

HOUSE BILL No. 2633

By Committee on Utilities

1-15

AN ACT enacting the renewable energy electricity purchasing cooperative act; providing for the organization of cooperative corporations to purchase at wholesale electricity generated from renewable resources and technologies and to sell such electricity at retail to members of the cooperative; amending K.S.A. 66-1,170 and repealing the existing section.

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

New Section 1. Sections 1 through 29, and amendments thereto, may be cited as the renewable energy electric purchasing cooperative act.

New Sec. 2. As used in sections 1 through 29, and amendments thereto:

(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.

New Sec. 3. Five or more persons may organize a cooperative, non-profit, 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, purchasing at wholesale electricity generated from renewable resources and technologies and selling and providing for the distribution of such electricity at retail to members of the cooperative.

New Sec. 4. 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:

- (a) Sue and be sued in its corporate name;
- (b) have perpetual existence;
- (c) adopt a corporate seal and alter the same;
- (d) purchase at wholesale electricity generated from renewable resources or technologies, sell at retail and provide for the distribution of such electricity to members of the cooperative;

1 (e) enter into contracts for the use of electric distribution lines and
2 systems to distribute electricity to members of the cooperative;

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

20 (i) adopt, amend and repeal bylaws; and

21 (j) do and perform any other acts and things, and to have and exercise
22 any other powers which may be necessary, to accomplish the purpose for
23 which the cooperative is organized.

24 New Sec. 5. The name of an electric purchasing cooperative organ-
25 ized under this act shall include the words "renewable," "purchasing" and
26 "cooperative" and the abbreviation "Inc." The name of an electric pur-
27 chasing cooperative shall be distinct from the name of any other coop-
28 erative or corporation organized under the laws of, or authorized to do
29 business in, this state. Only a cooperative doing business in this state
30 pursuant to this act shall use all the words "renewable," "purchasing" and
31 "cooperative" in its name.

32 New Sec. 6. (a) The articles of incorporation of a cooperative organ-
33 ized under this act shall recite that they are executed pursuant to this act
34 and shall state:

35 (1) The name of the cooperative;

36 (2) the address of its principal office;

37 (3) the names and addresses of the incorporators;

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

39 (5) the purposes for which it is organized.

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

1 (c) The articles of incorporation shall be signed by each incorporator.
2 New Sec. 7. The board of directors shall adopt the first bylaws of a
3 cooperative to be adopted following an incorporation, conversion, merger
4 or consolidation. Thereafter the members shall adopt, amend or repeal
5 the bylaws by the affirmative vote of a majority of those members voting
6 thereon at a meeting of the members. The bylaws shall set forth the rights
7 and duties of members and directors and may contain other provisions
8 for the regulation and management of the affairs of the cooperative not
9 inconsistent with this act or with the cooperative's articles of
10 incorporation.

11 New Sec. 8. Each incorporator of a cooperative shall be a member
12 thereof. No other person shall become a member of the cooperative un-
13 less such other person agrees to purchase at retail electricity from the
14 cooperative. Any member of a cooperative who agrees to purchase at
15 retail electricity from the cooperative shall cease to be a member of the
16 cooperative if such member does not purchase at retail electricity from
17 the cooperative within two years after such person becomes a member,
18 or such lesser period as the bylaws of the cooperative may provide. A
19 husband and wife may hold a joint membership in a cooperative. Mem-
20 bership in a cooperative shall not be transferable, except as provided in
21 the bylaws. The bylaws may prescribe additional qualifications and limi-
22 tations in respect of membership.

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

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

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

37 (d) Unless the bylaws prescribe the presence of a greater percentage
38 or number of the members for a quorum, a quorum for the transaction
39 of business at all meetings of the members of a cooperative having not
40 more than 1,000 members, shall be 5% of all members, who must be
41 present in person, and of a cooperative having more than 1,000 members,
42 shall be 50 members, present in person. If less than a quorum is present
43 at any meeting, a majority of those present in person may adjourn the

1 meeting without further notice.

