

HOUSE BILL No. 2018

AN ACT concerning electricity; providing for the organization of cooperative corporations to generate electricity from renewable resources and technologies and to transmit and sell such electricity at wholesale; authorizing issuance of bonds for certain purposes.

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

Section 1. Sections 1 through 30, and amendments thereto, may be cited as the renewable energy electric generation cooperative act.

Sec. 2. As used in the renewable energy electric generation cooperative act:

(a) "Cooperative" means any corporation organized under the renewable energy electric generation cooperative act or which becomes subject to the renewable energy electric generation cooperative act in the manner hereinafter provided.

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

(c) "Renewable attributes" has the meaning provided in K.S.A. 66-1,184a, and amendments thereto.

(d) "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 the renewable energy electric generation cooperative 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 the renewable energy electric generation cooperative 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) sell renewable attributes of the cooperative or of members of the cooperative;
- (6) 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 real or personal property, tangible or intangible, necessary to accomplish the purpose for which the cooperative may be organized hereunder;
- (7) purchase, lease as lessee or otherwise acquire, and use, and exercise and to sell, assign, convey, mortgage, pledge or otherwise dispose of or encumber, franchises, rights, privileges, licenses and easements;
- (8) borrow money and otherwise contract indebtedness, and to issue notes, bonds and other evidences of indebtedness, and to secure the payment thereof by mortgage, pledge, or deed of trust of, or any other encumbrance upon, any or all of its then-owned or after-acquired real or personal property, assets, franchises, revenues or income;
- (9) construct, maintain and operate electric transmission lines along, upon, under and across publicly owned lands and public thoroughfares, roads, highways, streets, alleys, bridges and causeways in conformity with the laws of the state of Kansas;
- (10) become an incorporator, promoter, manager, member, stockholder or owner of other corporations or cooperatives, and conduct its business and exercise its powers within this state and to participate with other persons in any corporation, limited liability company, cooperative, partnership, limited partnership, joint venture or other association of any kind, or in any transaction, undertaking or arrangement which the participating person would have power to conduct by itself, whether or not such participation involves sharing or delegation of control with or to others;
- (11) adopt, amend and repeal bylaws; and
- (12) do and perform any other acts and things, and to have and ex-

exercise any other powers which may be necessary, to accomplish the purpose for which the cooperative is organized.

(b) No cooperative organized under the renewable energy electric generation cooperative act nor any member of such cooperative shall:

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

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

(3) transfer or distribute electricity to any other member of the cooperative; or

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

Sec. 5. The name of an electric generation cooperative organized under the renewable energy electric generation cooperative act shall include the words "renewable," "generation" and "cooperative" and the abbreviation "Inc.". The name of an electric generation cooperative shall be distinct from the name of any other cooperative or corporation organized under the laws of, or authorized to do business in, this state. Only a cooperative doing business in this state pursuant to the renewable energy electric generation cooperative act shall use all of the following words in its name: "Renewable," "generation" and "cooperative."

Sec. 6. (a) The articles of incorporation of a cooperative organized under the renewable energy electric generation cooperative act shall recite that they are executed pursuant to the renewable energy electric generation cooperative act and shall state:

(1) The name of the cooperative;

(2) the address of its principal office;

(3) the names and addresses of the incorporators;

(4) the names and addresses of its directors; and

(5) the purposes for which it is organized.

(b) The articles of incorporation of a cooperative organized under the renewable energy electric generation cooperative act may contain any provisions, not inconsistent with the renewable energy electric generation cooperative act, which are deemed necessary or advisable for the conduct of the business of the cooperative.

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

Sec. 7. The board of directors shall adopt the first bylaws of a cooperative to be adopted following an incorporation, conversion, merger or consolidation. Thereafter the members shall adopt, amend or repeal the bylaws by the affirmative vote of a majority of those members voting thereon at a meeting of the members. The bylaws shall set forth the rights and duties of members and directors and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with the renewable energy electric generation cooperative act or with the cooperative's articles of incorporation.

