

**CHAPTER 114****(HB 568)**

AN ACT relating to cooperatives.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

Section 1. KRS 279.020 is amended to read as follows:

Any three (3) or more individuals, partnerships, associations or private corporations a majority of whom are citizens of Kentucky, may ***by executing, filing, and recording articles of incorporation as provided in KRS 279.030 and 279.040*** organize to conduct a ~~an electric generation, transmission, distribution or service~~ nonprofit cooperative corporation ***for the:***

- (1) ***Primary purpose of generating, purchasing, selling, transmitting, or distributing electric energy to any individual or entity, and providing any good or service related to generating, purchasing, selling, transmitting, or distributing electric energy to any individual or entity; and***
- (2) ***If the cooperative desires, for the secondary purpose of engaging in any other lawful business or activity provided that any nonregulated business or activity is conducted through an affiliate, except for any business or activity which does not involve the sale of a product that is conducted pursuant to a contract with a federal military installation or a contract for administrative services which does not involve the sale of a product requested by a local, state or federal government***~~[to produce, transmit, distribute or furnish energy to any person or corporation and/or to provide electrical devices, wiring and equipment and any services that are requested or deemed advisable or desirable to operate a utility, by executing, filing and recording articles of incorporation as provided in KRS 279.030 and 279.040].~~

Section 2. KRS 279.110 is amended to read as follows:

Any corporation created under this chapter may:

- (1) Acquire and hold any property necessary or incidental to the proper conduct of its business, including preferred stock and common stock or other corporations whether formed under this chapter or not, and the stock of any federal agency, and may pay for any such property in cash, property or on credit, or both, and secure and procure payment of all or any part of the purchase price thereof on such terms and conditions as its board of directors determines.
- (2) Acquire, own, operate, maintain and improve one or more systems.
- (3) Pledge all or part of its revenue or mortgage or encumber all or any part of its property for the purpose of securing the payment of the principal and interest of any of its obligations.
- (4) Have and exercise the right of eminent domain in the manner provided in the Eminent Domain Act of Kentucky.
- (5) Construct, own, lease, operate and control any facilities across, along or under any street or public highway, and over any lands belonging to this state or to any county, city or political subdivision of this state, but shall restore any such street or highway to its former condition as nearly as possible and shall not use it in such a manner as to impair unnecessarily its usefulness.
- (6) Accept gifts and grants of money or property from this state, any county, city or political subdivision of this state, any federal agency, or any other person, and accept voluntary and uncompensated services.
- (7) Make any contract necessary or convenient for the full exercise of the powers granted by this chapter, or for any other corporate purpose, subject to any limitations imposed by this chapter.
- (8) Sell, lease or dispose of all or any part of its property, subject to the provisions of KRS 279.140.
- (9) Contract debts, borrow money without limitation as to the amount of corporate indebtedness or liability, and issue or assume obligations.
- (10) Fix and collect reasonable rates and charges for services, subject to the provisions of KRS Chapter 278.
- (11) Assist its members in wiring their premises for the use of electric energy and in purchasing electrical equipment, appliances and supplies, and in financing such activities.

- (12) (a) *Establish affiliates to engage in nonregulated businesses or activities as provided for in Section 1 of this Act.*
- (b) *A cooperative formed under this chapter shall annually report, to its member-owners, the nature of the nonregulated business or activity, its financial status and future expectations, as well as any other information deemed appropriate by its board of directors. The cooperative shall file with the Public Service Commission a balance sheet and income statement for each nonregulated business or activity, if the cooperative has established a separate affiliate to engage in nonregulated business or activity.*
- (c) *If the cooperative's nonregulated activities are conducted within the cooperative pursuant to a contract with a federal military installation or a local, state, or federal government as provided for in Section 1 of this Act, a balance sheet and statement of revenues and expenses for each nonregulated business or activity shall be filed with the Public Service Commission.*
- (d) *The information to be filed with the Public Service Commission shall be filed simultaneously with the Public Service Commission annual report. The cooperative may request confidentiality for any information it provides as required in this subsection that it deems proprietary or competitive.*
- (13) Do anything not specifically set forth in this section that is reasonably deemed necessary, proper or convenient for the accomplishment of the purposes of the corporation and is not prohibited by law.

Section 3. KRS 278.2215 is amended to read as follows:

The provisions of KRS 278.2201 to 278.2213 and KRS 278.2215 and 278.2219 shall not apply to telecommunications utilities, telecommunications services, nonprofit water or sewer utilities, or water districts. [~~Utilities organized under KRS Chapter 279 shall be exempt from KRS 278.2213.~~]

**Approved April 3, 2006.**