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

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

14 New Sec. 11. (a) The business of a cooperative shall be managed by
15 a board of not less than five directors, each of whom shall be a member
16 of the cooperative. The bylaws shall prescribe the number of directors,
17 their qualifications, other than those prescribed in this act, the manner
18 of holding meetings of the board of directors and of electing successors
19 to directors who resign, die or are otherwise incapable of acting as a
20 director. The bylaws may also provide for the removal of directors from
21 office and for the election of their successors. Directors shall not receive
22 any salary for their services as directors and, except in emergencies, shall
23 not be employed by the cooperative in any capacity involving compen-
24 sation without the approval of the members. The bylaws may provide that
25 a fixed fee and expenses of attendance may be allowed to each director
26 for attendance at each meeting of the board of directors and for other
27 functions duly authorized for and on behalf of the cooperative.

28 (b) The directors of a cooperative named in any articles of incorpo-
29 ration, consolidation, merger or conversion shall hold office until the next
30 annual meeting of the members and until their successors are elected and
31 qualify. At each annual meeting or, in case of failure to hold the annual
32 meeting as specified in the bylaws, at a special meeting called for that
33 purpose, the members shall elect directors to hold office until the next
34 annual meeting of the members, except as otherwise provided in this act.
35 Each director shall hold office for the term for which elected and until a
36 successor is elected and qualifies.

37 (c) Instead of electing all the directors annually, the bylaws may pro-
38 vide for half of the directors, or a number as near thereto as possible, to
39 be elected to serve until the next annual meeting of the members and
40 that the remaining directors shall be elected to serve until the second
41 succeeding annual meeting. Thereafter, as directors' terms expire, the
42 members shall elect successor directors to serve until the second suc-
43 ceeding annual meeting after their election.

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

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

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

11 New Sec. 12. The officers of a cooperative shall consist of a presi-
12 dent, vice-president, secretary and treasurer. The offices shall be elected
13 annually by and from the board of directors. When a person holding any
14 such office ceases to be a director, the person shall cease to hold such
15 office. The office of secretary and the office of treasurer may be held by
16 the same person. The board of directors may also elect or appoint such
17 other officers, agents or employees as the board deems necessary or ad-
18 visable and the board shall prescribe the powers and duties of such offi-
19 cers, agents or employees. Any officer may be removed from office and
20 a successor elected in the manner prescribed in the bylaws.

21 New Sec. 13. A cooperative may amend its articles of incorporation
22 in any manner not inconsistent with this act by complying with the fol-
23 lowing requirements: The proposed amendment shall be presented to a
24 meeting of the members, the notice of which shall set forth or have at-
25 tached the proposed amendment. If the proposed amendment, with any
26 changes, is approved by the affirmative vote of not less than $\frac{2}{3}$ of those
27 members voting at such meeting, articles of amendment shall be executed
28 on behalf of the cooperative by its president or vice-president and attested
29 by its secretary. The articles of amendment shall recite that they are
30 executed pursuant to this act and shall state: (a) The name of the coop-
31 erative; (b) the address of its principal office; and (c) the amendment to
32 its articles of incorporation. The president or vice-president executing
33 such articles of amendment shall make and annex thereto an affidavit
34 stating that the amendment was submitted and adopted in compliance
35 with the provisions of this section.

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

42 New Sec. 15. (a) Any two or more cooperatives organized under this
43 act may consolidate into a new cooperative by complying with the follow-

1 ing requirements:

2 (1) The proposition for the consolidation of the consolidating coop-
3 eratives into the new cooperative and proposed articles of consolidation
4 shall be submitted to a meeting of the members of each consolidating
5 cooperative, the notice of which shall have attached a copy of the pro-
6 posed articles of consolidation; and

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

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

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

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

19 (2) the name of the new cooperative and the address of its principal
20 office;

21 (3) a statement that each consolidating cooperative agrees to the
22 consolidation;

23 (4) the names and addresses of the directors of the new cooperative;
24 and

25 (5) the terms and conditions of the consolidation and the mode of
26 carrying the same into effect, including the manner in which the members
27 of the consolidating cooperatives may or shall become members of the
28 new cooperative.