Sec. 8. Each incorporator of a cooperative shall be a member thereof. No person shall become a member of the cooperative unless such person operates generation facilities which use renewable resources and have a capacity of at least 100 kilowatts and agrees to generate electricity using such facilities and: (a) Transmit and sell at wholesale through the cooperative any such electricity in excess of that used by the person; (b) sell through the cooperative renewable attributes; or (c) both. Any member of a cooperative who so agrees shall cease to be a member of the cooperative if such member does not comply with the terms of the agreement within two years after such person becomes a member, or such lesser period as the bylaws of the cooperative may provide. A husband and wife may hold a joint membership in a cooperative. Membership in a cooperative shall not be transferable, except as provided in the bylaws. The bylaws may prescribe additional qualifications and limitations in respect of membership.

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

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

(c) Except as otherwise provided in the renewable energy electric

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

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

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

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

Sec. 11. (a) The business of a cooperative shall be managed by a board of not less than five directors, each of whom shall be a member of the cooperative. The bylaws shall prescribe the number of directors, their qualifications, other than those prescribed in the renewable energy electric generation cooperative act, the manner of holding meetings of the board of directors and of electing successors to directors who resign, die or are otherwise incapable of acting as a director. The bylaws may also provide for the removal of directors from office and for the election of their successors. Directors shall not receive any salary for their services as directors and, except in emergencies, shall not be employed by the cooperative in any capacity involving compensation without the approval of the members. The bylaws may provide that a fixed fee and expenses of attendance may be allowed to each director for attendance at each meeting of the board of directors and for other functions duly authorized for and on behalf of the cooperative.

(b) The directors of a cooperative named in any articles of incorporation, consolidation, merger or conversion shall hold office until the next annual meeting of the members and until their successors are elected and qualify. At each annual meeting or, in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect directors to hold office until the next annual meeting of the members, except as otherwise provided in the renewable energy electric generation cooperative act. Each director shall hold office for the term for which elected and until a successor is elected and qualifies.

(c) Instead of electing all the directors annually, the bylaws may provide for half of the directors, or a number as near thereto as possible, to be elected to serve until the next annual meeting of the members and that the remaining directors shall be elected to serve until the second succeeding annual meeting. Thereafter, as directors' terms expire, the members shall elect successor directors to serve until the second succeeding annual meeting after their election.

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

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

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

Sec. 12. The officers of a cooperative shall consist of a president, vice-president, secretary and treasurer. The offices shall be elected annually by and from the board of directors. When a person holding any such office ceases to be a director, the person shall cease to hold such office. The office of secretary and the office of treasurer may be held by the same person. The board of directors may also elect or appoint such other officers, agents or employees as the board deems necessary or advisable and the board shall prescribe the powers and duties of such officers, agents or employees. Any officer may be removed from office and a successor elected in the manner prescribed in the bylaws.

Sec. 13. A cooperative may amend its articles of incorporation in any manner not inconsistent with the renewable energy electric generation cooperative act by complying with the following requirements: The proposed amendment shall be presented to a meeting of the members, the notice of which shall set forth or have attached the proposed amendment. If the proposed amendment, with any changes, is approved by the affirmative vote of not less than $\frac{2}{3}$ of those members voting at such meeting, articles of amendment shall be executed on behalf of the cooperative by its president or vice-president and attested by its secretary. The articles of amendment shall recite that they are executed pursuant to the renewable energy electric generation cooperative act and shall state: (a) The name of the cooperative; (b) the address of its principal office; and (c) the amendment to its articles of incorporation. The president or vice-president executing such articles of amendment shall make and annex thereto an affidavit stating that the amendment was submitted and adopted in compliance with the provisions of this section.

