bylaws shall provide for the

removal of directors from office for cause and for the election of their successors. At each annual meeting of the members, directors shall be elected by the members to fill the positions of directors whose terms have expired or are expiring, and to hold office for the term for which elected and until a successor is elected and qualifies.

Section 3. The Bylaws may provide for the division of the territory served or to be served by this Cooperative into two or more districts for any purpose, including without limitation, the nomination and election of directors and the election and functioning of district delegates. Such delegates may nominate and elect directors if so provided in the Bylaws. The Bylaws shall prescribe the boundaries of the districts or the manner of establishing such boundaries, the manner of changing such boundaries, and the manner in which such districts shall function. No member at any district meeting and no district delegate at any meeting shall vote by proxy or by mail.

Section 4. Directors shall not receive salaries for their services as directors of the Cooperative and, except in emergencies, may not receive salaries for their services on behalf of the Cooperative in any other capacity without the approval of the members.

Section 5. The initial directors named below shall hold office until the next annual meeting of the members and until their successors are elected and qualify. The names and addresses of the initial directors of the Cooperative are as follows:

<u>Name</u>	<u>Address</u>
Liv Gray	P.O. Box 415, Hoonah, Alaska 99829-0415
Jodi Mitchell	P.O. Box 210149, Juneau, Alaska 99801
Vern Rauscher	P.O. Box 210149, Juneau, Alaska 99801
Corry Hildenbrand	5601 Tonsgard Court, Juneau, Alaska 99801
Tim McLeod	5601 Tonsgard Court, Juneau, Alaska 99801
Connie Hulbert	5601 Tonsgard Court, Juneau, Alaska 99801

ARTICLE X
OFFICERS

The officers of the Cooperative shall be those authorized by the Bylaws. The officers shall be elected annually by the Board of Directors from among its members. The first officers of the Cooperative shall be elected at the first organizational meeting of the Cooperative.

ARTICLE XI
BYLAWS

The Board of Directors shall adopt the first Bylaws of the Cooperative as soon as is practicable following incorporation of the Cooperative. The Bylaws shall set out the rights and duties of members, district delegates, if any, and directors and may contain other provisions for the regulation and management of the affairs of the Cooperative consistent with law and with these Articles of Incorporation.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

Upon dissolution of the Cooperative, the Board of Directors shall wind up and settle the affairs of the Cooperative, collect sums owing to it, liquidate its property and assets, pay and discharge its debts, obligations, and liabilities, other than those to members and former members arising by reason of their patronage, and do all other things required to wind up its business. After paying, discharging, or adequately providing for the payment or discharge of all of the Cooperative's debts, obligations, and liabilities, other than those to members and former members arising by reason of their patronage, the Board of Directors shall distribute any remaining sums, first, to members and former members for the pro rata return of all amounts standing to their credit by reason of their patronage and, second, to members and former members for the pro rata repayment of membership fees, if any. Sums then remaining shall be distributed among the Cooperative's members and former members in proportion to their patronage of services offered by the Cooperative, except to the extent participation in the distribution has been legally waived. In the event of the lawful liquidation, through transfer or sale, of all the property and assets of the Cooperative, the proceeds of such liquidation, transfer, or sale shall be distributed in the same manner as provided for herein with respect to distribution upon dissolution.

ARTICLE XIII
AFFILIATES

With respect to the Cooperative, there are at present no affiliate non-resident aliens or affiliate corporations incorporated outside of the United States of America.

ARTICLE XIV
SEVERANCE

If any provision of these Articles of Incorporation is held void or illegal, it shall not impair or affect the remainder of these Articles of Incorporation, and the incorporators hereby declare that they would have signed and executed the remainder of these Articles of Incorporation without such void or illegal provision.

ARTICLE XV
AMENDMENTS

Section 1. Except as otherwise provided for in Section 2 of this Article, Amendments to these Articles of Incorporation may be adopted as follows:

A. the proposed amendment shall be presented to the members or district delegates at a meeting or by written notice; if the proposed amendment is presented at a meeting, the notice of the meeting must set out or have attached to it the proposed amendment; and

B. if the proposed amendment, with any changes, is approved by the affirmative vote of not less than two-thirds of the members or district delegates of the Cooperative, the presiding officer of the Board of Directors shall execute and acknowledge Articles of Amendment on behalf of the Cooperative, and the officer designated by the Board of Directors shall affix and attest to the seal of the Cooperative; if the Cooperative accepts ballots both at a meeting and by mail, a member may vote by mail or at the meeting.

Section 2. Notwithstanding Section 1 of this Article, the Cooperative may, upon authorization of either the Board of Directors or the members of the Cooperative, change the location of its principal office in accordance with the procedures set forth in AS 10.25.230.

ARTICLE XVI
INCORPORATORS

The names and addresses of the incorporators of the Cooperative are:

<u>Name</u>	<u>Address</u>
Alaska Electric Light and Power Company	5601 Tonsgard Court, Juneau, Alaska 99801
Inside Passage Electric Cooperative, Inc.	P.O. Box 210149, Juneau, Alaska 99801
Wilbur Brown	P.O. Box 228, Kake, Alaska 99830-0228
Liv Gray	P.O. Box 415, Hoonah, Alaska 99829-0415
Kimberley Strong	P.O. Box 286, Haines, Alaska 99827-0286

DATED this _____ day of July, 2004, at Juneau, Alaska.

ALASKA ELECTRIC LIGHT AND
POWER COMPANY, Incorporator
By: Tim McLeod, President

Date:_____

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

The foregoing Articles of Incorporation of Kwaan Electric Transmission Intertie Cooperative, Inc., were acknowledged before me this _____ day of July, 2004, by Tim McLeod, President of ALASKA ELECTRIC LIGHT AND POWER COMPANY, an Alaska corporation, on behalf of that corporation.

Notary Public in and for the State of Alaska
My commission expires:_____

INSIDE PASSAGE ELECTRIC
COOPERATIVE, INC., Incorporator
By: Vernon Rauscher, General Manager

Date:_____

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

The foregoing Articles of Incorporation of Kwaan Electric Transmission Intertie Cooperative, Inc., were acknowledged before me this _____ day of July, 2004, by Vernon Rauscher, General Manager of INSIDE PASSAGE ELECTRIC COOPERATIVE, INC., an Alaska corporation, on behalf of that corporation.

Notary Public in and for the State of Alaska
My commission expires:_____

WILBUR BROWN, Incorporator

Date: _____

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

The foregoing Articles of Incorporation of Kwaan Electric Transmission Intertie Cooperative, Inc., were acknowledged before me this _____ day of July, 2004, by WILBUR BROWN.

Notary Public in and for the State of Alaska
My commission expires: _____

LIV GRAY, Incorporator

Date: _____

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

The foregoing Articles of Incorporation of Kwaan Electric Transmission Intertie Cooperative, Inc., were acknowledged before me this _____ day of July, 2004, by LIV GRAY.

Notary Public in and for the State of Alaska
My commission expires: _____

KIMBERLEY STRONG, Incorporator

Date: _____

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

The foregoing Articles of Incorporation of Kwaan Electric Transmission Intertie Cooperative, Inc., were acknowledged before me this _____ day of July, 2004, by KIMBERLEY STRONG.

Notary Public in and for the State of Alaska
My commission expires: _____