

HOUSE BILL No. 3017

By Committee on Appropriations

3-11

AN ACT enacting the renewable energy electricity generation cooperative act; providing for the organization of cooperative corporations to generate electricity from renewable resources and technologies and to transmit and sell such electricity at wholesale.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act may be cited as the renewable energy electric generation cooperative act.

Sec. 2. As used in this act:

(a) "Cooperative" means any corporation organized under this act or which becomes subject to this act in the manner hereinafter provided.

(b) "Person" means any natural person, firm, association, corporation, limited liability company, business trust or partnership.

(c) "Renewable resources or technologies" means wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal, waste incineration and landfill gas resources or technologies.

Sec. 3. Five or more persons may organize a cooperative, nonprofit, membership corporation under the provisions of this act for the purposes of conducting or promoting any lawful business under the general corporation laws of the state, generating electricity from renewable resources and technologies and transmitting and selling such electricity at wholesale.

Sec. 4. (a) In addition to the powers conferred on all corporations under article 61 of chapter 17 of the Kansas Statutes Annotated, a cooperative organized under this act shall have power to:

(1) Sue and be sued in its corporate name;

(2) have perpetual existence;

(3) adopt a corporate seal and alter the same;

(4) generate, either as the cooperative or as individual members of the cooperative, electricity from renewable resources or technologies and transmit and sell such electricity at wholesale;

(5) construct, purchase, lease, equip, maintain and operate, and to sell, assign, convey, lease, mortgage, pledge or encumber electric transmission lines or systems, electric generating plants, and lands, buildings, structures, easements and rights-of-way and equipment, and any other

1 real or personal property, tangible or intangible, necessary to accomplish
2 the purpose for which the cooperative may be organized hereunder;

3 (6) purchase, lease as lessee or otherwise acquire, and use, and ex-
4 ercise and to sell, assign, convey, mortgage, pledge or otherwise dispose
5 of or encumber, franchises, rights, privileges, licenses and easements;

6 (7) borrow money and otherwise contract indebtedness, and to issue
7 notes, bonds and other evidences of indebtedness, and to secure the pay-
8 ment thereof by mortgage, pledge, or deed of trust of, or any other en-
9 cumbrance upon, any or all of its then-owned or after-acquired real or
10 personal property, assets, franchises, revenues or income;

11 (8) construct, maintain and operate electric transmission lines along,
12 upon, under and across publicly owned lands and public thoroughfares,
13 roads, highways, streets, alleys, bridges and causeways in conformity with
14 the laws of the state of Kansas;

15 (9) become an incorporator, promoter, manager, member, stock-
16 holder or owner of other corporations or cooperatives, and conduct its
17 business and exercise its powers within this state and to participate with
18 other persons in any corporation, limited liability company, cooperative,
19 partnership, limited partnership, joint venture or other association of any
20 kind, or in any transaction, undertaking or arrangement which the par-
21 ticipating person would have power to conduct by itself, whether or not
22 such participation involves sharing or delegation of control with or to
23 others;

24 (10) adopt, amend and repeal bylaws; and

25 (11) do and perform any other acts and things, and to have and ex-
26 ercise any other powers which may be necessary, to accomplish the pur-
27 pose for which the cooperative is organized.

28 (b) No cooperative organized under this act nor any member of such
29 cooperative shall:

30 (1) Enter into any contract for parallel generation services pursuant
31 to K.S.A. 66-1,184, and amendments thereto, with regard to power gen-
32 erated by such cooperative or member from renewable resources;

33 (2) sell electricity at retail or have a certificated territory in this state;

34 (3) transfer or distribute electricity to any other member of the co-
35 operative; or

36 (4) resell electricity provided to the cooperative or member by the
37 cooperative's or member's provider of last resort.

38 Sec. 5. The name of an electric generation cooperative organized
39 under this act shall include the words "renewable," "generation" and
40 "cooperative" and the abbreviation "Inc.". The name of an electric gen-
41 eration cooperative shall be distinct from the name of any other coop-
42 erative or corporation organized under the laws of, or authorized to do
43 business in, this state. Only a cooperative doing business in this state

1 pursuant to this act shall use all of the following words in its name: “Re-
2 newable,” “generation” and “cooperative.”

