

Testimony of Drew Rankin, CEO of the Connecticut Municipal Electric Energy Cooperative (CMEEC) and John Hiscock, Chairman of the CMEEC Board of Directors

before the Planning and Development Committee

Substitute House Bill 5697: *An Act Concerning Changes to Municipal Electric Energy Cooperatives*

February 18, 2011

Chairman Cassano, Chairwoman Gentile, Vice Chairs, Ranking Members and Members of the Committee. My name is Drew Rankin and I am CEO of the Connecticut Municipal Electric Energy Cooperative (CMEEC) and with me is John Hiscock, Chairman of the CMEEC Board of Directors and General Manager of South Norwalk Electric and Water. We are here to testify in support of Substitute House Bill 5697 *An Act Concerning Changes to Municipal Electric Energy Cooperatives*. Thank you for the opportunity to testify before you today.

CMEEC is a not-for-profit, joint-action power supply agency governed under Chapter 101a of the Connecticut General Statutes. CMEEC forecasts and secures the full power requirements of the seven municipally-owned electric utilities in Connecticut and is empowered to plan, finance, acquire, construct, and operate electric generation and transmission facilities. CMEEC also contracts for power supply in a manner that meets the diversified needs of its Member and Participant municipal electric utilities reliably and at the lowest possible cost.

CMEEC is governed by a Board of Directors made up of the municipal electric utility General Managers and one member of the local utility commissions from each of the seven municipal electric utilities in Connecticut.

Substitute House Bill 5697 is the product of an effort by the CMEEC Board of Directors and CMEEC management to update relevant sections of Chapter 101a of the Connecticut General Statutes governing Municipal Electric Cooperatives, which was largely written in the 1970s. Since then, electric markets have evolved and become more dynamic, requiring that the municipal electric utilities the cooperative serves have more flexibility to respond to today's market risks and opportunities. This legislation intends to facilitate a process by which members can have equitable access to property that is rightly theirs, while preserving the contractual arrangements that are at the core of the cooperative.

To accomplish these goals, House Bill 5697 makes changes to CMEEC governance that improve the ability for new members to enter and existing members to exit CMEEC. These changes to membership should not be taken to imply that new municipal electric utilities will be formed in

Connecticut, which is outside the scope of this bill. Instead, these changes will allow for the existing municipal electric utilities to make business decisions with regard to their level of participation in future investments undertaken by the cooperative.

Substitute House Bill 5697 contains revisions to existing voting thresholds for Board actions and resolutions as well as new and exiting members. These new procedures are designed to provide a more balanced process that facilitates voluntary participation in the cooperative as well as a fair and equitable path to withdrawal.

Finally, Substitute House Bill 5697 makes several technical and consistency changes to Chapter 101a in several other areas, such as Board compensation, reimbursement for cooperative business, and conflict of interest changes, among others.

A copy of the Substitute language is included with your testimony as is a summary of the changes contained in the bill for your convenience.

Once again, thank you for the opportunity to testify before you today. John and I would be happy to take any questions you have.

Summary of the changes to CGS Section 101a contained in Substitute House Bill 5697:

Board Compensation - Summary of Changes to Sec. 7-233c(a)

- Clarifies that municipal electric cooperative Board member compensation for municipal electric cooperative business must be approved by the local municipal utility commissions ("governing bodies") of the individual municipal electric utilities. Currently, the statute is vague as to how compensation for such business is determined. This change clarifies that "approval" is required.
- Clarifies that municipal electric utility employees performing cooperative business may serve as cooperative board members and be compensated in accordance to the duly adopted practices outlined above. Currently the General Managers and certain employees of the individual municipal electric utilities sit on the CMEEC board as representatives or alternate representatives and they may not fit into the general category of "officials," since technically they are all "employees" of their respective municipal electric utilities.

Voting Requirements for New Membership – Summary of changes to Sec. 7-233c(b)

- Prescribes an at least 2/3rds voting requirement of current membership for new members to join the cooperative, replacing the current unanimous vote requirement of current membership. This change has been approved by the current Board of Directors of CMEEC in order to make new membership in the cooperative easier by precluding one member from unilaterally blocking a new member. [Note that the seven municipal electric utilities in Connecticut participate in CMEEC generally as "members" or "participants". These changes to the Chapter facilitate the ability for the existing municipal electric utilities to choose their level of investment in various cooperative projects, either as members or participants, and are not intended to address the creation of new municipal utilities in Connecticut, which is a topic outside the scope of this bill.]
- Adds "compensation" as a conforming change to ensure fairness to new member representatives on the Board.

Membership Withdrawal Requirements - Summary of changes to Sec. 7-233c(c)

- Makes technical changes to ensure fairness should a member of the cooperative choose to withdraw. Currently, no member can withdraw if the cooperative has outstanding debt or obligations and an unanimous vote of all non-withdrawing members approving the withdrawal is required. This threshold has been deemed to be too high and could prevent a member who satisfies its obligations to the cooperative and chooses to withdraw from doing so. The new language specifies a process by which a member who wishes to withdraw can do so, so long as all of its financial obligations to the Cooperative are met.
- Makes other conforming changes to the withdrawal process.

Voting Generally - Summary of changes to Sec. 7-233c(d) and new Sub-Section (g)

- Adds to the existing requirement that Board actions and resolutions subjected to a weighted vote requirement, require at least 67% majority vote of members based on the weighted voting who are present at the meeting and who vote that such majority vote also represent at least a majority of the then current membership of the municipal cooperative. This is intended to provide more balance among diverse cooperative members, where the current weighted vote process could result in a blocking vote for a member with a substantially larger weighted vote.
- Adds a new section to provide for other methods of voting than the weighted vote procedure prescribed by the statute, provided the change is adopted by unanimous vote of the members and incorporated into the cooperative's by-laws, regarding subject matter outlined in the new section 7-233c(g) below.
- Updates the titles and descriptions of the specific agents and employees of the Cooperative to bring the statute more in line with CMEEC's ongoing employee organizational structure.
- New Sub-section (g) outlines a new process by which members can establish voting rights for different types of members of the cooperative. This new section will allow for a more equitable allocation of risk and benefits among members based on the services provided by the cooperative.

