

Application for Candidacy Peninsula Light Company Board of Directors

Peninsula Light Company (PLC) is seeking people interested in applying for nomination for the 2010 Board of Directors election.

Persons interested in being nominated for PLC's Board of Directors may use this form to apply or may apply online at www.penlight.org. Paper forms may otherwise be mailed to PLC, PO Box 78, Gig Harbor, WA 98335, or delivered to our headquarters at 13315 Goodnough Drive NW, Purdy, WA 98332, during regular working hours, 8AM to 4:30PM, Monday through Friday

Applications must be received by noon on December 30, 2009.

APPLICANT QUALIFICATIONS: All applicants must hold an active membership in Peninsula Light Company and be a member in good standing.

An "active" membership means that applicant holds a valid membership certificate and is purchasing water or power from penlight.

A "member in good standing" means that applicant is current in bills owing to the Company and is in compliance with rules and regulations of the utility.

All applicants must sign the form entitled, "Declaration of Director Candidate" included with the application form.

Applicants must disclose any conflicts of interest with the Company as defined in our policy. Such conflicts do not, of themselves, disqualify a candidate from applying.

A description of candidate and director qualifications & related policies are included with this form.

SELECTION PROCESS: All applications from qualified people will be considered by the Board of Directors Nominating Committee. This Committee consists of one standing Board Member and two, "at large" non-board members elected by the full Board by balloting.

Applicants chosen will be interviewed by the Nominating Committee who will present a slate of nominees to the full Board on February 11, 2010. The slate will include incumbent Directors running for re-election.

Successful candidates must stand for election in 2010. Names of non-incumbent candidates shall be placed on the ballot in the order in which their names are drawn.

Please provide the following information:

Name: _____

Address: Street _____
City/State _____, ZIP code: _____

Address where applicant holds a valid and active membership (if different from above):

Street _____
City/State _____, ZIP code: _____

Account or Membership # (if available): _____

Telephone Number: _____ - _____ - _____

1. Please tell us why you are interested in serving on the Board of Directors:

2. Please give the committee a brief description of your background: This may include your work background, education, special interests or skills etc.

3. Please describe community service or volunteer activity in which you have experience:

4. Please describe any experience you have working with Boards of Directors, commissions, committees or councils:

5. Please list and describe any special talents, skills or experience that would especially qualify you to serve on the PLC Board of Directors.

6. Do you have now or have you had any relative that is now or has been an employee of Peninsula Light Company in the past five years?

Yes _____ No _____

7. Have you ever worked for Peninsula Light Company yourself or been employed by a company doing business with the Company?

Yes: _____ (Please provide name and details) No. _____

(Need help?? Call us at 253-857-5950 or send an e-mail to www.penlight.org, attention: Nominating Committee)

Please attach a separate sheet if more room is needed.

Peninsula Light Company Declaration of Director Candidate

NAME (Please Print) _____

ADDRESS _____

MEMBERSHIP # _____

PHONE NUMBER _____

I, _____, declare that:

I, _____, acknowledge receipt of Peninsula Light Company's Election Rules and agree to comply with them. I understand that a violation of these rules could subject me to the penalties described in these rules.

I have reviewed all of the provisions of Article III of the Peninsula Light Company bylaws concerning the qualification, election and responsibilities of directors. I understand that I am required to disclose any information of which I am aware that would disqualify me from serving as a director of Peninsula Light Company. I understand that while a candidate and if elected I must meet the qualifications and requirements of a director on a continuing basis and I agree that I will, to the best of my ability, do so.

I am a member in good standing of Peninsula Light Company, which I understand to mean that my account is current and that I am in compliance with all of the rules, regulations and member policies of Peninsula Light Company. I hereby authorize Peninsula Light Company to release to the Nominating Committee my account information for the purpose of determining that I am a member in good standing of Peninsula Light Company.

I am over 18 years of age. I am not an employee of Peninsula Light Company or a close relative of an employee or a director of Peninsula Light Company; nor am I financially interested in a competing company.

DATED this _____ day of _____, 200__.