3 Sec. 6. (a) The articles of incorporation of a cooperative organized
4 under this act shall recite that they are executed pursuant to this act and
5 shall state:

- 6 (1) The name of the cooperative;
- 7 (2) the address of its principal office;
- 8 (3) the names and addresses of the incorporators;
- 9 (4) the names and addresses of its directors; and
- 10 (5) the purposes for which it is organized.

11 (b) The articles of incorporation of a cooperative organized under this
12 act may contain any provisions, not inconsistent with this act, which are
13 deemed necessary or advisable for the conduct of the business of the
14 cooperative.

15 (c) The articles of incorporation shall be signed by each incorporator.

16 Sec. 7. The board of directors shall adopt the first bylaws of a co-
17 operative to be adopted following an incorporation, conversion, merger
18 or consolidation. Thereafter the members shall adopt, amend or repeal
19 the bylaws by the affirmative vote of a majority of those members voting
20 thereon at a meeting of the members. The bylaws shall set forth the rights
21 and duties of members and directors and may contain other provisions
22 for the regulation and management of the affairs of the cooperative not
23 inconsistent with this act or with the cooperative’s articles of
24 incorporation.

25 Sec. 8. Each incorporator of a cooperative shall be a member
26 thereof. No other person shall become a member of the cooperative un-
27 less such other person operates a generator which uses renewable re-
28 sources and has a capacity of more than 100 kilowatts and agrees to gen-
29 erate electricity using such generator and transmit and sell at wholesale
30 through the cooperative any such electricity in excess of that used by the
31 person. Any member of a cooperative who so agrees shall cease to be a
32 member of the cooperative if such member does not comply with the
33 terms of the agreement within two years after such person becomes a
34 member, or such lesser period as the bylaws of the cooperative may pro-
35 vide. A husband and wife may hold a joint membership in a cooperative.
36 Membership in a cooperative shall not be transferable, except as provided
37 in the bylaws. The bylaws may prescribe additional qualifications and
38 limitations in respect of membership.

39 Sec. 9. (a) An annual meeting of the members of a cooperative shall
40 be held at such time and place as shall be provided in the bylaws of the
41 cooperative.

42 (b) Special meetings of the members may be called by the president,
43 by the board of directors, by any three directors or by not less than 10%

1 of the members.

2 (c) Except as otherwise provided in this act, written or printed notice
3 stating the time and place of each meeting of the members and, in the
4 case of a special meeting, the purpose or purposes for which the meeting
5 is called, shall be given to each member, either personally or by mail, not
6 less than 10 days nor more than 35 days before the date of the meeting.
7 If mailed, such notice shall be deemed to be given when deposited in the
8 United States mail, with postage prepaid, addressed to the member at
9 the member's address as it appears on the records of the cooperative.

10 (d) Unless the bylaws prescribe the presence of a greater percentage
11 or number of the members for a quorum, a quorum for the transaction
12 of business at all meetings of the members of a cooperative shall be 5%
13 of all members, who must be present in person. If less than a quorum is
14 present at any meeting, a majority of those present in person may adjourn
15 the meeting without further notice.

16 (e) Each member shall be entitled to one vote on each matter sub-
17 mitted to a vote at a meeting of the members. Voting shall be in person
18 but, if the bylaws so provide, may also be by proxy or by mail, or both. If
19 the bylaws provide for voting by proxy or by mail, they shall also prescribe
20 the conditions under which voting shall be permitted. No person shall
21 vote as proxy more than three members at any meeting of the members.

22 Sec. 10. Any person entitled to notice of a meeting may waive such
23 notice in writing either before or after such meeting. If any such person
24 shall attend such meeting, such attendance shall constitute a waiver of
25 notice of such meeting unless such person participates therein solely to
26 object to the transaction of any business because the meeting has not
27 been legally called or convened.