Right, Title or Interest in Share of Earnings and Assets - Summary of changes to Sec. 7-233d(c)

Specifies that a withdrawing municipal electric utility shall continue to have right, title or interest retained in its own share of earning and assets of the municipal cooperative as set forth in a contract, now authorized by the revised section, to be entered into by members with the cooperative. The existing statute does not provide for such sharing and could unfairly and inequitably extinguish legitimate earnings and assets of a withdrawing member from the cooperative.

Powers - Summary of changes to Sec. 7-233e(b)(18)

Clarifying change to reflect current New England wholesale electric market regulatory structure, which is organized and administered through ISO-New England, Inc.

Bondholders Summary of changes to Sec. 7-233f(a)

Ensures that bondholders of bonds duly authorized by the cooperative are not harmed by a member's withdrawal by adding language to conform this section with the procedures for membership withdrawal outlined above in section 7-233c(c).

Dissolution of the Cooperative - Summary of changes to Sec. 7-233n

Clarifies that upon dissolution of the cooperative, property of the cooperative will be distributed in accordance with the rights and obligations outlined in the agreements underlying the membership to be developed under the authority created by revised section 7-233c(d).

Conflict of Interest - Summary of changes to Sec. 7-233o

Clarifies the conflict of interest policy to specify that the statutory prohibition applies to a cooperative board member's, officers' or employee's personal interests, while excepting employment of such persons by a member utility or a cooperative.

Representative Compensation - Summary of changes to Sec. 7-233p

Conforming language to align this section with clarified cooperative Board member compensation language outlined in revised sec 7-233c(a) above.



General Assembly

Proposed Bill No. 5697

January Session, 2011

LCO No. 744

Referred to Committee on Energy and Technology

Introduced by:

REP. FRITZ, 90th Dist.

AN ACT CONCERNING CHANGES TO MUNICIPAL ELECTRIC ENERGY COOPERATIVES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

That chapter 101a of the general statutes be amended to allow for governance and operational technical corrections to the municipal electric energy cooperative.

Statement of Purpose:

To allow for governance and operational technical corrections to the municipal electric energy cooperative.

Proposed Revisions [Clean].

**CHAPTER 101a
MUNICIPAL ELECTRIC ENERGY
COOPERATIVES**

[Proposed revisions are in red-line; deletions are separately indicated].

[Feb. 11, 2011].

Table of Contents

Sec. 7-233a. Legislative purpose and finding.
Sec. 7-233b. Definitions.
Sec. 7-233c. Municipal electric energy cooperative membership. Board representatives, appointment, term, removal. Officers. Meetings. Staff. Apportionment of expenses.
Sec. 7-233d. Filings with Secretary of the State. Effect.
Sec. 7-233e. Powers.
Sec. 7-233f. Bonds.
Sec. 7-233g. Filing of bond resolution. Notice. Action challenging validity of bond resolution to be brought within twenty days or forever barred.
Sec. 7-233h. Trust indenture.
Sec. 7-233i. Bond anticipation notes.
Sec. 7-233j. Interconnection of electric system lines. Contracts for sale of electricity.
Sec. 7-233k. Eminent domain.
Sec. 7-233l. Rates.
Sec. 7-233m. Sufficiency of rate schedule. Public hearing. Public inspection.
Sec. 7-233n. Dissolution of cooperative.
Sec. 7-233o. Conflict of interest.
Sec. 7-233p. Representative compensation.
Sec. 7-233q. Competitive bidding. Contracts.
Sec. 7-233r. Cooperative bonds and notes deemed legal investment.
Sec. 7-233s. Taxation.
Sec. 7-233t. Exemption from jurisdiction of Department of Public Utility Control.
Sec. 7-233u. Severability of provisions.
Sec. 7-233v. Liberal construction.
Sec. 7-233w. Controlling provisions in case of conflict.
Sec. 7-233x. Power supply contracts between cooperatives and municipal electric utilities.
Sec. 7-233y. Municipal energy conservation and load management fund.
Sec. 7-233z. Comprehensive report.
Secs. 7-233aa to 7-233hh.

Sec. 7-233a. Legislative purpose and finding. The purpose of this chapter is to permit municipal electric utilities in Connecticut to join together and form cooperative public corporations for the financing of the construction and acquisition of facilities for the purpose of furnishing efficient, low cost and reliable electric power in their areas of operation. The provisions of this chapter shall be deemed to apply to the acquisition, construction, reconstruction, operation, repair, extension or improvement of such facilities, or the acquisition of any interest therein or of any capacity thereof, by a separate legal entity created by concurrent resolutions of two or more municipal electric utilities as herein provided. It is found and declared that there exists in the state a great and growing need for the furnishing of efficient, low cost and reliable electric power to the residents thereof; that the construction and acquisition of suitable facilities for the furnishing of efficient, low cost and reliable electric power is an important governmental function in which municipal electric utilities should be enabled to act jointly for the purposes of carrying out the provisions of this chapter and therefore the necessity for the provisions of this chapter is hereby declared as a matter of legislative determination to be in the public interest and for the public benefit and good of this state.

Sec. 7-233b. Definitions. As used in this chapter, the following terms shall have the following meanings, unless a different meaning clearly appears from the context and any use of plural terms herein shall be deemed to refer to the singular thereof:

(1) "Area of operation" means the geographic area served by a municipal electric utility at the time it becomes a member of a municipal electric energy cooperative pursuant to this chapter and such other areas as the municipal electric energy cooperative may serve pursuant to contract entered into under the provisions of this chapter;

(2) "Bonds" means bonds issued by a municipal electric energy cooperative pursuant to this chapter;

(3) "Cost" means, in addition to the usual connotations thereof, the cost of all or any property, rights, easements, privileges, agreements and franchises deemed by the municipal electric energy cooperative to be necessary or useful and convenient to a project or projects or in connection therewith, including discount on bonds, cost of issuance of bonds, engineering and inspection costs and legal expenses, cost of financial, professional and other estimates advice, organization, administrative, operating and other expenses of the municipal electric energy cooperative prior to and during the acquisition or construction of a project or projects and all such other expenses as may be necessary or incident to the financing, acquisition, construction and completion of said project or projects or part thereof and the placing of the same in operation, and also such provision or reserves for working capital, operating, maintenance or replacement expenses or for reserves for the payment of the principal of or interest on bonds during or after such acquisition or construction as the municipal electric energy cooperative may determine, and reimbursements to the municipal electric energy cooperative or any member thereof or any other participant in such project or projects of any moneys theretofore expended for the purposes of the municipal electric energy cooperative;