SIGNATURE: _____

STATEMENT OF IDEALS AND OBJECTIVES FOR DIRECTORS OF THE BOARD

Board candidates should possess the beliefs and viewpoints
and accept the responsibilities as stated below:

1. Adhere to the Articles of Incorporation and the Bylaws of the mutual corporation.
2. Set policy in order to help achieve the following:
 - a. Provide its customers with electrical energy and water services at the lowest possible cost.
 - b. Provide dependable service.
 - c. Provide a safe working environment.
3. Foster and maintain the mutual's reputation for fair dealing, prompt and dependable service, integrity, courtesy, productive ability, and technical competence.
4. Maintain the view that our human resources are most important, and endeavor to develop and improve them not only as a matter of material advantage, but also as a matter of moral obligation.
5. Cultivate the mutual's image as a good citizen in the community, and to encourage employees and Directors to take an active part in making it a better place to live.
6. Encourage and reward progress, fully inform, train, develop, and properly assign all employees and officers in order that their lives and work have purpose, dignity, and satisfaction, both on and off the job.
7. Cooperate with similar industries for mutual betterment.

Should believe, in basis, cooperative principles, including areas such as the following:

1. The right of people to provide an essential service for themselves.
2. Member ownership and control.
3. One member - one vote.
4. Non-profit operation.

Should have demonstrated by his or her action possession of the following personal characteristics:

1. Be a proven leader in his or her community with broad interests.
2. Have the highest integrity and have the complete respect of the community in which he or she lives.
3. Be a mature person, with the ability to exercise sound and logical reasoning.

Should be willing and able to give time to attend:

1. Meetings of the Board or committee of the Board, as provided for in the bylaws of the Company.
2. Director training programs.
3. Regional and national utility-related meetings.

Additionally, this person should:

1. Be willing to study data and other information presented to the Board to stay well informed.
2. Be willing to support the decisions and actions of the Board once action has been taken by a majority of the Board.
3. Represent the total membership on an impartial basis.
4. Make every effort to obtain increasing member and public understanding and support of the mutual, and be sensitive to their feelings, concerns and attitudes.

In addition to the above, the following questions may be used in evaluating potential candidates:

1. Does their past experience justify consideration for nomination as a Director of Peninsula Light Company?
2. Do they have the ability or commitment to further the interests of Peninsula Light Company?
3. Can they work well with others on a Board?
4. Do they have any special talents or skills which would especially qualify them for nomination to the Board?
5. Are they dependable, available and willing to devote the considerable time required of a Director?

PENINSULA LIGHT COMPANY

BOARD POLICY NO. 12

RULES GOVERNING THE ELECTION OF DIRECTORS

I. OBJECTIVE AND EFFECTIVE DATE

The objective of this Policy it is to establish and define appropriate rules and procedures relating to the election of Directors. This policy shall be effective for all Director elections after May 2, 2006.

II. POLICY

A. Director Election Rules. No candidate for the board of directors, nor an incumbent director, whether a candidate or not, shall intentionally engage in any of the following activities, nor shall any such candidate or director conspire, solicit, or arrange for any member or group of members to engage in such activities:

1. Cast more than one ballot per member;
2. Alter or tamper with a ballot sent to a member;
3. Duplicate a ballot sent to a member;
4. Distribute a ballot to a member by any unauthorized means;
5. Make a statement that a candidate is supported by another person or organization without having first obtained the written permission from that person or organization;
6. Make a false statement about another candidate or a candidate's position on an issue involving Peninsula Light Company;
7. Use the term "re-elect" or "incumbent" in connection with the election for directors, unless the candidate is an incumbent director;
8. Threaten, coerce, restrain, or exercise undue influence over the casting of a ballot by a member;
9. Threaten, pressure, coerce, restrain, or exercise undue influence over an employee of Peninsula Light Company to obtain information about the Company or management or an incumbent Director for use in the campaign, or to obtain the assistance of the employee in the candidate's election campaign;
10. Employee members shall not engage in campaign activities during work hours, including, without limitation, circulating petitions, soliciting campaign contributions or discussing the election with customers of Peninsula Light.
11. Accept a financial contribution or other financial assistance from a person, corporation, or entity that competes with Peninsula Light Company or which

has a business interest that conflicts with Peninsula Light Company, including, without limitation suppliers, vendors, contractors, labor unions and other similarly situated persons.