29 Such articles may contain any provisions, not inconsistent with this act,
30 which are deemed necessary or advisable for the conduct of the business
31 of the new cooperative.

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

36 New Sec. 16. (a) Any one or more cooperatives may merge into an-
37 other cooperative by complying with the following requirements:

38 (1) The proposition for the merger of the merging cooperative into
39 the surviving cooperative and proposed articles of merger shall be sub-
40 mitted to a meeting of the members of each merging cooperative, the
41 notice of which shall have attached a copy of the proposed articles of
42 merger; and

43 (2) if the proposed merger and the proposed articles of merger, with

1 any amendments, are approved by the affirmative vote of not less than
2 $\frac{2}{3}$ of the members of each cooperative voting at each such meeting, ar-
3 ticles of merger in the form approved shall be executed on behalf of each
4 such cooperative by its president or vice-president and attested by its
5 secretary.

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

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

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

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

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

16 (4) the names and addresses of the directors of the surviving coop-
17 erative; and

18 (5) the terms and conditions of the merger and the mode of carrying
19 the same into effect, including the manner in which members of the
20 merging cooperatives may or shall become members of the surviving
21 cooperative.

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

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

29 New Sec. 17. (a) In the case of a consolidation, the existence of the
30 consolidating cooperatives shall cease and the articles of consolidation
31 shall be deemed to be the articles of incorporation of the new cooperative.
32 In case of a merger, the separate existence of the merging cooperatives
33 shall cease and the articles of incorporation of the surviving cooperatives
34 shall be amended to the extent, if any, that changes therein are necessary
35 in the articles of merger.

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

41 (c) The new or surviving cooperative shall be responsible and liable
42 for all liabilities and obligations of each consolidating or merging coop-
43 erative and any claim existing or action or proceeding pending by or

1 against any of the consolidating or merging cooperatives may be prose-
2 cuted as if the consolidation or merger had not taken place, but the new
3 or surviving cooperative may be substituted in its place.

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

6 New Sec. 18. (a) A cooperative which has not commenced business
7 may be dissolved by delivering to the secretary of state articles of disso-
8 lution which shall be executed on behalf of the cooperative by a majority
9 of the incorporators and which shall state:

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

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

21 (1) The members at any meeting shall approve, by the affirmative
22 vote of not less than $\frac{2}{3}$ of those members voting on such proposal at such
23 meeting, a proposal that the cooperative be dissolved. Upon such ap-
24 proval, a certificate of election to dissolve shall be executed on behalf of
25 the cooperative by its president or vice-president and attested by its sec-
26 retary. Such certificate shall state: (A) The name of the cooperative; (B)
27 the address of its principal office; and (C) that the members of the co-
28 operative have duly voted that the cooperative be dissolved. Such certifi-
29 cate shall be submitted to the secretary of state for filing, together with
30 an affidavit, made by the cooperative's president or vice-president exe-
31 cuting the certificate, stating that the statements in the certificate are
32 true.

33 (2) Upon the filing of the certificate and affidavit by the secretary of
34 state, the cooperative shall cease to carry on its business except to the
35 extent necessary for the winding up thereof, but its corporate existence
36 shall continue until articles of dissolution have been filed by the secretary
37 of state. The board of directors shall immediately cause notice of the
38 dissolution proceedings to be mailed to each known creditor of and claim-
39 ant against the cooperative and to be published once a week for two
40 successive weeks in a newspaper of general circulation in the county
41 where the principal office of the cooperative is located. The board of
42 directors shall wind up and settle the affairs of the cooperative, collect
43 sums owing to it, liquidate its property and assets, pay and discharge its

1 debts, obligations and liabilities, and do all other things required to wind
2 up its business, and after paying or discharging or adequately providing
3 for the payment or discharge of all its debts, obligations and liabilities,
4 shall distribute any remaining sums among its members and former mem-
5 bers in proportion to the patronage of the respective members or former
6 members during the seven years next preceding the date of the filing of
7 the certificate by the secretary of state or, if the cooperative has not been
8 in existence for such period, then during the period of its existence prior
9 to such filing. The board of directors shall thereupon authorize the exe-
10 cution of articles of dissolution, which shall be executed on behalf of the
11 cooperative by its president or vice-president, and attested by its
12 secretary.