(4) "Electric utility" means any electric public service company, as defined in section 16-1;

(5) "Governing body" means the board of commissioners of a municipal electric utility or such other duly elected or appointed officials charged by law with managing the affairs of a municipal electric utility;

(6) "Member" means any municipal electric utility within the state which has been in continuous operation for at least five years and whose governing body authorizes membership in, and which becomes a member of, a municipal electric energy cooperative;

(7) "Municipal electric energy cooperative" or "municipal cooperative" means a separate legal entity hereafter created by concurrent resolutions of two or more municipal electric utilities to exercise any of the powers as provided in this chapter in connection with the acquisition, construction, reconstruction, operation, repair, extension or improvement of electric power generation or transmission facilities, or the acquisition of any interest therein or of any capacity thereof;

(8) "Municipal electric utility" means an electric department, agency or other body of a municipality which provides for the production, supply and/or distribution of electric energy to the inhabitants or any portion thereof as well as others, which department, agency or other body has been established in accordance with applicable provisions of law;

(9) "Municipality" means any town, city or borough located within the state and any district as defined in section 7-324 or special services district established under chapter 105a which is authorized to produce, supply or distribute electric energy;

(10) "Notes" means notes issued by a municipal electric energy cooperative pursuant to this chapter;

(11) "Participant" means any member of a municipal electric energy cooperative, a nonmember municipal electric utility, an electric utility, or any other public or private electric power entity located within or without the state, any of which may contract for services with a municipal electric energy cooperative pursuant to the provisions of this chapter;

(12) "Project" means any plant or plants, hydro plants, works, system, facilities, or real or personal property, together with all parts thereof and appurtenances thereto, used or useful in connection with the generation, production, transmission, purchase, sale, exchange or interchange of electric power or energy, or any interest therein or right to capacity thereof. "Project" also includes stock or other ownership interests in, or evidences of indebtedness of, any corporation or business entity which constructs electric power generation or transmission facilities or generates, produces, transmits, purchases, sells or exchanges electric power and energy to, or insures the liabilities of, public or

private electric power entities located within or without the state, provided the outstanding stock of such corporation is owned in whole or in part by such public or private electric power entities;

(13) "Real property" includes lands, structures, franchises, and interests in land, including lands under water and riparian rights, and any and all things and rights usually included within said term, and includes not only fees simple absolute but also any and all lesser interests, such as easements, rights-of-way, uses, leases, licenses and all other incorporeal hereditaments, and every estate, interest or right, legal or equitable, including terms of years and liens thereon by way of judgments, mortgages or otherwise, and also claims for damage to real estate.

Sec. 7-233c. Municipal electric energy cooperative membership. Board representatives, appointment, term, removal. Officers. Meetings. Staff. Apportionment of expenses. (a) Any two or more municipal electric utilities may, by concurrent resolutions, duly adopted by the governing bodies of each of such municipal electric utilities, create and become members of a municipal electric energy cooperative under the name and style of "the municipal electric energy cooperative", with some identifying phrase inserted. The managing body of the municipal electric energy cooperative shall be a cooperative utility board which shall be charged with carrying out the corporate purposes and powers of the municipal electric energy cooperative. The number of representatives to be appointed at any time for full terms of office by the governing bodies of such municipal electric utilities shall be such uniform numbers as may be mutually agreed upon in said resolutions which number shall be not less than two nor more than six for each member. After the taking effect of the said resolutions of all such municipal electric utilities and after the filing of certified copies thereof pursuant to subsection (a) of section 7-233d, the agreed number of representatives shall be appointed to the cooperative utility board by the governing body of each municipal electric utility. The qualification, terms of office for the original representatives and their successors and compensation, if any, of such representatives by the municipal cooperative shall be approved by each such governing body; provided, each representative shall be an official or employee of such municipal electric utility. In addition to paying such compensation as may be prescribed pursuant to this section and/or section 7-233p, a member may reimburse its representatives for expenses for travel, both within and without the state, incurred by them in connection with services as a designated representative on such board. Before such municipal cooperative can be validly and legally formed each of the municipalities represented by a municipal electric utility joining together to form the municipal cooperative must, by proper proceedings duly adopted, consent and agree to such formation of the municipal cooperative.

Deleted: prescribed

(b) After the creation of a municipal cooperative under subsection (a) of this section, any other municipal electric utility may become a member of the municipal cooperative if (1) the municipal electric utility files with the municipal cooperative (A) a resolution, duly adopted by its governing body, requesting membership in such cooperative and (B) a certified copy of the proper proceedings, duly adopted by the municipality represented by the municipal electric utility, consenting and agreeing to such membership and (2)

after the municipal cooperative receives such filing, the governing bodies of at least two-thirds of the municipal electric utilities comprising the then current membership of the cooperative, at the time of such filing duly adopt a resolution approving membership of such municipal electric utility in the municipal cooperative. After the filing of certified copies of all such resolutions with the Secretary of the State pursuant to subsection (b) of section 7-233d, the governing body of the municipal electric utility being added to the municipal cooperative shall appoint representatives to the cooperative utility board of the municipal cooperative. The number of such appointed representatives shall be the same as the number mutually agreed upon by the other members of the municipal cooperative pursuant to subsection (a) of this section. The provisions of said subsection (a) concerning the compensation, qualification and terms of office of, and reimbursement of travel expenses for, representatives of the existing members of the municipal cooperative shall apply to representatives of such municipal electric utility.

