

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

HOUSE BILL 1678

By: Covey

AS INTRODUCED

An Act relating to public utilities; creating the Renewable Energy Electric Generation Cooperative Act; providing definitions; providing for organization; stating powers of a renewable energy cooperative; prohibiting certain actions; requiring certain words in the name of a renewable energy cooperative; providing for articles of incorporation; providing for adoption of bylaws; providing for membership; providing for meetings of a renewable energy cooperative; allowing for waiver of meeting notice; providing for a board of directors; stating power and duties of a board of directors; providing for officers of a renewable energy cooperative; establishing procedures for amending articles of incorporation; allowing for change of principal office location; providing for merger of two or more renewable energy cooperatives; listing responsibilities of merged or consolidation renewable energy cooperatives; providing for dissolution of a renewable energy cooperative; requiring certain documents be filed with the Secretary of State; providing for distribution of revenues; granting the board of directors power to execute certain instruments; limiting liability of members; providing for force and effect of certain instruments executed by a renewable energy cooperative; prohibiting certain actions against a renewable energy cooperative; allowing certain persons to acknowledge instruments executed by a renewable energy cooperative; providing for jurisdiction of the Oklahoma Corporation Commission; providing for application of certain securities laws; requiring an annual report; stating contents of report; requiring a renewable energy cooperative to pay certain distribution and transmission costs; allowing a retail electric supplier to charge a renewable energy cooperative member certain fees; requiring an interconnection agreement to address certain issues prior to delivery of electricity; directing the Corporation Commission to establish provisions for interconnection agreements by certain date; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.1 of Title 18, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 31 of this act shall be known and may be cited as the "Renewable Energy Electric Generation Cooperative Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.2 of Title 18, unless there is created a duplication in numbering, reads as follows:

As used in the Renewable Energy Electric Generation Cooperative Act:

1. "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;

2. "Person" means any natural person, firm, association, corporation, limited liability company, business trust or partnership;

3. "Renewable attributes" has the meaning provided in _____, and amendments thereto; and

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

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.3 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.4 of Title 18, unless there is created a duplication in numbering, reads as follows:

A. In addition to the powers conferred on all corporations under Oklahoma law, 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 Oklahoma;

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 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, 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 provider of last resort of the cooperative or member.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.5 of Title 18, unless there is created a duplication in numbering, reads as follows:

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".

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.6 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 the:

1. Name of the cooperative;
2. Address of its principal office;
3. Names and addresses of the incorporators;
4. Names and addresses of its directors; and
5. 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.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.7 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 articles of incorporation of the cooperative.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.8 of Title 18, unless there is created a duplication in numbering, reads as follows:

A. Each incorporator of a cooperative shall be a member thereof. No other person shall become a member of the cooperative unless such other person operates a generation facility which uses renewable resources and has a capacity of at least one hundred (100) kilowatts and agrees to generate electricity using such facility and:

1. Transmit and sell at wholesale through the cooperative any electricity in excess of that used by the person;
2. Sell through the cooperative renewable attributes; or
3. Both.

B. Any member of a cooperative who agrees shall cease to be a member of the cooperative if such member does not comply with the terms of the agreement within two (2) 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 to membership.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.9 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 ten percent (10%) of the members.

C. Except as otherwise provided in the Renewable Energy Electric Generation Cooperative Act, a 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 ten (10) days nor more than thirty-five (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 address of the member 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 five percent (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 for more than three members at any meeting of the members.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.10 of Title 18, unless there is created a duplication in numbering, reads as follows:

Any person entitled to notice of a meeting may waive such notice in writing either before or after the meeting. If any such person shall attend such meeting, the attendance shall constitute a waiver of notice of the 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.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.11 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 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 the terms of the directors 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 of this section, the bylaws may provide that the members shall be elected at the annual meetings to serve for terms of three (3) 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 (3) and, upon the expiration thereof, all members thereafter to be elected for terms of three (3) 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.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.12 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.13 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 two-thirds (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 the:

1. Name of the cooperative;
2. Address of its principal office; and
3. Amendment to its articles of incorporation.

The president or vice president executing such articles of amendment shall make and attach thereto an affidavit stating that

the amendment was submitted and adopted in compliance with the provisions of this section.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.14 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 Oklahoma 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 president or vice president and attested by the cooperative secretary.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.15 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 the 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 two-thirds (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 the president or vice president and attested by the secretary.

B. Voting on the proposed articles of merger or consolidation shall be in accordance with subsection E of Section 9 of this act, 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 the:

1. Name of each merging or consolidating cooperative and the address of its principal office;

2. Name of the surviving or new cooperative and the address of its principal office;

3. Statement that each merging or consolidating cooperative agrees to the merger or consolidation;

4. Names and addresses of the directors of the surviving or new cooperative; and

5. 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 attach thereto an affidavit stating that such articles were submitted and approved in compliance with the provisions of this section.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.16 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 cooperative shall be amended to the extent, if any, that changes therein are necessary in the articles of merger.

B. All the rights, privileges, immunities, franchises, 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.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.17 of Title 18, unless there is created a duplication in numbering, reads as follows:

A. A cooperative which has not commenced business may be dissolved by filing in the office of 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 two-thirds (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 the president or vice president and attested to by the 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 office of the Secretary of State for filing, together with an affidavit, made by the president or vice president of the cooperative 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 (2)

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 business, and after paying or discharging or adequately providing for the payment or discharge of all 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 (7) 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 the president or vice president, and attested by the 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 therefore, and
- f. that the preceding provisions of this subsection have been duly complied with; and

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

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.18 of Title 18, unless there is created a duplication in numbering, reads as follows:

The 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 office of the Secretary of State. 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 office of the Secretary of State. Upon filing the articles of 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 of this act, and amendments thereto.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.19 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 each fiscal year;

2. Amounts necessary to pay interest and principal obligations of the cooperative coming due in each 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; and

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.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.20 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.21 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 therefore.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.22 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 refiling 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.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.23 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 or employee thereof, by reason of the maintenance of electric transmission lines on any real property after the expiration of a period of two (2) years of continuous maintenance of such lines without the consent of the person or persons legally entitled to object to such maintenance.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.24 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.25 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 Oklahoma Corporation Commission in those provisions of Title 17 of the Oklahoma Statutes 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 Oklahoma Corporation Commission.

SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.26 of Title 18, unless there is created a duplication in numbering, reads as follows:

The provisions of the Oklahoma 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.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.27 of Title 18, unless there is created a duplication in numbering, reads as follows:

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 the tax period next preceding the date of filing, but if any tax period of the cooperative is other than the calendar year, it shall give notice 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 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 ninety (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, vice 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 Twenty Dollars (\$20.00).

SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.28 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 29. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.29 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 30. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.30 of Title 18, unless there is created a duplication in numbering, reads as follows:

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.

SECTION 31. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440.31 of Title 18, unless there is created a duplication in numbering, reads as follows:

On or before September 1, 2006, the Oklahoma 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 Section 151 of Title 17 of the Oklahoma Statutes, and a generator which generates electricity from renewable resources or technologies, as

defined by Section 2 of this act, and which has a capacity of not more than five (5) megawatts of electricity.

SECTION 32. This act shall become effective November 1, 2005.

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