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

15 (A) The name of the cooperative;

16 (B) the address of its principal office;

17 (C) the date on which the certificate of election to dissolve was filed
18 by the secretary of state;

19 (D) that there are no actions or suits pending against the cooperative;

20 (E) that all debts, obligations and liabilities of the cooperative have
21 been paid and discharged or that adequate provision has been made
22 therefor; and

23 (F) that the preceding provisions of this subsection have been duly
24 complied with.

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

28 New Sec. 19. Articles of incorporation, amendment, consolidation,
29 merger, conversion or dissolution, when executed and accompanied by
30 such affidavits as required by applicable provisions of this act, shall be
31 presented to the secretary of state for filing in the records of the secre-
32 tary's office. If the secretary of state finds that the articles presented
33 conform to the requirements of this act, the secretary, upon the payment
34 of the fees provided by this act, shall file such articles in the records of
35 the secretary's office. Upon such filing the incorporation, amendment,
36 consolidation, merger, conversion or dissolution shall be in effect. The
37 provisions of this section shall also apply to certificates of election to
38 dissolve and affidavits executed in connection with such certificates of
39 election to dissolve pursuant to subsection (b) of section 18, and amend-
40 ments thereto.

41 New Sec. 20. (a) Except as otherwise determined by a vote of the
42 members of the cooperative, revenues of a cooperative for any fiscal year
43 in excess of the following shall be distributed by the cooperative to its

1 members in accordance with the bylaws of the cooperative:

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

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

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

9 (4) amounts necessary to provide a reasonable reserve for working
10 capital; and

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

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

18 New Sec. 21. (a) The board of directors of a cooperative shall have
19 full power and authority, without authorization by the members thereof,
20 to authorize the execution and delivery of a mortgage or mortgages or a
21 deed or deeds of trust of, or the pledging or encumbering of, any or all
22 of the property, assets, rights, privileges, licenses, franchises and permits
23 of the cooperative, whether acquired or to be acquired, and wherever
24 situated, as well as the revenues and income therefrom, all upon such
25 terms and conditions as the board of directors shall determine, to secure
26 any indebtedness of the cooperative.

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

32 New Sec. 22. No member of a cooperative shall be liable or respon-
33 sible for any debts of the cooperative and the property of the members
34 shall not be subject to execution therefor.

35 New Sec. 23. Any mortgage, deed or trust or other instrument exe-
36 cuted by a cooperative doing business in this state pursuant to this act,
37 which affects real and personal property and which is recorded in the real
38 property records in any county in which such property is located or is to
39 be located, shall have the same force and effect as if the mortgage, deed
40 of trust or other instrument were also recorded, filed or indexed as pro-
41 vided by law in the proper office in such county as a mortgage of personal
42 property. All after-acquired property of such cooperative described or
43 referred to as being mortgaged or pledged in any such mortgage, deed

1 of trust or other instrument, shall become subject to the lien thereof
2 immediately upon the acquisition of such property by such cooperative,
3 whether or not such property was in existence at the time of the execution
4 of such mortgage, deed or trust or other instrument. Recordation of any
5 such mortgage, deed of trust or other instrument shall constitute notice
6 and otherwise have the same effect with respect to such after-acquired
7 property as it has under the laws relating to recordation, with respect to
8 property owned by such cooperative at the time of the execution of such
9 mortgage, deed of trust or other instrument and therein described or
10 referred to as being mortgaged or pledged thereby. The lien upon per-
11 sonal property of any such mortgage, deed of trust or other instrument,
12 after recordation thereof, shall continue in existence and of record for
13 the period of time specified therein without the refiling thereof or the
14 filing of any renewal certificate, affidavit or other supplemental infor-
15 mation required by the laws relating to the renewal, maintenance or ex-
16 tension of liens upon personal property.