Deleted: y

Deleted: each municipal electric utility which is a member of the municipal cooperative

Deleted: s

(c) A municipal electric utility which is a member of a municipal cooperative may withdraw from the municipal cooperative if: (1) (A) such withdrawing municipal electric utility continues to fully perform all of its obligations under any and all contracts it has with the municipal cooperative or provides sufficient funds in trust for the benefit of the municipal cooperative to satisfy all of such obligations owed to the municipal cooperative; and (B) complies with such other requirements as may be imposed on such withdrawing member by any bond resolution, trust indenture or other borrowing agreement of the municipal cooperative or audit requirements applicable to the municipal cooperative, (2) the withdrawing municipal electric utility files with the municipal cooperative a resolution, duly adopted by its governing body, approving the withdrawal, (3) the municipality represented by the withdrawing municipal electric utility does not disapprove of such withdrawal, by vote of the municipality's legislative body, within thirty days after the adoption of such a resolution and (4) the resolution adopted pursuant to sub-section (2) of this section is filed with the Secretary of State in the same manner as proscribed by section 7-233d(c).

Deleted: Such municipal cooperative has no outstanding debt or obligations for which such municipal electric utility has entered into a contract with respect to or otherwise become legally obligated to provide payment for

Deleted:

(d) Upon appointment of its representatives by the members of the municipal cooperative the cooperative utility board shall organize, select its chairman and vice-chairman from among said board and proceed to consider those matters which have been recommended to it by the several members of the municipal cooperative. The cooperative utility board may hold such meetings and public hearings as it deems desirable and the powers of the municipal cooperative shall be vested in the representatives thereof in office from time to time. A majority of the entire authorized number of representatives of the municipal cooperative shall constitute a quorum at any meeting thereof. Action may be taken, motions voted and resolutions adopted by the municipal cooperative at any meeting of the cooperative utility board by vote of a majority of the representatives present, unless in any case the bylaws of a municipal cooperative shall require a larger number for adoption or any representative of the cooperative utility board requests that the vote be based on megawatt-hour purchases. If such a request is made, (1) each representative shall have a number of votes equal to the total number of megawatt-hours purchased by the representative's member municipal electric utility from the municipal

Deleted: governing body of each other municipal electric utility which is a continuing member of the municipal cooperative at the time of the filing of such resolution duly adopts a resolution approving such withdrawal.

cooperative during the preceding completed calendar year, provided, if the municipal cooperative includes a new member municipal electric utility which purchased part or all of its power and energy from a supplier or suppliers other than the municipal cooperative during such year, each representative of such new member municipal electric utility shall have a number of votes equal to the total megawatt-hours purchased by such new member from such other suppliers during such year plus the total number of megawatt-hours purchased from the municipal cooperative during such year and (2) any action, motion or resolution taken, voted or adopted by the municipal cooperative at such meeting shall be by a favorable vote of sixty-seven per cent or more of the total of such votes of the representatives who are present at the meeting and who vote and who represent at least a majority of the then current membership of the municipal cooperative.

The municipal cooperative may adopt on a prospective basis other methods of voting by the representatives than those specified in the preceding paragraph on all or specifically designated matters as the cooperative utility board may determine to be fair and equitable and specifically relating to sub-section (g) of this section, provided that any such alternate method of voting shall be first specified in the by-laws of the municipal cooperative or in any amendment thereof duly adopted by unanimous vote of the then members of the municipal cooperative.

Notwithstanding any provision of this subsection to the contrary, a unanimous vote of all of the representatives of the municipal cooperative shall be required before said municipal cooperative can exercise the power of condemnation or eminent domain provided in this chapter. The cooperative utility board may appoint and employ a chief executive officer, a treasurer, a secretary, a general counsel and such officers, advisors and consultants, and other agents and employees as it may deem necessary, and the cooperative utility board shall determine their qualifications, terms of office, duties and compensation.

Deleted: n executive director, a chief engineer and a general counsel and such other special counsel, consulting engineer, accountants, legal, financial and construction experts

(e) Organizational expenses incurred by a municipal cooperative shall be paid ratably by each member in the same proportion as the population or area of operation serviced by each such member bears to the total population or area of operation serviced by all members or by such other method as determined to be fair and equitable by the cooperative utility board. Such payments shall be made by each member whether or not that member utilizes the electric power or energy made available or furnished to such member.

(f) Each representative of a municipal electric energy cooperative shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified. A representative of a municipal electric energy cooperative may be removed only by the cooperative utility board for inefficiency or neglect of duty or misconduct in office and after he shall have been given a copy of the charges against him and, not sooner than ten days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body. A member may remove one or more of its representatives with or without cause at any time.

(g) The municipal cooperative may, in its by-laws, or any amendment thereof, which by-laws or amendment, as applicable, have been duly adopted by unanimous vote of the then current membership of the municipal cooperative, distinguish the voting rights of the members based on whether they are full or partial requirements power and/or transmission supply customers of the municipal cooperative and/or on the length of the term of the contractual obligations for power and/or transmission supply each such member incurs with respect to the municipal cooperative, provided that any such distinctions shall treat similarly situated members in a comparable and non-discriminatory manner.

Formatted: Indent: First line: 0.5"

Sec. 7-233d. Filings with Secretary of the State. Effect. (a) A certified copy of each concurrent resolution creating a municipal electric energy cooperative, which is adopted pursuant to subsection (a) of section 7-233c, and a certified copy of each of the proceedings of the municipalities consenting and agreeing to the formation of the municipal electric energy cooperative as required by said subsection (a), shall be filed in the office of the Secretary of the State. Upon proof of such filing of a certified copy of the concurrent resolutions creating the municipal electric energy cooperative and the municipal proceedings as aforesaid, the municipal electric energy cooperative therein referred to shall, in any suit, action or proceeding involving the validity or enforcement of, or relating to, any contract or obligation or act of the municipal electric energy cooperative, be conclusively deemed to have been lawfully and properly created, organized and established and authorized to transact business and exercise its powers under this chapter.

(b) A certified copy of each resolution approving the addition of a municipal electric utility to an existing municipal cooperative, which is adopted pursuant to subsection (b) of section 7-233c, and a certified copy of the proceedings of the municipality represented by such municipal electric utility consenting and agreeing to membership in such municipal cooperative as required by said subsection (b), shall be filed in the office of the Secretary of the State. Upon proof of such filing of a certified copy of such resolutions and such municipal proceedings, such municipal electric utility shall be deemed to be a member of such municipal cooperative.