12. Disseminate, publish, or circulate any campaign materials, printed or electronic, without a notice or disclaimer of the name and address of the candidate or the candidate's committee responsible for the preparation, dissemination, publication, or circulation of such materials. The notice or disclaimer shall read: "Prepared and paid for by (*insert name and address of candidate or candidate's committee*)."
 13. Disseminate, publish, or circulate any materials or information, whether printed or electronic, that are not factual;
 14. Offer any item of monetary value to a member to induce the member to vote for a particular candidate or on an issue in a particular way;
 15. Use the Peninsula Light Company logo or letterhead on any campaign materials; and
 16. Place campaign posters or signs on the building where the annual meeting is held.
- B. Order of Appearance on Ballot.** Incumbents shall appear first on the Ballot in alphabetical order. Non-incumbents shall appear on the Ballot in random order.
- C. Acknowledgment of Rules.** All candidates for the Board of Directors shall sign the attached Acknowledgment of the receipt of these rules.
- D. Effect of Non-Compliance; Enforcement.** Non-compliance with the election rules by a Director or Director candidate may be grounds for determining that the Director or Director candidate is not in "good standing" and therefore not "qualified" to be a Director. The Board of Directors shall be responsible for ensuring compliance with this Policy. Enforcement measures and/or penalties shall be appropriate to the circumstances, up to and including, determining that a candidate is ineligible to be elected, nullification of an election and/or removal of a Director according to the procedures for removal of a Director who does not meet the qualifications to be a Director as set forth in the Bylaws.

APPROVED BY THE BOARD OF DIRECTORS

By Randy Carr, President

Date Approved

Peninsula Light Company Board of Directors Summary of Eligibility, Nomination and Election Procedures

Eligibility—The general qualifications of directors are set forth in the excerpt from the Peninsula Light Company bylaws, which are attached. Only individuals who have their primary residence in Peninsula Light Company's service area and are members in good standing of Peninsula Light Company may be directors. Director Candidates must execute a Declaration that they have read the bylaw provisions concerning the election Directors and that they meet the qualifications for a Director set forth in the Bylaws. Director candidates must agree to attend annual cooperative director training and obtain a "Credentialed Cooperative Director" certification from NRECA or an equivalent certification by a recognized industry training program within 4 years of first being elected as a Director.

Conflicts of Interest—Directors may not have certain "prohibited" conflicts of interest with the company. Prohibited conflicts include being an employee or a close relative of an employee of Peninsula Light Company. A fuller definition of what is a conflict of interest is set forth in the bylaws.

Terms—There are 9 Peninsula Light directors, who are elected for 3-year terms. The terms of directors are staggered so that each year the terms of 3 directors expire.

Nominating Committee—The bylaws provide that each year the Board shall appoint a nominating committee composed of one Board member (who is not up for re-election) and two non-Board members who are members in good standing of Peninsula Light Company. The nominating committee selects at least 6 candidates for the three positions that are up for election. Any member in good standing may ask to be considered by the Committee to be a Director Candidate by using the application form to submit a request in writing to the Nominating Committee.

Nominations by Petition—The bylaws provide that any member in good standing may also have his or her name placed on the ballot by submitting a petition signed by 3 percent of the membership (i.e. approximately 900 members of the approximately 29,000 total members).

Elections—Director elections are held at the time of the annual meeting of Peninsula Light Company in May of each year. Mail-in ballots are sent to all Peninsula Light Company members prior to the annual meeting. Ballots must be received by 5:00 PM the Friday before the Annual Meeting, which is held on the first Monday in May of each year. Peninsula Light Company directors are elected "at large;" thus, all of the candidates (by nomination or petition) are placed on the ballot. The three candidates who receive the most votes among all candidates on the ballot are elected.

