

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
PEDERNALES ELECTRIC COOPERATIVE, INC.

PART I

Pedernales Electric Cooperative, Inc. (the "Corporation"), pursuant to the provisions of Articles 161.151 and 161.152 of the Texas Electric Cooperative Corporation Act (the "Act"), hereby adopts these Amended and Restated Articles of Incorporation (these "Articles"). These Articles accurately state the text of the previous Articles of Incorporation and each Articles of Amendment thereto that is in effect as well as the change to the Registered Agent set forth in the Statement of Change of Registered Agent filed with the Secretary of State effective April 6, 2010 (collectively the "Prior Articles"), as further amended hereby. The following provisions of the Corporation's Articles are amended hereby: Article IV; Article V; Section 2 of Article VIII. The following provision of the Corporation's Articles is added hereby: Article IX. These Articles do not contain any other change in the Articles of Incorporation being restated.

PART II

The prior Articles are amended and restated in their entirety as follows:

ARTICLE I

The name of the Corporation is PEDERNALES ELECTRIC COOPERATIVE, INC.

ARTICLE II

The purposes for which the Corporation is organized are the provision of electric energy and other goods and services, without regard to geographic location, to any person, without restriction, and, except as otherwise expressly excluded by the Electric Cooperative Corporation Act, the transaction of any or all lawful business.

ARTICLE III

The names and addresses of the original incorporators who shall serve as directors and manage the affairs of the Corporation until the first annual meeting of the members or until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Residence</u>
Hugo Weinheimer	Stonewall, Texas
W.B. Bryson	Bertram, Texas
R. Klappenbach, Jr.	Johnson City, Texas
L. W. Chick	Twin Sisters, Texas
L. A. Warner	Lake Victor, Texas
John W. McLeod	Pontotoc, Texas
A. Ricketson	Llano, Texas
Tom Carr	Kerrville, Texas (Box 190)
O.S. Brumley	Dripping Springs, Texas
Charles Howard	Driftwood, Texas
Paul Stehling	Fredericksburg, Texas (Star Rt)

ARTICLE IV

The number of directors shall be seven (7), except that if a vacancy occurs on the Board, that vacancy may remain until the next annual meeting of the members. Those elected at the annual meeting of the members on June 19, 1961, shall determine by lot the term for which they are to serve. Two (2) of such directors shall serve for one (1) year, two (2) of such directors shall serve for two (2) years and three (3) of such directors shall serve for three (3) years, or until their successors are elected and qualified. Directors elected at all annual meetings held after June 19, 1961, shall serve for a term of three (3) years.

ARTICLE V

The address of the principal office of the Corporation shall be Johnson City, County of Blanco, Texas, and the name and address of its agent upon whom process may be served is C T Corporation System 350 North St. Paul Street, Dallas, TX 75201.

ARTICLE VI

The duration of the Corporation shall be perpetual.

ARTICLE VII

Section 1. The undersigned incorporators shall be members of the Corporation. In addition to the undersigned incorporators, any person, corporation or partnership may become a member of the Corporation by: (a) paying such membership fee as shall be specified by the Board of Directors of the Corporation; (b) agreeing to comply with and be bound by the Articles of Incorporation and By-laws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors of the Corporation.

Section 2. Each member shall purchase from the Corporation not less than the minimum services which shall, from time to time, be determined by the Board of Directors of the Corporation; and shall pay therefor and for all additional energy and other services used by such member at a price which from time to time shall be fixed therefor by resolution of the Board of Directors.

Section 3. The By-laws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation or applicable law.