(c) A certified copy of each resolution approving the withdrawal of a municipal electric utility from an existing municipal cooperative, which is adopted pursuant to subsection (c) of section 7-233c, and an affidavit by the withdrawing municipal electric utility stating that the legislative body of the municipality has not disapproved of such withdrawal in the manner provided under said subsection (c), shall be filed in the office of the Secretary of the State. Upon proof of such filing of a certified copy of such resolutions and such affidavit, such municipal electric utility shall conclusively be deemed to have lawfully and properly withdrawn from the municipal cooperative. The withdrawing municipal electric utility, provided it otherwise complies with the provisions of sub-section (e) of section 7-233c for withdrawal from the municipal cooperative, shall have such rights to retained earnings or assets of the municipal cooperative as shall be set forth in the contract or contracts for power supply or other contract by and between the withdrawing municipal electric utility and the municipal cooperative and further provided

Deleted: and the municipal electric utility shall be deemed never to have been a member of the municipal cooperative and shall no longer have any right, title or interest in the property of the municipal cooperative.

that any such contracts shall treat similarly situated members in a comparable and non-discriminatory manner.

(d) A copy of any such resolutions or proceedings filed under this section, duly certified by or on behalf of the Secretary of the State, shall be admissible in evidence in any suit, action or proceeding and shall be conclusive evidence of the due and proper filing thereof as aforesaid.

Sec. 7-233e. Powers. (a) As used in this section, "person without the state" means a person located outside the state that complies with the standards for interconnection to the transmission or distribution facilities of the public utility to which such person is interconnected.

(b) A municipal electric energy cooperative created in the manner provided in this chapter shall constitute a public body corporate and politic, and in furtherance of its purpose of providing facilities for the generation and transmission of electric power such municipal electric energy cooperative shall be deemed to be exercising an essential governmental function and shall have the following powers, to wit:

(1) To adopt and have a common seal and to alter the same;

(2) To sue and be sued;

(3) To contract and be contracted with;

(4) To plan, acquire, construct, reconstruct, operate, maintain, repair, extend or improve one or more projects within or without the state; or to acquire any interest in or any right to capacity of such a project and to act as agent, or designate one or more of the other participants in such project to act as agent, for all the participants in such project in connection with the planning, acquisition, construction, reconstruction, operation, maintenance, repair, extension or improvement of such project;

(5) To investigate the desirability of and necessity for additional sources and supplies of electric power, and to make such studies, surveys and estimates as may be necessary to determine the feasibility and cost of any such additional sources and supplies of electric power;

(6) To cooperate with private electric utilities, member and nonmember municipal electric utilities and other public or private electric power entities, within and without the state, or with any person without the state, in the development of such sources and supplies of electric power;

(7) To procure from the United States of America or any agency or instrumentality thereof, or from any state or agency or instrumentality thereof, any consents, authorizations or approvals which may be requisite to enable any project within its powers to be carried forward;

(8) To do and perform any acts and things authorized by the act under, through or by means of its cooperative utility board, officers, agents or employees;

(9) To acquire, hold, use and dispose of its income, revenues, funds and moneys;

(10) To acquire, own, hire, use, operate and dispose of personal property;

(11) To acquire, own, use, lease, operate and dispose of real property and interests in real property, and to make improvements thereon;

(12) To grant the use, by lease or otherwise, and to make charges for the use, of any property or facility owned or controlled by it;

(13) To borrow money and to issue its negotiable bonds or notes, and to enter into any agreements with the purchasers or holders of such bonds or notes or with others for their benefit;

(14) Subject to any agreement with bondholders or noteholders, to invest moneys of the municipal cooperative not required for immediate use, including proceeds from the sale of any bonds or notes, in such obligations, securities and other investments as the cooperative utility board shall deem prudent and in accordance with the laws of the state regarding the investment of public moneys;

(15) To exercise the right of eminent domain, subject to the limitations contained herein;

(16) To fix and determine the location and character of, and all other matters in connection with, any and all projects it may be authorized to acquire, hold, establish, effectuate, operate or control;

(17) To contract with any electric utility, any member or nonmember municipal electric utility, any public or private electric power entity within or without the state, or any person without the state, for the sale, exchange or transmission of electric power or energy generated by any project, or any interest therein or any right to capacity thereof, on such terms and for such period of time as the cooperative utility board shall determine;

(18) To purchase, sell, exchange or transmit electric power and energy within and without the state, to any electric utility, any member or nonmember municipal electric utility or any other public or private electric power entity, or any person without the state; and to enter into agreements with respect to such purchase, sale, exchange, or transmission to any electric utility, any member or nonmember municipal electric utility or any other public or private electric power entity; as one means of implementing the power granted by this subdivision, a municipal electric energy cooperative, if its cooperative utility board shall so determine, may enter into or become a participant in the New England Power Pool or a market participant pursuant to rules and procedures of the

Independent System Operator-New England, Inc. or any successor organization; and to acquire, own, hold and dispose of stock or other ownership interests in, or evidences of indebtedness of, any corporation or business entity which constructs electric power generation or transmission facilities or generates, produces, transmits, purchases, sells or exchanges electric power and energy to, or insures the liabilities of, public or private electric power entities located within or without the state, provided the outstanding stock of such corporation is owned in whole or in part by such public or private electric power entities;

(19) To procure insurance against any losses in connection with its property, operations or assets in such amounts and from such insurers as the cooperative utility board deems desirable;

(20) To contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the United States of America or any agency or instrumentality thereof, or from any other source, and to comply, subject to the provisions of this chapter, with the terms and conditions thereof;

(21) To mortgage, or otherwise hypothecate, any or all of its property or assets to secure the payment of its bonds, notes or other obligations;

(22) To submit to arbitration any disputes with others or among its members;

(23) To produce electric power by the use of cogeneration technology or renewable fuel resources, as defined in section 16-1;

(24) To contract for the purchase or exchange of electricity produced by a person using cogeneration technology or renewable fuel resources, as defined in section 16-1, or for the sale or exchange of electricity produced by the municipal cooperative to such person, provided such purchase, sale or exchange is subject to the rates and conditions of service established in accordance with section 16-243a;

(25) To provide in any agreement executed in connection with a project by or among a municipal cooperative and other participants in such project that, if one or more of such participants defaults in its obligations under such agreement including, without limitation, the payment of principal or interest on their indebtedness issued with respect to such project, the municipal cooperative and the other nondefaulting participants, if any, shall be required to pay such obligations, including the principal of and the interest on such indebtedness, for which the defaulting participant or participants were to have paid, upon such terms and conditions and with such limitations as the cooperative utility board may determine;