Directors' Job—The Peninsula Light directors have the same duties and legal responsibilities as the director of any corporation. Their primary duties are setting policies and the strategic direction of the cooperative. Directors owe a legal duty of care and a duty of loyalty to the corporation and its members. The Board of Directors meets once a month. Board meetings are usually about 3 hours in length; however, preparation for Board meetings may require an equal or greater amount of time. Committees of the Board meet periodically as may be scheduled. Directors must attend at least 9 out of 12 monthly director meetings. Directors are sometimes asked to represent the cooperative at additional meetings and to travel and attend educational seminars to become a "Credentialed Cooperative Director."

Directors' Compensation—Directors are not paid a salary; however, they receive a monthly stipend and a per diem for attendance at monthly board meetings, plus mileage and expenses for cooperative-related travel.

BYLAW PROVISIONS REGARDING NOMINATING COMMITTEE AND NOMINATING PETITIONS FOR ELECTION AS A PENINSULA LIGHT COMPANY DIRECTOR

The following is an excerpt from the Peninsula Light Company's (PLC) Bylaw. It includes provisions that govern the election and qualifications of its Board of Directors and, in particular, the process by which a PLC member in good standing may be nominated by the Nominating Committee or by a Nominating Petition signed by 3% of the membership.

ARTICLE II

Section 4. Voting

Except for voting for Directors at the Annual Meeting, which shall be only by mail as provided in Article III, Sections 1 and 2, at every meeting of the members, each membership in good standing shall be entitled to one vote. In addition thereto, memberships not represented at the meeting may vote by mail for the election of directors and upon such other issues which are submitted in writing to the membership. Subscribers for a membership who have not paid in full their membership fee shall not be entitled to vote. Proxies shall not be recognized or permitted. For purposes of this section a member in good standing means an individual or entity named on a membership certificate who is not over 30 days delinquent on the payment of any amount due and owing to Peninsula Light Company, unless there is a bona fide dispute as to the amount owing, and is not in violation of any rules and regulations of Peninsula Light Company.

ARTICLE III

Section 1. Election of Directors

(a) *General Qualifications of Directors. All the business affairs of this mutual corporation, except those reserved by law to the members, shall be managed by a board of nine directors, all of whom shall be members in good standing holding fully paid membership certificates in this mutual corporation.*

(b) *Additional Qualifications of Directors. Directors shall have the following additional qualifications, unless excused by the Board for good cause:*

- (1) *Be an individual,*
- (2) *Have the capacity to enter into legally binding contracts,*
- (3) *While a director, and during the five (5) years immediately prior to becoming a director, not:*
 - (i) *be, or have been convicted of a felony,*
 - (ii) *plead, nor have plead, guilty to a felony,*
- (4) *Within four (4) years of first becoming a director, have obtained a Credentialed Cooperative Director (CCD) designation, Director's Certificate, or other similar certification from NRECA or other recognized utility industry organization,*

(5) *Each director shall:*

*(i) attend nine (9) out of twelve (12) scheduled board meetings (scheduled board meetings include the board meeting/retreat and the board meeting/annual meeting) and shall not be absent for more than three (3) consecutive meetings, or more than three (3) non-consecutive meetings in a twelve (12) month period; and*¹

(ii) attend at least one (1) industry conference or continuing education course during every twelve (12) month period.

(iii) for purposes of subparagraph 5 (ii); the term industry conference or continuing education course is intended to be defined broadly to include, without limitation, any NRECA Board training, legal or other educational programs, any bar association approved continuing legal education program that deals with cooperative law, utility law, utility regulation, power supply, corporate governance, employment law, or any other legal issues that are relevant to the utility industry generally, or to Peninsula Light Company and any meetings of any regional or national utility industry organization or association at which issues confronting the utility industry are discussed and any other meetings, conferences or seminars that contribute to the director's ability to perform his or her responsibilities as a director.