28 Sec. 11. (a) The business of a cooperative shall be managed by a
29 board of not less than five directors, each of whom shall be a member of
30 the cooperative. The bylaws shall prescribe the number of directors, their
31 qualifications, other than those prescribed in this act, the manner of hold-
32 ing meetings of the board of directors and of electing successors to di-
33 rectors who resign, die or are otherwise incapable of acting as a director.
34 The bylaws may also provide for the removal of directors from office and
35 for the election of their successors. Directors shall not receive any salary
36 for their services as directors and, except in emergencies, shall not be
37 employed by the cooperative in any capacity involving compensation with-
38 out the approval of the members. The bylaws may provide that a fixed
39 fee and expenses of attendance may be allowed to each director for at-
40 tendance at each meeting of the board of directors and for other functions
41 duly authorized for and on behalf of the cooperative.

42 (b) The directors of a cooperative named in any articles of incorpo-
43 ration, consolidation, merger or conversion shall hold office until the next

1 annual meeting of the members and until their successors are elected and
2 qualify. At each annual meeting or, in case of failure to hold the annual
3 meeting as specified in the bylaws, at a special meeting called for that
4 purpose, the members shall elect directors to hold office until the next
5 annual meeting of the members, except as otherwise provided in this act.
6 Each director shall hold office for the term for which elected and until a
7 successor is elected and qualifies.

8 (c) Instead of electing all the directors annually, the bylaws may pro-
9 vide for half of the directors, or a number as near thereto as possible, to
10 be elected to serve until the next annual meeting of the members and
11 that the remaining directors shall be elected to serve until the second
12 succeeding annual meeting. Thereafter, as directors' terms expire, the
13 members shall elect successor directors to serve until the second suc-
14 ceeding annual meeting after their election.

15 (d) Instead of electing the directors in the manner provided in sub-
16 section (b) or (c), the bylaws may provide that the members shall be
17 elected at such annual meetings to serve for terms of three years, except
18 that the terms of the first directors elected pursuant to this subsection
19 may be fixed in such bylaws for a number of years not exceeding three
20 and, upon the expiration thereof, all members thereafter to be elected
21 for terms of three years.

22 (e) A majority of the board of directors shall constitute a quorum.

23 (f) If a husband and wife hold a joint membership in a cooperative,
24 either one, but not both, may be elected a director.

25 Sec. 12. The officers of a cooperative shall consist of a president,
26 vice-president, secretary and treasurer. The offices shall be elected an-
27 nually by and from the board of directors. When a person holding any
28 such office ceases to be a director, the person shall cease to hold such
29 office. The office of secretary and the office of treasurer may be held by
30 the same person. The board of directors may also elect or appoint such
31 other officers, agents or employees as the board deems necessary or ad-
32 visable and the board shall prescribe the powers and duties of such offi-
33 cers, agents or employees. Any officer may be removed from office and
34 a successor elected in the manner prescribed in the bylaws.

35 Sec. 13. A cooperative may amend its articles of incorporation in any
36 manner not inconsistent with this act by complying with the following
37 requirements: The proposed amendment shall be presented to a meeting
38 of the members, the notice of which shall set forth or have attached the
39 proposed amendment. If the proposed amendment, with any changes, is
40 approved by the affirmative vote of not less than $\frac{2}{3}$ of those members
41 voting at such meeting, articles of amendment shall be executed on behalf
42 of the cooperative by its president or vice-president and attested by its
43 secretary. The articles of amendment shall recite that they are executed

1 pursuant to this act and shall state: (a) The name of the cooperative; (b)
2 the address of its principal office; and (c) the amendment to its articles
3 of incorporation. The president or vice-president executing such articles
4 of amendment shall make and annex thereto an affidavit stating that the
5 amendment was submitted and adopted in compliance with the provisions
6 of this section.

7 Sec. 14. A cooperative, upon authorization of its board of directors
8 or its members, may change the location of its principal office to any
9 place within the state of Kansas by filing, in the office of the secretary of
10 state, a certificate which recites such change of principal office and which
11 is executed by the cooperative's president or vice-president and attested
12 by the cooperative's secretary.