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

Sec. 15. (a) Any two or more cooperatives organized under the renewable energy electric generation cooperative act may merge into a single cooperative, which may be any one of the constituent cooperatives, or may consolidate into a new cooperative formed by the consolidation, by complying with the following requirements:

(1) The proposition for the merger or consolidation of the cooperatives and proposed articles of merger or consolidation shall be submitted to a meeting of the members of each merging or consolidating cooperative, the notice of which shall have attached a copy of the proposed articles of merger or consolidation; and

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

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

(c) The articles of merger or consolidation shall recite that they are executed pursuant to the renewable energy electric generation cooperative act and shall state:

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

(2) the name of the surviving or new cooperative and the address of its principal office;

(3) a statement that each merging or consolidating cooperative agrees to the merger or consolidation;

(4) the names and addresses of the directors of the surviving or new cooperative; and

(5) the terms and conditions of the merger or consolidation and the mode of carrying the same into effect, including the manner in which the

members of the merging or consolidating cooperatives may or shall become members of the surviving or new cooperative.

Such articles may contain any provisions, not inconsistent with the renewable energy electric generation cooperative act, which are deemed necessary or advisable for the conduct of the business of the surviving or new cooperative.

(d) The president or vice-president of each merging or consolidating cooperative executing the articles of merger or consolidation shall make and annex thereto an affidavit stating that such articles were submitted and approved in compliance with the provisions of this section.

Sec. 16. (a) In the case of a consolidation, the existence of the consolidating cooperatives shall cease and the articles of consolidation shall be deemed to be the articles of incorporation of the new cooperative. In case of a merger, the separate existence of the merging cooperatives shall cease and the articles of incorporation of the surviving cooperatives shall be amended to the extent, if any, that changes therein are necessary in the articles of merger.

(b) All the rights, privileges, immunities and franchises and all property, real and personal, including applications for membership, all debts due on whatever account and all other choses in action, of each consolidating or merging cooperative shall be deemed to be transferred to and vested in the new or surviving cooperative without further act or deed.

(c) The new or surviving cooperative shall be responsible and liable for all liabilities and obligations of each consolidating or merging cooperative and any claim existing or action or proceeding pending by or against any of the consolidating or merging cooperatives may be prosecuted as if the consolidation or merger had not taken place, but the new or surviving cooperative may be substituted in its place.

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

Sec. 17. (a) A cooperative which has not commenced business may be dissolved by delivering to the secretary of state articles of dissolution which shall be executed on behalf of the cooperative by a majority of the incorporators and which shall state:

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

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

(1) The members at any meeting shall approve, by the affirmative vote of not less than $\frac{2}{3}$ of those members voting on such proposal at such meeting, a proposal that the cooperative be dissolved. Upon such approval, a certificate of election to dissolve shall be executed on behalf of the cooperative by its president or vice-president and attested by its secretary. Such certificate shall state: (A) The name of the cooperative; (B) the address of its principal office; and (C) that the members of the cooperative have duly voted that the cooperative be dissolved. Such certificate shall be submitted to the secretary of state for filing, together with an affidavit, made by the cooperative's president or vice-president executing the certificate, stating that the statements in the certificate are true.

(2) Upon the filing of the certificate and affidavit by the secretary of state, the cooperative shall cease to carry on its business except to the extent necessary for the winding up thereof, but its corporate existence shall continue until articles of dissolution have been filed by the secretary of state. The board of directors shall immediately cause notice of the dissolution proceedings to be mailed to each known creditor of and claimant against the cooperative and to be published once a week for two successive weeks in a newspaper of general circulation in the county where the principal office of the cooperative is located. 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, and do all other things required to wind up its business, and after paying or discharging or adequately providing for the payment or discharge of all its debts, obligations and liabilities, shall distribute any remaining sums among its members and former members in proportion to the patronage of the respective members or former members during the seven years next preceding the date of the filing of the certificate by the secretary of state or, if the cooperative has not been in existence for such period, then during the period of its existence prior to such filing. The board of directors shall thereupon authorize the execution of articles of dissolution, which shall be executed on behalf of the cooperative by its president or vice-president, and attested by its secretary.