(6) *Maintain their primary residence in the Peninsula Light Company service territory,*

(7) *Use, receive, or purchase cooperative services from Peninsula Light Company at the director's primary residence.*

(c) *Prohibited Conflicts of Interest. It shall be a continuing qualification of any individual who is a director or a director candidate, that while a director or director candidate, and during the one (1) year immediately prior to becoming a director, or director candidate, the individual must not be or have been:*

(1) *A Close Relative of any existing director,*

(2) *An employee of Peninsula Light Company or a subsidiary entity in which Peninsula owns a majority interest or a Close Relative of an existing employee, agent or representative of Peninsula Light Company or a subsidiary entity,*

(3) *Employed by, materially affiliated with, or share in a material financial interest with any other director,*

(4) *Engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity,*

(i) directly and substantially competing with the Peninsula Light Company, or

(ii) possessing a substantial conflict of interest with the Peninsula Light Company.

¹ For purposes of comparison, the 2006 NRECA model bylaws provide for the following alternative director attendance requirements:

[Directors shall]: [except as otherwise provided by the Board for good cause, attend at least [a majority // two-thirds] of all Board Meetings during each [calendar year // fiscal year // twelve month period];]

(d) *Other Conflicts of Interest.* Directors are required to disclose all non-prohibited conflicts and recuse themselves from any vote related to any matter or transaction that comes before the Board involving a transaction or matter in which the director has a non-prohibited conflict of interest.

(e) *Definitions.*

(1) *The term "Close Relative" shall mean children or their spouse, husband, wife, sister, brother, parents, foster, or step-parents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, whether by marriage or adoption, or any individual who resides in the same residence as a Peninsula Light Company director or employee.*

(2) *Conflicts of interest shall include, without limitation, being Materially Affiliated with or having a Material Financial Interest in any business providing electric, water or radio service, labor unions, and any labor union that presently represents or may in the future represent employees in any business engaged in by Peninsula Light Company or any subsidiary of Peninsula Light Company. The terms "Material Affiliation" and "Material Financial Interest" do not include isolated transactions or passive investment activity that is not related to any business providing electric, water or radio service or to their suppliers.*

(f) *Continuing Qualifications.* Only individuals who comply with the above qualifications and requirements may be nominated, re-nominated, serve, or continue to serve, as a director. After being elected or appointed a director, if any director fails to comply with any qualification or requirement, the board is authorized to remove the director, unless compliance with the qualification or requirement is determined by the board to be excused for good cause.

(g) *The failure of any director to meet the qualifications and requirements for a director without excuse for good cause, shall not invalidate any board action if a majority of directors who do meet the qualifications and requirements vote in favor of the measure.*

(h) *The directors shall be elected by ballot by the membership and shall hold offices until their successors are elected or appointed. Each year, three directors shall be elected for a three-year term. All candidates for the office of director shall be voted upon by the members by mail, and the three candidates receiving the highest number of votes shall be elected. If the voting results in a tie vote between two candidates, the election shall be decided by a coin flip. Any director may be removed at any time by a vote of sixty percent of the membership voting in person or by mail at any special meeting called to consider such proposed removal. Such action to remove a director shall require a quorum as specified in Article II, Section 5. Directors shall receive such compensation as the Board shall fix from time to time.*

Section 2 of Article III of the Bylaws are amended to read as follows:

Section 2. Nominating Committee

The following procedure shall be used for nominating the persons whose names shall be submitted to the membership as candidates for the office of director of the mutual corporation.

At least sixty (90) days before each annual meeting of the membership, the Board shall appoint a Nominating Committee composed of one Board member and two members of the mutual corporation who are not currently members of the Board.

The Nominating Committee shall identify, recruit and nominate at least six candidates for the offices of director to be elected at the forthcoming annual meeting. The Nominating Committee shall select candidates for the office of director who meet the applicable qualifications for a director set forth in Section 1 of this Article III. The nominations shall be forwarded to the Board by the Nominating

Committee. The Board shall review the nominee's qualifications and if a candidate is selected by the Nominating Committee who does not meet the applicable qualifications for a director, as determined by the Board, his or her name shall not be placed on the ballot, unless the candidate is excused by the board from meeting such requirements for good cause; provided that prohibited conflicts as defined in Section 1(b) (1-4) may not be excused. Unless disqualified for not meeting the qualifications to be a director; all of the candidates nominated by the Nominating Committee shall appear on the ballot for election of directors at the Annual Meeting. If any nominee is disqualified on the ground that he or she does not meet the qualifications, the Nominating Committee shall nominate another candidate to replace the disqualified candidate and forward the replacement candidate's name to the Board.