13 Sec. 15. (a) Any two or more cooperatives organized under this act
14 may consolidate into a new cooperative by complying with the following
15 requirements:

16 (1) The proposition for the consolidation of the consolidating coop-
17 eratives into the new cooperative and proposed articles of consolidation
18 shall be submitted to a meeting of the members of each consolidating
19 cooperative, the notice of which shall have attached a copy of the pro-
20 posed articles of consolidation; and

21 (2) if the proposed consolidation and the proposed articles of con-
22 solidation, with any amendments, are approved by the affirmative vote of
23 not less than $\frac{2}{3}$ of the members of each consolidating cooperative voting
24 at each such meeting, articles of consolidation in the form approved shall
25 be executed on behalf of each consolidating cooperative by its president
26 or vice-president and attested by its secretary.

27 (b) Voting on the proposed articles of consolidation shall be in ac-
28 cordance with subsection (e) of section 9, and amendments thereto.

29 (c) The articles of consolidation shall recite that they are executed
30 pursuant to this act and shall state:

31 (1) The name of each consolidating cooperative and the address of
32 its principal office;

33 (2) the name of the new cooperative and the address of its principal
34 office;

35 (3) a statement that each consolidating cooperative agrees to the
36 consolidation;

37 (4) the names and addresses of the directors of the new cooperative;
38 and

39 (5) the terms and conditions of the consolidation and the mode of
40 carrying the same into effect, including the manner in which the members
41 of the consolidating cooperatives may or shall become members of the
42 new cooperative.

43 Such articles may contain any provisions, not inconsistent with this act,

1 which are deemed necessary or advisable for the conduct of the business
2 of the new cooperative.

3 (d) The president or vice-president of each consolidating cooperative
4 executing the articles of consolidation shall make and annex thereto an
5 affidavit stating that such articles were submitted and approved in com-
6 pliance with the provisions of this section.

7 Sec. 16. (a) Any one or more cooperatives may merge into another
8 cooperative by complying with the following requirements:

9 (1) The proposition for the merger of the merging cooperative into
10 the surviving cooperative and proposed articles of merger shall be sub-
11 mitted to a meeting of the members of each merging cooperative, the
12 notice of which shall have attached a copy of the proposed articles of
13 merger; and

14 (2) if the proposed merger and the proposed articles of merger, with
15 any amendments, are approved by the affirmative vote of not less than
16 $\frac{2}{3}$ of the members of each cooperative voting at each such meeting, ar-
17 ticles of merger in the form approved shall be executed on behalf of each
18 such cooperative by its president or vice-president and attested by its
19 secretary.

20 (b) Voting on the proposed articles of merger shall be in accordance
21 with subsection (e) of section 9, and amendments thereto.

22 (c) The articles of merger shall recite that they are executed pursuant
23 to this act and shall state:

24 (1) The name of each merging cooperative and the address of its
25 principal office;

26 (2) the name of the surviving cooperative and the address of its prin-
27 cipal office;

28 (3) a statement that each merging cooperative and the surviving co-
29 operative agree to the merger;

30 (4) the names and addresses of the directors of the surviving coop-
31 erative; and

32 (5) the terms and conditions of the merger and the mode of carrying
33 the same into effect, including the manner in which members of the
34 merging cooperatives may or shall become members of the surviving
35 cooperative.

36 Such articles may contain any provisions, not inconsistent with this act,
37 which are deemed necessary or advisable for the conduct of the business
38 of the surviving cooperative.

39 (d) The president or vice-president of each cooperative executing the
40 articles of merger shall make and annex thereto an affidavit stating that
41 such articles were submitted and approved in compliance with the pro-
42 visions of this section.

43 Sec. 17. (a) In the case of a consolidation, the existence of the con-

1 consolidating cooperatives shall cease and the articles of consolidation shall
2 be deemed to be the articles of incorporation of the new cooperative. In
3 case of a merger, the separate existence of the merging cooperatives shall
4 cease and the articles of incorporation of the surviving cooperatives shall
5 be amended to the extent, if any, that changes therein are necessary in
6 the articles of merger.

7 (b) All the rights, privileges, immunities and franchises and all prop-
8 erty, real and personal, including applications for membership, all debts
9 due on whatever account and all other choses in action, of each consoli-
10 dating or merging cooperative shall be deemed to be transferred to and
11 vested in the new or surviving cooperative without further act or deed.

