

By: Representatives Beckett, Staples, Hines, Dixon To: Public Utilities

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1138

1 AN ACT TO CREATE NEW SECTION 77-5-257, MISSISSIPPI CODE OF
2 1972, TO PROVIDE ADDITIONAL PROVISIONS APPLICABLE TO GENERATION
3 AND TRANSMISSION COOPERATIVES UNDER THE ELECTRIC POWER ASSOCIATION
4 LAW; TO PROVIDE FOR THE AMENDMENT OF A COOPERATIVE'S CERTIFICATE
5 OF INCORPORATION; TO PROVIDE FOR A BOARD OF DIRECTORS AND ITS
6 MEMBERSHIP; TO PROVIDE FOR THE GENERAL POWERS OF THE COOPERATIVE;
7 AND FOR RELATED PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 SECTION 1. The following shall be codified as Section
10 77-5-257, Mississippi Code of 1972:

11 77-5-257. (1) As used herein, the phrase "generation and
12 transmission cooperative" or "G&T cooperative" shall mean a
13 corporation that is formed under this article for the primary
14 purpose of providing wholesale power supply to its members as a
15 wholesale power supply cooperative, and whose membership is
16 comprised of a group of corporations that are formed under this
17 article and have certificates of public convenience and necessity
18 providing the exclusive right and authority to provide retail
19 electric service within their respective certificated service
20 territories.



21           (2) The following additional provisions apply to G&T  
22 cooperatives:

23           (a) A G&T cooperative may amend its certificate of  
24 incorporation to change its corporate name, to increase or reduce  
25 the number of its directors, or to change any other provisions  
26 therein. Notwithstanding any provisions of a G&T cooperative's  
27 certificate of incorporation to the contrary and notwithstanding  
28 any provisions of Section 77-5-215, a G&T cooperative may amend  
29 its certificate of incorporation if the amendment is authorized by  
30 the board of directors of the G&T cooperative pursuant to the  
31 affirmative vote of at least two-thirds (2/3) of the directors.  
32 In the event an amendment is authorized in accordance with the  
33 foregoing, a certificate reflecting the amendment to the  
34 certificate of incorporation shall be prepared and executed by the  
35 president and by the secretary of the G&T cooperative who shall  
36 both affirm therein, under oath, that they have been authorized by  
37 the G&T cooperative to execute and file such certificate. Such  
38 certificate of amendment shall then be filed by the G&T  
39 cooperative in the Office of the Secretary of State, who shall  
40 forthwith cause this certificate to be handled in the manner  
41 prescribed in Section 77-5-211 for original certificates of  
42 incorporation; and the amendment of the G&T cooperative's  
43 certificate or articles of incorporation shall be effective as of  
44 the date on which the certificate of amendment is filed with the  
45 Secretary of State, and the powers specified in the certificate of



46 amendment shall thereupon be vested in the G&T cooperative without  
47 further formalities.

48 (b) A G&T cooperative shall have a board of directors,  
49 and the powers of the G&T cooperative shall be vested in and  
50 exercised by such board of directors. The directors of the G&T  
51 cooperative, other than those named in a certificate of  
52 incorporation, shall be elected by the members of the G&T  
53 cooperative. The board of directors shall include two (2)  
54 directors from each member of the G&T cooperative, with one of  
55 those directors being the general manager or chief executive of  
56 the member and the other being a sitting director on the member's  
57 board of directors. The bylaws of a G&T cooperative may also  
58 provide for up to three (3) at-large directors to be elected by  
59 sitting members of the board of directors, with such  
60 qualifications to be an at-large director within the discretion of  
61 the board of directors. All directors shall be elected for a term  
62 of three (3) years, or for such other term(s) as may be prescribed  
63 by the corporation's certificate of incorporation. The directors  
64 shall be entitled to reimbursement for expenses incurred by them  
65 in the performance of their duties. In addition to causing the  
66 G&T cooperative to reimburse directors for expenses, the board may  
67 authorize compensation and benefits to be paid to and on behalf of  
68 such directors for the performance of their duties including for  
69 the time it takes for them to travel to and from meetings and to  
70 board functions. The board shall elect periodically from its own



71 number officers as prescribed by the corporation's bylaws.  
72 Directors may elect to attend the board meetings by telephone or  
73 video conference. The board may set procedures by which its  
74 meetings will be conducted and rule will be by majority vote  
75 except where a super majority is required by its articles of  
76 incorporation or bylaws.

77 (c) The corporate purpose of a G&T cooperative shall be  
78 to render service primarily to its members. After initial  
79 incorporation, any corporation formed or operating under this  
80 article may become and remain a member if such corporation is  
81 accepted into membership by a unanimous vote of the board of  
82 directors and complies with the terms and conditions in respect to  
83 membership contained in the bylaws of such G&T cooperative. The  
84 membership fee of the G&T cooperative shall be fixed by the board  
85 of directors. A G&T cooperative may provide capacity, energy, or  
86 transmission to a regional transmission market, and independent  
87 system operator, or other similar organized market, to the extent  
88 provision of such service is expected to provide a direct or  
89 indirect benefit to the G&T cooperative's membership. A G&T  
90 cooperative has the power to operate across states lines.

91 (d) A G&T cooperative has the power to provide support  
92 to its members in their operations, including, but not limited to,  
93 accounting, legal, regulatory, engineering, and other areas in  
94 which its members determine it is desirable for the generation and  
95 transmission corporation to house certain expertise.



96           (e) These provisions are in addition to those  
97 applicable to corporations formed or operating under this article  
98 that are not G&T cooperatives and are not to be construed as  
99 limitations on the powers or authorities of G&T cooperatives in  
100 comparison to corporations that are not G&T cooperatives.

101           (f) It is hereby recognized that generation and  
102 transmission cooperatives are subject to rules, regulations and  
103 requirements from the Rural Utilities Service, the Federal Energy  
104 Regulatory Commission, and the North American Electric Reliability  
105 Corporation, as well as the rules and requirements of regional  
106 transmission organizations to which they belong and to competitive  
107 pressures from the wholesale market. In order to clarify the  
108 extent to which a generation and transmission cooperative is  
109 subject to regulation by the Mississippi Public Service Commission  
110 pursuant to Section 77-3-5, the Legislature declares that a  
111 generation and transmission cooperative is only subject to the  
112 provisions of Sections 77-3-11, 77-3-13, 77-3-14, 77-3-23, 77-3-25  
113 and 77-3-27, and also subject to the provisions of Section 77-3-  
114 45, and any rules promulgated thereby to the extent such rules are  
115 necessary for the Mississippi Public Service Commission to carry  
116 out its responsibilities under such code sections. The policy  
117 objectives identified in Section 77-3-2 and the definitions  
118 provided in Section 77-3-3 shall be applicable to such code  
119 sections listed above as applied to generation and transmission  
120 cooperatives.



121           **SECTION 2.** This act shall take effect and be in force from  
122 and after July 1, 2016.