ARTICLE VIII

Section 1. Subject to the provisions of any mortgage or deed of trust given by the Corporation and within sixty (60) days after the expiration of each fiscal year the Board of Directors, after paying or providing for the payment of all operating and maintenance expenses of the Corporation including an amount for prospective operating and maintenance expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year just ended but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other non-operating expenses which shall have become due and be unpaid and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year just

ended but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority:

1. the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness of the Corporation in an amount which shall equal the amount of principal and interest required to be paid in respect of such notes, bonds or other evidences of indebtedness during the ensuing fiscal year;

2. the establishment and maintenance of a general reserve fund for working capital, insurance, taxes, improvements, new construction, depreciation, obsolescence, and contingencies in an amount which the Board of Directors shall deem reasonable;

3. and all revenues and receipts not needed for the foregoing purposes shall be returned from time to time to the members on a prorata basis according to the amount of business done with each during the period either in cash, abatement of current charges for electric energy or otherwise as the Board of Directors shall determine; but such return may be made by way of general rate reduction to the members if the Board of Directors so elects; provided, however, that in no case shall any such refunds be paid to any member who is indebted to the Corporation until such indebtedness is paid or arrangements in respect thereof satisfactory to the Board of Directors shall have been made.

Section 2. A quorum of Members for the transaction of business at all meetings of the members, is five thousand (5,000) Members present in person or casting a vote electronically, by mail or on their own behalf by any other method approved by the Board.

Section 3. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the By-laws of the Corporation, as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 4. The private property of the members of the Corporation shall not be subject to the payment of, and no member shall be individually responsible for, corporate debts to any extent whatever.

Section 5. Notwithstanding the provisions of Section 2 of this Article VIII regarding the constitution of a quorum for the transaction of business at meetings of the members of the Corporation, the Corporation may not sell or transfer all or substantially all of its assets without the approval of 66 2/3 percent of all members of the Corporation. Any amendment of this Section shall require a majority vote of all members of the Corporation. A member may vote by proxy under this Section.

ARTICLE IX

Member Bill of Rights

Section 1. Nature of the Bill of Rights. This Article embodies the core elements of Cooperative governance that, because of their fundamental importance, cannot be amended without the consent of the membership. Sections within this Article may not be amended or repealed except by an affirmative vote of two thirds (2/3) of the Board of Directors and the approval of two thirds (2/3) of those Members of the Cooperative voting at a Member Meeting on their own behalf in person, by mail, electronically or by any other method authorized by the Board.

Section 2. Voting and Election Safeguards. A Member has the right to fair and open Director elections, with nomination to the Director ballot by petition. Proxy ballots are prohibited for use in any Director election.

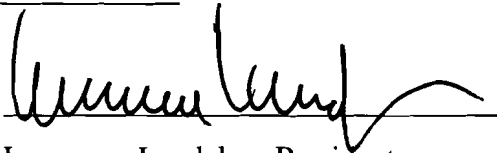
Section 3. Open Meetings. A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

Section 4. Open Records. A Member has the right, on written request, to examine and copy at the Member's expense the records of PEC, except those records exempted from disclosure for reasons of: privacy; attorney-client privilege; real estate subject matter; personnel subject matter; security; or, matters that are clearly competitive, when the Board determines in good faith that disclosure presents a compelling risk of likely harm to the Cooperative or its members.

PART III

The amendments to Article IV, Article V and Section 2 of Article VIII and the addition of Article IX have been made in accordance with the Act and have been approved in the manner required by the Act and the governing documents of the Corporation by being approved by majority vote of the Corporation's members at the annual meeting held on June 19, 2010, at which a quorum was present.

Dated effective June 19, 2010

A handwritten signature in black ink, appearing to read "Lawrence Landaker", written over a horizontal line.

Lawrence Landaker, President

The undersigned, the duly appointed Secretary of the Corporation, does hereby certify that Lawrence Landaker is the duly appointed President of the Corporation and that these amendments were duly and lawfully adopted by the members of the Corporation.

A handwritten signature in black ink, appearing to read "Kathryn Scanlon", written over a horizontal line.