17 New Sec. 24. No action or suit may be brought against a cooperative
18 doing business in this state pursuant to this act, or against any agent,
19 servant or employee thereof, by reason of the maintenance of electric
20 distribution lines on any real property after the expiration of a period of
21 two years of continuous maintenance of such lines without the consent
22 of the person or persons legally entitled to object to such maintenance.

23 New Sec. 25. No person who is authorized to take acknowledgments
24 under the laws of this state shall be disqualified from taking acknowledg-
25 ments of instruments executed in favor of a cooperative or to which it is
26 a party, by reason of being an officer, director or member of such
27 cooperative.

28 New Sec. 26. (a) Cooperatives doing business in this state pursuant
29 to this act shall be subject to the jurisdiction and control of the state
30 corporation commission of this state in those provisions of chapter 66 of
31 the Kansas Statutes Annotated applicable to electric utilities.

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

35 (c) If a dispute arises regarding the terms and cost for the use of
36 distribution lines and facilities by a cooperative organized under this act,
37 the state corporation commission shall have jurisdiction to hear and re-
38 solve such dispute.

39 New Sec. 27. The provisions of the Kansas securities act shall not
40 apply to any note, bond or other evidence of indebtedness issued by any
41 cooperative doing business in this state pursuant to this act to the United
42 States of America or any agency or instrumentality thereof, or to any
43 mortgage, deed of trust or other instrument executed to secure the same.

1 The provisions of such securities act shall not apply to the issuance of
2 membership certificates by any cooperative.

3 New Sec. 28. (a) Every cooperative organized under this act shall
4 make an annual report in writing to the secretary of state, showing the
5 financial condition of the cooperative at the close of business on the last
6 day of its tax period next preceding the date of filing, but if any such
7 cooperative's tax period is other than the calendar year, it shall give notice
8 thereof to the secretary of state prior to December 31 of the year it
9 commences such tax period. The report shall be filed on or before the
10 15th day of the fourth month following the close of the tax year of the
11 electric cooperative. An extension for filing the annual report may be
12 granted upon the filing of a written application with the secretary of state
13 prior to the due date of the report, except that no such extension may be
14 granted for a period of more than 90 days. The report shall be made on
15 a form provided by the secretary of state, containing the following
16 information:

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

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

32 New Sec. 29. If any provisions of this act or its application to any
33 person or circumstances is held invalid, the invalidity does not affect other
34 provisions or applications of the act that can be given effect without the
35 invalid provisions or application. To this end the provisions of this act are
36 severable.

37 Sec. 30. K.S.A. 66-1,170 is hereby amended to read as follows: 66-
38 1,170. As used in this act, the following words and phrases shall have the
39 meanings respectively ascribed to them herein:

- 40 (a) "Distribution line" means an electric line used to furnish retail
41 electric service, including any line from a distribution substation to an
42 electric consuming facility; but such term does not include a transmission
43 facility used for the bulk transfer of energy.

1 (b) "Electric consuming facility" means any entity which utilizes elec-
2 tric energy from a central station service.

3 (c) "Commission" means the state corporation commission of the
4 state of Kansas.

5 (d) "Retail electric supplier" means any person, firm, corporation,
6 municipality, association or cooperative corporation engaged in the fur-
7 nishing of retail electric service *but does not include any cooperative or-*
8 *ganized pursuant to sections 1 through 29, and amendments thereto.*

9 (e) "Certified territory" means an electric service territory certified
10 to a retail electric supplier pursuant to this act.

11 (f) "Existing distribution line" means a distribution line which is in
12 existence on the effective date of this act, and which is being or has been
13 used as such.

14 (g) "Single certified service territory" means that service area in
15 which only one retail electric supplier has been granted a service certif-
16 icate by the commission.

17 (h) "Dual certified service territory" means that service area where
18 more than one retail electric supplier has been granted a service certifi-
19 cate by the commission.

20 Sec. 31. K.S.A. 66-1,170 is hereby repealed.

21 Sec. 32. This act shall take effect and be in force from and after its
22 publication in the statute book.

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