(3) The articles of dissolution shall recite that they are executed pursuant to the renewable energy electric generation cooperative act and shall state:

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

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

Sec. 18. Articles of incorporation, amendment, consolidation, merger, conversion or dissolution, when executed and accompanied by such affidavits as required by applicable provisions of the renewable energy electric generation cooperative act, shall be presented to the secretary of state for filing in the records of the secretary's office. If the secretary of state finds that the articles presented conform to the requirements of the renewable energy electric generation cooperative act, the secretary, upon the payment of the fees provided by the renewable energy electric generation cooperative act, shall file such articles in the records of the secretary's office. Upon such filing the incorporation, amendment, consolidation, merger, conversion or dissolution shall be in effect. The provisions of this section shall also apply to certificates of election to dissolve and affidavits executed in connection with such certificates of election to dissolve pursuant to subsection (b) of section 17, and amendments thereto.

Sec. 19. (a) Except as otherwise determined by a vote of the members of the cooperative, revenues of a cooperative for any fiscal year in excess of the following shall be distributed by the cooperative to its members in accordance with the bylaws of the cooperative:

- (1) Amounts necessary to defray the expenses of operation and maintenance of facilities of the cooperative during such fiscal year;
- (2) amounts necessary to pay interest and principal obligations of the cooperative coming due in such fiscal year;
- (3) amounts necessary to finance, or to provide a reserve for the financing of, the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of directors;
- (4) amounts necessary to provide a reasonable reserve for working capital;
- (5) amounts necessary to provide a reserve for the payment of indebtedness of the cooperative in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year.

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

Sec. 20. (a) The board of directors of a cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a

deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the cooperative.

(b) A cooperative may not otherwise sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by the affirmative vote of not less than a majority of all the members of the cooperative.

Sec. 21. No member of a cooperative shall be liable or responsible for any debts of the cooperative and the property of the members shall not be subject to execution therefor.

Sec. 22. Any mortgage, deed or trust or other instrument executed by a cooperative doing business in this state pursuant to the renewable energy electric generation cooperative act, which affects real and personal property and which is recorded in the real property records in any county in which such property is located or is to be located, shall have the same force and effect as if the mortgage, deed of trust or other instrument were also recorded, filed or indexed as provided by law in the proper office in such county as a mortgage of personal property. All after-acquired property of such cooperative described or referred to as being mortgaged or pledged in any such mortgage, deed of trust or other instrument, shall become subject to the lien thereof immediately upon the acquisition of such property by such cooperative, whether or not such property was in existence at the time of the execution of such mortgage, deed or trust or other instrument. Recordation of any such mortgage, deed of trust or other instrument shall constitute notice and otherwise have the same effect with respect to such after-acquired property as it has under the laws relating to recordation, with respect to property owned by such cooperative at the time of the execution of such mortgage, deed of trust or other instrument and therein described or referred to as being mortgaged or pledged thereby. The lien upon personal property of any such mortgage, deed of trust or other instrument, after recordation thereof, shall continue in existence and of record for the period of time specified therein without the re-filing thereof or the filing of any renewal certificate, affidavit or other supplemental information required by the laws relating to the renewal, maintenance or extension of liens upon personal property.

Sec. 23. No action or suit affecting an easement or lease may be brought against a cooperative doing business in this state pursuant to the renewable energy electric generation cooperative act, or against any agent, servant or employee thereof, by reason of the maintenance of electric transmission lines on any real property after the expiration of a period of two years of continuous maintenance of such lines without the consent of the person or persons legally entitled to object to such maintenance.

Sec. 24. No person who is authorized to take acknowledgments under the laws of this state shall be disqualified from taking acknowledgments of instruments executed in favor of a cooperative or to which it is a party, by reason of being an officer, director or member of such cooperative.