Kathryn Scanlon, Secretary

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Hope Andrade
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING OF

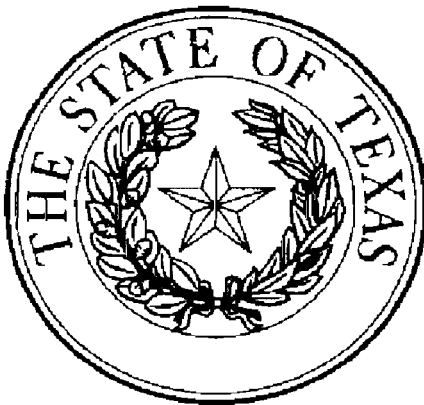
PEDERNALES ELECTRIC COOPERATIVE, INC.
7336401

The undersigned, as Secretary of State of Texas, hereby certifies that a Restated Certificate of Formation for the above named domestic nonprofit corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

Dated: 07/06/2010

Effective: 07/06/2010



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

Form 414
(Revised 12/09)

Submit in duplicate to:
 Secretary of State
 P.O. Box 13697
 Austin, TX 78711-3697
 512 463-5555
 FAX: 512/463-5709

Filing Fee: See instructions

**Restated Certificate of
 Formation
 With New Amendments**

This space reserved for office use.

FILED
 In the Office of the
 Secretary of State of Texas

JUL 06 2010

Corporations Section**Entity Information**

The name of the filing entity is:

Pedernales Electric Cooperative, Inc.

State the name of the entity as currently shown in the records of the secretary of state. If the amendment changes the name of the entity, state the old name and not the new name.

The filing entity is a: (Select the appropriate entity type below.)

- | | |
|---|---|
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Professional Corporation |
| <input checked="" type="checkbox"/> Nonprofit Corporation | <input type="checkbox"/> Professional Limited Liability Company |
| <input type="checkbox"/> Cooperative Association | <input type="checkbox"/> Professional Association |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Limited Partnership |

The file number issued to the filing entity by the secretary of state is: 7336401The date of formation of the filing entity is: 1938**Amendments to Certificate of Formation**

This restated certificate of formation makes new amendments to the certificate of formation. Provided below is an identification by reference or description of each added, altered, or deleted provision.

Identification of New Amendments

(Indicate the changes that have been made by checking the appropriate box or boxes.)

- The entity name has been amended.
- The registered agent name or registered office address has changed.
- The purpose of the entity has been amended.
- The period of duration of the entity has been amended.
- A general partner has withdrawn or been admitted to the limited partnership.

Identification of New Amendments (continued)

(Indicate the changes that have been made by checking and completing the appropriate box or boxes.)

 Other changes. The certificate of formation has been amended as follows: **Add** Each of the following provisions is added to the certificate of formation. The identification or reference of each added provision is set forth below. The full text of each added provision is contained in the amended and restated certificate of formation attached hereto.

Article IX

 Alter The following identified provisions of the certificate of formation are amended. The full text of each amended provision is contained in the amended and restated certificate of formation attached hereto.

Article IV, Article V, section 2 of Article VIII

 Delete Each of the provisions identified below are deleted from the certificate of formation.**Statement of Approval**

Each new amendment has been made in accordance with the provisions of the Texas Business Organizations Code. The amendments to the certificate of formation and the restated certificate of formation have been approved in the manner required by the Code and by the governing documents of the entity.

Required Statements

The restated certificate of formation, which is attached to this form, accurately states the text of the certificate of formation being restated and each amendment to the certificate of formation being restated that is in effect, and as further amended by the restated certificate of formation. The attached restated certificate of formation does not contain any other change in the certificate of formation being restated except for the information permitted to be omitted by the provisions of the Texas Business Organizations Code applicable to the filing entity.

Effectiveness of Filing (Select either A, B, or C.)

- A. This document becomes effective when the document is filed by the secretary of state.
- B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____
- C. This document takes effect upon the occurrence of the future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent in the restated certificate of formation has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Date: 06-29-2010

By: Pedernales Electric Cooperative, Inc.

A N Hagen

Signature of authorized person

Aisha Nawaz Hagen, In-House Counsel

Printed or typed name of authorized person (see instructions)

Attach the text of the amended and restated certificate of formation to the completed statement form. Identify the attachment as "Restated Certificate of Formation of [Name of Entity]."