Any individual member in good standing who meets the qualifications and requirements set forth in Article III, Section 1, may submit his or name to the Nominating Committee to be a candidate for director and such member's name shall be considered by the Nominating Committee.

In addition, any incumbent director of the mutual corporation who meets the applicable director qualifications set forth in Section 1 of this Article III, or has been excused by the board from meeting such requirements for good cause, and who desires to run for re-election to the Board, including Directors appointed to fill vacancies pursuant to Article III, Section 3, shall advise the Board and his or her name shall be placed on the ballot as an incumbent candidate, whether or not the Nominating Committee has nominated him or her. The names of candidates shall otherwise appear on the ballot in the order and according to such other rules or policies as may be established by the Board.

In addition to candidates selected by the Nominating Committee and incumbent directors desiring to run for re-election, any member in good standing may have his or her name printed on the ballot as a candidate by submitting to the Board on or before the second Thursday in February a written Nominating Petition signed by at least 3% of the membership in good standing at the end of the prior year. Signatures on a Nominating Petition must be executed after the date of the last annual meeting of the corporation prior to the election for which the member seeks to have his or her name placed on the ballot by Nominating Petition. The form of such Nomination Petition shall be as prescribed by the Board.

For purposes of this Section and the Nominating Petition, a member in good standing means an individual or entity named on a membership certificate who is not over 30 days delinquent on the payment of any amount due and owing Peninsula Light Company and is not in violation of any rules and regulations of Peninsula Light Company on the date the Petition was signed. Petition candidates must meet the applicable qualifications for a director set forth in Section 1 of this Article III, or be excused by the Board from meeting any qualifications that may be excused for good cause. The Board shall determine whether the signature of any Petition signatory shall be disqualified on the ground that the member is not in good standing and/or whether a petition candidate is a member in good standing and meets the qualifications to be a director. The signature of one member of a joint membership shall constitute the signature on behalf of the joint membership. If more than one individual signs the Petition on behalf of a joint membership, the signatures shall constitute only one signature for the purpose of the Nomination Petition.

Subject to the requirement that only persons who meet the applicable qualifications may be elected and serve as a Director, or who are validly excused from meeting any applicable qualification, in addition to the candidates for director nominated as above, the members may write in the name of any member in good standing who meets the applicable qualifications for a director as set forth in Section 1 of this Article III as a candidate on the ballot submitted by the member.

Ballots containing the names of all candidates to be voted upon shall be sent to all members of the mutual corporation at least fifteen (15) days before the annual meeting at which directors are to be elected,

and members may vote by mailing such ballot to the office of the mutual corporation or by depositing same at a place designated by the Board, provided, that ballots that are not delivered to the offices of the mutual corporation by 5:00 P.M. on the Friday before the Annual Meeting, will be deemed late filed and will not be counted..

Section 8. Election Rules and Procedures.

(a) The Board shall be responsible for assuring the fairness and integrity of all elections, including for the adoption and enforcement of appropriate rules and procedures for the conduct of elections, including the tabulation of ballots. Prior to any Annual Member Meeting, the Board shall make such arrangements as it deems necessary and appropriate for validating the member list and distributing ballots to each member prior to each election.

(b) The Board shall make arrangements for tabulating member votes, which may include, without limitation, the appointment of an independent person(s) or an entity or organization to tabulate member votes. The person(s) entity or organization appointed to tabulate the votes may not utilize any of the following individuals to tabulate votes:

- (1) any member of the Nominating Committee; or*
- (2) any existing director, close relative of an existing director, or candidate for director; or*
- (3) any officer or employee of the mutual corporation.*

(c) Notwithstanding the appointment of a person, entity or organization to tabulate the votes, it shall be the responsibility of the Board to adopt rules and regulations for the conduct of elections and to resolve all questions, issues, or disputes regarding the conduct of elections, including, without limitation, compliance with election rules, the qualification of members to vote, voting and the tabulation of member votes.