(26) To guarantee, in connection with any project, the punctual payment of the principal of and interest on the indebtedness or other contractual obligations of any of the participants in such project;

(27) (A) To enter into agreements with any entity to receive or procure the supply, or the prepayment of the supply, of natural gas for the sole benefit of its member, the City of Norwich Department of Public Utilities, a municipal gas utility, provided (i) such supply, or prepayment of supply, is consumed or used by said utility or by any retail customer of said utility entirely within the geographic boundaries of the city of Norwich or the town of Preston, and (ii) no part of such supply, or prepayment of supply, shall be consumed or used within or transported to any other municipality or utility, territory, land held in trust by the United States on behalf of a Native American tribe or land located within a Native American reservation or other jurisdiction;

(B) No power granted to a municipal cooperative pursuant to this subdivision shall be exercised so as to impair any existing right, power or privilege of any gas company, as defined in section 16-1;

(28) To exercise and perform all or part of its power and functions for the sole purpose of purchasing, selling, exchanging or transmitting electric power and energy on a wholesale basis, as provided in this chapter, through one or more wholly owned or partly owned corporations or other business entities; and

(29) To exercise all other powers not inconsistent with the state Constitution or the United States Constitution, which may be reasonably necessary or appropriate for or incidental to the effectuation of its authorized purposes or to the exercise of any of the foregoing powers, and generally to exercise in connection with its property and affairs, and in connection with property within its control, any and all powers which might be exercised by a natural person or a private corporation in connection with similar property and affairs.

Sec. 7-233f. Bonds. (a) A municipal cooperative shall have the power and is hereby authorized from time to time to issue revenue bonds in such principal amounts as the cooperative utility board shall deem necessary for any of its corporate purposes as set forth under this chapter. A member of a municipal cooperative may not revoke or in any way terminate, amend or modify its membership resolution to the detriment of the bondholders if revenue bonds or obligations issued in anticipation of the issuance of said revenue bonds have been issued and are then outstanding and unpaid as provided for herein, unless and provided that a member, if it withdraws from membership in the municipal cooperative, shall first comply with the provisions of section 7-233c(c).

(b) Revenue bonds of a municipal cooperative shall be payable as to both principal and interest (1) exclusively from the income and revenues of the municipal cooperative derived from one or more of its projects financed from the proceeds of such bonds; or (2) from the income received from one or more revenue producing contracts made by the municipal cooperative with any participant or other contracts entered into for the sale of electric energy authorized under this chapter; or (3) from its revenues generally, subject, however, to any agreements previously made by the municipal cooperative with the holders of any of its outstanding bonds. Any such bonds may be additionally secured by a pledge of any grant, subsidy or contribution from the United States of America or any

agency or instrumentality or political subdivision thereof, or a pledge of any income or revenues, funds or moneys of the municipal cooperative derived from any source whatsoever.

(c) Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to this chapter shall be deemed to be negotiable instruments within the meaning and for all purposes of title 42a, and each holder or owner of such bonds, or of any coupons appurtenant thereto, by accepting such bonds or coupons shall be conclusively deemed to have agreed that such bonds or coupons are and shall be fully negotiable within the meaning and for all purposes of said Uniform Commercial Code.

(d) Bonds of a municipal cooperative issued pursuant to this chapter may be issued as serial bonds or as term bonds, or the municipal cooperative, in its discretion, may issue bonds of both types. Bonds shall be authorized by resolution of the cooperative utility board and may be issued in one or more series and shall bear such date or dates, mature at such time or times not exceeding forty years from the date of said bonds, bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such conversion, registration and exchange privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, be subject to such terms of redemption (with or without premium), and contain or be subject to such other terms, all as such resolution may provide.

(e) If any officer whose signature or a facsimile of whose signature appears on any bonds or coupons ceases to be such officer before delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Pending preparation of the definitive bonds, a municipal cooperative may issue temporary bonds which shall be exchanged for such definitive bonds.

(f) Bonds of a municipal cooperative may be sold at public or private sale for such price or prices and in such manner as the cooperative utility board shall determine. Bonds of a municipal cooperative may be issued under the provisions of this chapter without obtaining the consent of any department, division, commission, board, bureau or agency of the state, and without any other proceeding or the happening of any other conditions or other things than those proceedings, conditions or things which are specifically required by this chapter.

(g) The resolution under which any bonds shall be issued shall constitute a contract with the holders of said bonds and may contain provisions, among others, as to:

(1) The terms and provisions of the bonds;

(2) Pledging all or any part of the revenues from any project or projects or any revenue-producing contract or contracts made by the municipal cooperative with any participant to secure the payment of said bonds as provided in the authorizing resolution,

subject to such agreements with the holders of outstanding bonds as may then exist;

(3) The custody, collection, securing, investment and payment of any revenues, assets, moneys, funds or property of a municipal cooperative with respect to which the municipal cooperative may have any rights or interest;

(4) The rates or charges for electric power and energy sold by, or services rendered by, the municipal cooperative, the amount to be raised by such rates or charges and the use and disposition of any or all revenue;

(5) The creation of reserves or sinking funds and the regulation and disposition thereof;

(6) Limitations on the purposes to which the proceeds from the sale of any bonds then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of any such bonds;

(7) Limitations on the issuance of any additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds;

(8) The rank or priority of any bonds with respect to any lien or security or as to the acceleration of the maturity of any such bonds;

(9) The creation of special funds or moneys to be held in trust or otherwise for operating expenses, payment or redemption of bonds, reserves or other purposes and as to the use and disposition of moneys held in such funds;

(10) The procedure by which the terms of any contract with or for the benefit of the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(11) Defining the acts or omissions to act which shall constitute a default in the duties of the municipal cooperative to holders of its bonds and providing the rights and remedies of such holders in the event of such default including, if the cooperative utility board shall so determine, the right to accelerate the due date of the bonds or the right to appoint a receiver or receivers of the property or revenues subject to the lien of the resolution;

(12) Any other or additional agreements with or for the benefit of the holders of bonds or any covenants or restrictions necessary or desirable to safeguard the interests of such holders;

(13) The custody of any of its properties or investments, the safekeeping thereof, the insurance to be carried thereon, and the use and disposition of insurance moneys;

(14) Vesting in a trustee or trustees within or without the state such properties, rights, powers and duties in trust as the cooperative utility board may determine, which may

include any or all of the rights, powers and duties of any trustee appointed pursuant to this section; or limiting or abrogating the rights of the holders of any bonds of a municipal cooperative to appoint a trustee under this chapter or limiting the rights, powers and duties of such trustee; and

(15) Appointing and providing for the duties and obligations of a paying agent or paying agents or such other fiduciaries within or without the state.