12 (c) The new or surviving cooperative shall be responsible and liable
13 for all liabilities and obligations of each consolidating or merging coop-
14 erative and any claim existing or action or proceeding pending by or
15 against any of the consolidating or merging cooperatives may be prose-
16 cuted as if the consolidation or merger had not taken place, but the new
17 or surviving cooperative may be substituted in its place.

18 (d) Neither the rights of creditors nor any liens upon the property of
19 any such cooperative shall be impaired by such consolidation or merger.

20 Sec. 18. (a) A cooperative which has not commenced business may
21 be dissolved by delivering to the secretary of state articles of dissolution
22 which shall be executed on behalf of the cooperative by a majority of the
23 incorporators and which shall state:

- 24 (1) The name of the cooperative;
- 25 (2) the address of its principal office;
- 26 (3) that the cooperative has not commenced business;
- 27 (4) that any sums received by the cooperative, less any part thereof
28 disbursed for expenses of the cooperative, have been returned or paid to
29 those entitled thereto;
- 30 (5) that no debt of the cooperative is unpaid; and
- 31 (6) that a majority of the incorporators elect that the cooperative be
32 dissolved.

33 (b) A cooperative which has commenced business may be dissolved
34 in the following manner:

- 35 (1) The members at any meeting shall approve, by the affirmative
36 vote of not less than $\frac{2}{3}$ of those members voting on such proposal at such
37 meeting, a proposal that the cooperative be dissolved. Upon such ap-
38 proval, a certificate of election to dissolve shall be executed on behalf of
39 the cooperative by its president or vice-president and attested by its sec-
40 retary. Such certificate shall state: (A) The name of the cooperative; (B)
41 the address of its principal office; and (C) that the members of the co-
42 operative have duly voted that the cooperative be dissolved. Such certifi-
43 cate shall be submitted to the secretary of state for filing, together with

1 an affidavit, made by the cooperative's president or vice-president exe-
2 cuting the certificate, stating that the statements in the certificate are
3 true.

4 (2) Upon the filing of the certificate and affidavit by the secretary of
5 state, the cooperative shall cease to carry on its business except to the
6 extent necessary for the winding up thereof, but its corporate existence
7 shall continue until articles of dissolution have been filed by the secretary
8 of state. The board of directors shall immediately cause notice of the
9 dissolution proceedings to be mailed to each known creditor of and claim-
10 ant against the cooperative and to be published once a week for two
11 successive weeks in a newspaper of general circulation in the county
12 where the principal office of the cooperative is located. The board of
13 directors shall wind up and settle the affairs of the cooperative, collect
14 sums owing to it, liquidate its property and assets, pay and discharge its
15 debts, obligations and liabilities, and do all other things required to wind
16 up its business, and after paying or discharging or adequately providing
17 for the payment or discharge of all its debts, obligations and liabilities,
18 shall distribute any remaining sums among its members and former mem-
19 bers in proportion to the patronage of the respective members or former
20 members during the seven years next preceding the date of the filing of
21 the certificate by the secretary of state or, if the cooperative has not been
22 in existence for such period, then during the period of its existence prior
23 to such filing. The board of directors shall thereupon authorize the ex-
24 ecution of articles of dissolution, which shall be executed on behalf of the
25 cooperative by its president or vice-president, and attested by its
26 secretary.

27 (3) The articles of dissolution shall recite that they are executed pur-
28 suant to this act and shall state:

- 29 (A) The name of the cooperative;
30 (B) the address of its principal office;
31 (C) the date on which the certificate of election to dissolve was filed
32 by the secretary of state;
33 (D) that there are no actions or suits pending against the cooperative;
34 (E) that all debts, obligations and liabilities of the cooperative have
35 been paid and discharged or that adequate provision has been made
36 therefor; and
37 (F) that the preceding provisions of this subsection have been duly
38 complied with.

39 The president or vice-president executing the articles of dissolution
40 shall make and annex thereto an affidavit stating that the statements made
41 therein are true.