Sec. 25. (a) Cooperatives doing business in this state pursuant to the renewable energy electric generation cooperative act shall be subject to the jurisdiction and control of the state corporation commission of this state in those provisions of chapter 66 of the Kansas Statutes Annotated applicable to electric utilities.

(b) No merger or consolidation of any cooperative organized under the provisions of the renewable energy electric generation cooperative act shall become effective until approved by the state corporation commission.

Sec. 26. The provisions of the Kansas securities act shall not apply to any note, bond or other evidence of indebtedness issued by any cooperative doing business in this state pursuant to the renewable energy electric generation cooperative act to the United States of America or any agency or instrumentality thereof, or to any mortgage, deed of trust or

other instrument executed to secure the same. The provisions of such securities act shall not apply to the issuance of membership certificates by any cooperative.

Sec. 27. (a) Every cooperative organized under the renewable energy electric generation cooperative act shall make an annual report in writing to the secretary of state, showing the financial condition of the cooperative at the close of business on the last day of its tax period next preceding the date of filing, but if any such cooperative's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The report shall be filed on or before the 15th day of the fourth month following the close of the tax year of the electric cooperative. An extension for filing the annual report may be granted upon the filing of a written application with the secretary of state prior to the due date of the report, except that no such extension may be granted for a period of more than 90 days. The report shall be made on a form provided by the secretary of state, containing the following information:

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

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

Sec. 28. A cooperative organized under the renewable energy electric generation cooperative act shall pay the costs of use of distribution and transmission systems by the cooperative to transmit electricity, the costs of a generation interconnect study to the extent required by the standard provisions for agreements for interconnection and the costs of transmission system improvements, other upgrades and metering necessary for system operation. The cooperative shall negotiate with the owners of distribution and transmission systems for the purpose of determining such costs.

Sec. 29. If a member of a cooperative organized under the renewable energy electric generation cooperative act is located within the certificated territory of a retail electric supplier, such supplier may charge such member of the cooperative a monthly fee which reflects the cost of providing standby electric service, distribution system repair and maintenance and other reasonable costs of being the provider of last resort.

Sec. 30. Any agreement between a cooperative organized under the renewable energy electric generation cooperative act and the owner of distribution or transmission lines directly interconnecting with generation facilities of members of such cooperative for use of such lines by the cooperative shall require that all safety, system reliability and other appropriate issues shall have been satisfactorily resolved by the parties prior to the cooperative's first delivery of electricity.

Sec. 31. (a) As used in this section:

- (1) "Appurtenances" means all substations, towers, poles and other structures and equipment necessary for the bulk transfer of electricity.
- (2) "Electric transmission line" means any line or extension of a line which is at least five miles long and which is used for the bulk transfer of electricity.

(b) The Kansas development finance authority is hereby authorized to issue revenue bonds in amounts sufficient to pay the following described costs of construction, upgrading and acquisition, including any required interest on the bonds during such construction, upgrading and acquisition, plus all amounts required for the costs of bond issuance and any required reserves on the bonds: (1) Construction or upgrading of electric transmission lines and appurtenances to be used for the transfer

of 69 kilovolts or more of electricity; (2) acquisition of the right-of-way on which transmission lines and appurtenances to be used for the transfer of 69 kilovolts or more of electricity are to be constructed; and (3) upgrading of electric transmission lines and appurtenances to be used for the transfer of 69 kilovolts or more of electricity. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues derived from use of the transmission lines.

(c) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(e) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

Sec. 32. On or before September 1, 2003, the state corporation commission shall establish standard provisions, including applicable fees, for agreements providing for interconnection between the facilities of an electric public utility, as defined by K.S.A. 66-101a, and amendments thereto, and a generator which generates electricity from renewable resources or technologies, as defined by section 2, and amendments thereto.

Sec. 33. If any provisions of this act or its application to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provisions or application. To this end the provisions of this act are severable.

Sec. 34. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE concurred in
SENATE amendments _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.