(h) (1) It is the intention hereof that any pledge of revenues or other moneys or of a revenue producing contract or contracts made by a municipal cooperative pursuant to this chapter shall be valid and binding from the time when the pledge is made; that the revenues or other moneys or proceeds of any contract or contracts so pledged and thereafter received by the municipal cooperative shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the municipal cooperative irrespective of whether such parties have notice thereof. Neither the cooperative utility board nor any official executing bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

(2) The principal of and interest on bonds issued by a municipal cooperative shall be payable solely from the revenues or funds pledged or available for their payment as authorized in this chapter. Each bond shall contain a statement that the principal thereof or interest thereon is payable solely from such revenues or funds of the municipal cooperative and that neither the state nor any political subdivision thereof nor any member participating in establishing the municipal cooperative nor other participant is obligated to pay such principal or interest and that neither the faith or credit nor taxing power of the state or any political subdivision thereof nor any such member or other participant is pledged to the payment of the principal of or the interest on such bonds. A municipal cooperative shall have no power to pledge the credit or create a debt or liability of the state or any political subdivision thereof or of any member participating in establishing the municipal cooperative or of any participant, and any bonds issued under the provisions of this chapter shall not create or constitute an indebtedness, liability or obligation of the state or of any such political subdivision or any such member or other participant or be or constitute a pledge of the faith and credit of the state or any such political subdivision or any such member or other participant but all such bonds, unless funded or refunded by bonds of the municipal cooperative, shall be payable solely from revenues or funds pledged or available for their payment as authorized in this chapter.

Sec. 7-233g. Filing of bond resolution. Notice. Action challenging validity of bond resolution to be brought within twenty days or forever barred. Any municipal cooperative may cause a copy of any bond resolution adopted by it to be filed for public inspection in its office and in the office of the appropriate public official of the governing body of each of its members and may thereupon cause to be published in a newspaper or newspapers published or circulating in the area of operation a notice stating the fact and date of such adoption and the places where such bond resolution has been so filed for

public inspection and also the date of the first publication of such notice and also that any action or proceeding of any kind or nature in any court questioning the validity or proper authorization of bonds provided for by the bond resolution, or the validity of any covenants, agreements or contract provided for by the bond resolution shall be commenced within twenty days after the first publication of such notice. If any such notice shall at any time be published and if no action or proceeding questioning the validity or proper authorization of bonds provided for by the bond resolution referred to in said notice, or the validity of any covenants, agreements or contracts provided for by said bond resolution shall be commenced or instituted within twenty days after the first publication of said notice, then all residents and taxpayers and owners of property in the area of operation and users of the project and all other persons whatsoever shall be forever barred and foreclosed from instituting or commencing any action or proceeding in any court, or from pleading any defense to any action or proceedings, questioning the validity or proper authorization of such bonds, or the validity of any such covenants, agreements or contracts, and said bonds, covenants, agreements and contracts shall be conclusively deemed to be valid and binding obligations in accordance with their terms and tenor.

Sec. 7-233h. Trust indenture. In the discretion of the cooperative utility board any bonds issued under the provisions of this chapter may be secured by a trust indenture by way of conveyance, deed of trust or mortgage of any project or any other property of the municipal cooperative, whether or not financed in whole or in part from the proceeds of such bonds, or by a trust agreement by and between the municipal cooperative and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the state or by both such conveyance, deed of trust or mortgage and indenture or trust agreement. Such trust indenture or agreement may pledge or assign any or all fees, rents and other charges to be received or proceeds of any contract or contracts pledged, and may convey or mortgage any property of the municipal cooperative. Such trust indenture or agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including particularly such provisions as have hereinabove been specifically authorized to be included in any resolution or resolutions of the municipal cooperative authorizing the issue of bonds. Any bank or trust company incorporated under the laws of the state may act as depository of the proceeds of such bonds or of revenues or other moneys and may furnish such indemnifying bonds or pledge such securities as may be required by the municipal cooperative. Such trust indenture may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders. In addition to the foregoing, such trust indenture or agreement may contain such other provisions as the municipal cooperative may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust indenture or agreement may be treated as a part of the cost of a project.

Sec. 7-233i. Bond anticipation notes. A municipal cooperative shall have the power at any time and from time to time after the issuance of bonds thereof shall have been authorized by resolution duly adopted as hereinbefore provided, to borrow money

for the purposes for which such bonds are to be issued in anticipation of the receipt of the proceeds of the sale of such bonds and within the authorized maximum amount of such bond issue. Any such loan shall be paid within five (5) years after the date of the initial loan. Bond anticipation notes shall be issued for all moneys so borrowed under the provisions of this section, and such notes may be renewed from time to time, but all such renewal notes shall mature within the time above limited for the payment of the initial loan. Such notes shall be authorized by resolution of the cooperative utility board and shall be in such denomination or denominations, shall bear interest at such rate or rates, shall be in such form and shall be executed in such manner, all as such cooperative utility board shall prescribe in said resolution. If such notes shall be renewal notes, they may be exchanged for notes then outstanding on such terms as the cooperative utility board shall determine. The cooperative utility board may, in its discretion, retire any such notes from the revenues derived from the project or projects or from such other moneys of the municipal cooperative which are lawfully available therefor or from a combination of each, in lieu of retiring them by means of bond proceeds, provided, however, that before the retirement of such notes by any means other than the issuance of bonds it shall amend and modify the resolution authorizing the issuance of the bonds in anticipation of the proceeds of the sale of which such notes shall have been issued so as to reduce the authorized amount of the bond issue by the amount of the notes so retired. Such amendatory or modifying resolution shall take effect immediately upon its passage.