42 Sec. 19. Articles of incorporation, amendment, consolidation,
43 merger, conversion or dissolution, when executed and accompanied by

1 such affidavits as required by applicable provisions of this act, shall be
2 presented to the secretary of state for filing in the records of the secre-
3 tary's office. If the secretary of state finds that the articles presented
4 conform to the requirements of this act, the secretary, upon the payment
5 of the fees provided by this act, shall file such articles in the records of
6 the secretary's office. Upon such filing the incorporation, amendment,
7 consolidation, merger, conversion or dissolution shall be in effect. The
8 provisions of this section shall also apply to certificates of election to
9 dissolve and affidavits executed in connection with such certificates of
10 election to dissolve pursuant to subsection (b) of section 18, and amend-
11 ments thereto.

12 Sec. 20. (a) Except as otherwise determined by a vote of the mem-
13 bers of the cooperative, revenues of a cooperative for any fiscal year in
14 excess of the following shall be distributed by the cooperative to its mem-
15 bers in accordance with the bylaws of the cooperative:

16 (1) Amounts necessary to defray the expenses of operation and main-
17 tenance of facilities of the cooperative during such fiscal year;

18 (2) amounts necessary to pay interest and principal obligations of the
19 cooperative coming due in such fiscal year;

20 (3) amounts necessary to finance, or to provide a reserve for the fi-
21 nancing of, the construction or acquisition by the cooperative of additional
22 facilities to the extent determined by the board of directors;

23 (4) amounts necessary to provide a reasonable reserve for working
24 capital;

25 (5) amounts necessary to provide a reserve for the payment of in-
26 debtedness of the cooperative in an amount not less than the total of the
27 interest and principal payments in respect thereof required to be made
28 during the next following fiscal year.

29 (b) Nothing herein contained shall be construed to prohibit the pay-
30 ment by a cooperative of all or any part of its indebtedness prior to the
31 date when the same shall become due.

32 Sec. 21. (a) The board of directors of a cooperative shall have full
33 power and authority, without authorization by the members thereof, to
34 authorize the execution and delivery of a mortgage or mortgages or a
35 deed or deeds of trust of, or the pledging or encumbering of, any or all
36 of the property, assets, rights, privileges, licenses, franchises and permits
37 of the cooperative, whether acquired or to be acquired, and wherever
38 situated, as well as the revenues and income therefrom, all upon such
39 terms and conditions as the board of directors shall determine, to secure
40 any indebtedness of the cooperative.

41 (b) A cooperative may not otherwise sell, mortgage, lease or other-
42 wise dispose of or encumber all or a substantial portion of its property
43 unless such sale, mortgage, lease or other disposition or encumbrance is

1 authorized by the affirmative vote of not less than a majority of all the
2 members of the cooperative.

3 Sec. 22. No member of a cooperative shall be liable or responsible
4 for any debts of the cooperative and the property of the members shall
5 not be subject to execution therefor.

6 Sec. 23. Any mortgage, deed or trust or other instrument executed
7 by a cooperative doing business in this state pursuant to this act, which
8 affects real and personal property and which is recorded in the real prop-
9 erty records in any county in which such property is located or is to be
10 located, shall have the same force and effect as if the mortgage, deed of
11 trust or other instrument were also recorded, filed or indexed as provided
12 by law in the proper office in such county as a mortgage of personal
13 property. All after-acquired property of such cooperative described or
14 referred to as being mortgaged or pledged in any such mortgage, deed
15 of trust or other instrument, shall become subject to the lien thereof
16 immediately upon the acquisition of such property by such cooperative,
17 whether or not such property was in existence at the time of the execution
18 of such mortgage, deed or trust or other instrument. Recordation of any
19 such mortgage, deed of trust or other instrument shall constitute notice
20 and otherwise have the same effect with respect to such after-acquired
21 property as it has under the laws relating to recordation, with respect to
22 property owned by such cooperative at the time of the execution of such
23 mortgage, deed of trust or other instrument and therein described or
24 referred to as being mortgaged or pledged thereby. The lien upon per-
25 sonal property of any such mortgage, deed of trust or other instrument,
26 after recordation thereof, shall continue in existence and of record for
27 the period of time specified therein without the refileing thereof or the
28 filing of any renewal certificate, affidavit or other supplemental infor-
29 mation required by the laws relating to the renewal, maintenance or ex-
30 tension of liens upon personal property.

31 Sec. 24. No action or suit may be brought against a cooperative doing
32 business in this state pursuant to this act, or against any agent, servant or
33 employee thereof, by reason of the maintenance of electric transmission
34 lines on any real property after the expiration of a period of two years of
35 continuous maintenance of such lines without the consent of the person
36 or persons legally entitled to object to such maintenance.

37 Sec. 25. No person who is authorized to take acknowledgments un-
38 der the laws of this state shall be disqualified from taking acknowledg-
39 ments of instruments executed in favor of a cooperative or to which it is
40 a party, by reason of being an officer, director or member of such
41 cooperative.

42 Sec. 26. (a) Cooperatives doing business in this state pursuant to this
43 act shall be subject to the jurisdiction and control of the state corporation

1 commission of this state in those provisions of chapter 66 of the Kansas
2 Statutes Annotated applicable to electric utilities.

3 (b) No merger or consolidation of any cooperative organized under
4 the provisions of this act shall become effective until approved by the
5 state corporation commission.

6 Sec. 27. The provisions of the Kansas securities act shall not apply
7 to any note, bond or other evidence of indebtedness issued by any co-
8 operative doing business in this state pursuant to this act to the United
9 States of America or any agency or instrumentality thereof, or to any
10 mortgage, deed of trust or other instrument executed to secure the same.
11 The provisions of such securities act shall not apply to the issuance of
12 membership certificates by any cooperative.

13 Sec. 28. (a) Every cooperative organized under this act shall make
14 an annual report in writing to the secretary of state, showing the financial
15 condition of the cooperative at the close of business on the last day of its
16 tax period next preceding the date of filing, but if any such cooperative's
17 tax period is other than the calendar year, it shall give notice thereof to
18 the secretary of state prior to December 31 of the year it commences
19 such tax period. The report shall be filed on or before the 15th day of
20 the fourth month following the close of the tax year of the electric co-
21 operative. An extension for filing the annual report may be granted upon
22 the filing of a written application with the secretary of state prior to the
23 due date of the report, except that no such extension may be granted for
24 a period of more than 90 days. The report shall be made on a form
25 provided by the secretary of state, containing the following information:

- 26 (1) The name of the cooperative;
- 27 (2) the location of the principal office of the cooperative;
- 28 (3) the names and addresses of the president, secretary, treasurer and
29 directors of the cooperative;
- 30 (4) the number of members of the cooperative;
- 31 (5) a balance sheet showing the financial condition of the cooperative
32 at the close of business on the last day of its tax period next preceding
33 the date of filing; and
- 34 (6) the change or changes, if any, in the particulars made since the
35 last annual report.

36 (b) The annual report shall be signed by the president, vice-president
37 or secretary of the cooperative, sworn to before an officer duly authorized
38 to administer oaths, and forwarded to the secretary of state. At the time
39 of filing such annual report, the cooperative shall pay an annual franchise
40 tax of \$20.

41 Sec. 29. A cooperative organized under this act shall pay the costs of
42 use of distribution and transmission systems by the cooperative to trans-
43 mit electricity and the costs of transmission system improvements, other

1 upgrades and metering necessary for system operation. The cooperative
2 shall negotiate with the owners of distribution and transmission systems
3 for the purpose of determining such costs.

4 Sec. 30. If a member of a cooperative organized under this act is
5 located within the certificated territory of a retail electric supplier, such
6 supplier may charge such member of the cooperative a monthly fee which
7 reflects the cost of providing standby electric service, distribution system
8 repair and maintenance and other reasonable costs of being the provider
9 of last resort.

10 Sec. 31. Any agreement between a cooperative organized under this
11 act and the owner of distribution or transmission lines directly intercon-
12 necting with generation facilities of members of such cooperative for use
13 of such lines by the cooperative shall require that all safety, system reli-
14 ability and other appropriate issues shall have been satisfactorily resolved
15 by the parties prior to the cooperative's first delivery of electricity.

16 Sec. 32. If any provisions of this act or its application to any person
17 or circumstances is held invalid, the invalidity does not affect other pro-
18 visions or applications of the act that can be given effect without the
19 invalid provisions or application. To this end the provisions of this act are
20 severable.

21 Sec. 33. This act shall take effect and be in force from and after its
22 publication in the statute book.

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