Sec. 7-233j. Interconnection of electric system lines. Contracts for sale of electricity. The municipal cooperative is authorized to (1) interconnect the lines of its system with those of other electric systems within or without the state, and to enter into contracts for the sale of electric energy within or without the state to electric systems constructed, owned, controlled or operated by any electric utility, member or nonmember municipal electric utility or any other public or private electric power entity, or any person without the state; and (2) enter into contracts with other electric utilities, member or nonmember municipal electric utilities, or any other public or private electric power entities within or without the state for standby power upon suitable terms, and for the sale of any surplus power not required for its own operation for sale to any electric utility, member or nonmember municipal electric utility or any other public or private electric power entity within or without the state.

Sec. 7-233k. Eminent domain. If a municipal cooperative is unable to agree with the owner or owners of real or personal property upon the terms for the acquisition of the same for any reason whatsoever, then the municipal cooperative may acquire, and is hereby authorized to acquire, all real or personal property that it deems necessary for carrying out the purposes of this chapter, whether a fee simple absolute or a lesser interest, by condemnation or the exercise of the right of eminent domain, under and pursuant to the provisions of part I of chapter 835 and related statutes; provided that, notwithstanding anything herein to the contrary, the municipal cooperative shall have no power of eminent domain with respect to any real or personal property owned by an electric utility, nonmember municipal electric utility or any other public or private electric power entity and used in connection with a system or plant of such electric utility, nonmember municipal electric utility or any other public or private electric power entity.

The power of a municipal cooperative to acquire real or personal property by condemnation or the exercise of the power of eminent domain shall be a continuing power and no exercise thereof shall be deemed to exhaust it.

Sec. 7-233l. Rates. A municipal cooperative is hereby authorized to fix, establish, maintain and collect, or to authorize, by contract, franchise, lease or otherwise, the establishment, levying and collection of, such rates, fees, rental or other charges, including connection charges, for the services afforded by the municipal cooperative or by or in connection with any properties which it may construct, erect, acquire, own, operate or control, and for the sale of electric energy or transmission capacity or service as it may deem necessary, proper, desirable and reasonable, which said rates, fees, rentals or other charges shall be fixed and established by the municipal cooperative in the manner prescribed in the following section hereof.

Sec. 7-233m. Sufficiency of rate schedule. Public hearing. Public inspection. A municipal cooperative shall prescribe and from time to time when necessary revise a schedule of all of its rates, fees, rentals or other charges, which shall comply with the terms of any resolution, contract or other agreement of the municipal cooperative and shall be such that the revenues of the municipal cooperative will at all times be adequate to pay the expenses of operation and maintenance of its project or projects, including all reserves, insurance, extension, and replacement costs and to pay the principal of and interest on any bonds or notes of the municipal cooperative issued under this chapter, and to maintain such reserves therefor as may be required by the terms of any resolution, contract or other agreement of the municipal cooperative or as may be deemed necessary or desirable by the municipal cooperative. Said schedule shall thus be prescribed and from time to time revised by the municipal cooperative after public hearing thereon which shall be held by the municipal cooperative at least seven days after notice thereof has been published at least once in the area of operation. A copy of the schedule of such rates, fees, rentals or other charges of the municipal cooperative then in effect shall at all times be kept on file at the principal office of the municipal cooperative and shall at all reasonable times be open to public inspection.

Sec. 7-233n. Dissolution of cooperative. The governing bodies of two or more municipal electric utilities which have created a municipal electric energy cooperative pursuant to section 7-233c may, by concurrent resolutions duly adopted by each of such governing bodies within any single calendar year, dissolve such municipal electric energy cooperative on the conditions set forth in this section. Such municipal electric energy cooperative may be dissolved on condition that either the representatives of the municipal electric energy cooperative by resolution duly adopted, consent to such dissolution, and the municipal electric energy cooperative has no debts or obligations outstanding or that sufficient moneys have been set aside irrevocably in trust to satisfy all of the outstanding debts or obligations of such municipal electric energy cooperative. A copy of each concurrent resolution for the dissolution of a municipal electric energy cooperative adopted pursuant to this section, duly certified by the appropriate officer of the municipal electric utility, shall be filed in the office of the Secretary of the State. Upon proof of such filing of certified copies of the concurrent resolutions for the dissolution of a

Deleted: Upon the dissolution of any municipal electric energy cooperative in the manner provided in this section, the governing bodies dissolving such municipal electric energy cooperative shall be deemed never to have joined in the creation of a municipal electric energy cooperative.

municipal electric energy cooperative as aforesaid and upon proof either that such municipal electric energy cooperative had no debts or obligations outstanding at the time of the adoption of such resolutions, or that sufficient moneys have been set aside irrevocably in trust to satisfy all of its outstanding debts or obligations, the municipal electric energy cooperative therein referred to shall be conclusively deemed to have been lawfully and properly dissolved and the property of the municipal electric energy cooperative shall be vested in the creating municipal electric utilities or as otherwise provided in agreements by and among the municipal cooperative and the members of the municipal cooperative provided that any such agreements shall treat similarly situated members in a comparable and non-discriminatory manner. A copy of any such concurrent resolution, duly certified by or on behalf of the Secretary of the State, shall be admissible in evidence in any suit, action, or proceeding, and shall be conclusive evidence of due and proper filing thereof as aforesaid.

Sec. 7-233o. Conflict of interest. No representative, officer or employee of a municipal electric energy cooperative shall have or acquire any personal interest, direct or indirect, in any project or in any property included or planned to be included in any project or in any contract or proposed contract for materials or services to be furnished to or used by the municipal electric energy cooperative, but neither the holding of any office or employment in the government of or in any municipal electric utility or in any municipal cooperative under any law of the state nor the owning of any property within the state shall be deemed a disqualification for representation on or employment by a municipal electric energy cooperative.

Sec. 7-233p. Representative compensation. A municipal electric energy cooperative may reimburse its representatives for necessary expenses incurred in the discharge of their duties and pay such reasonable, uniformly applicable, compensation to such representatives for their service on the cooperative utility board as provided in this section or as otherwise may be provided in section 7-233c(a). The concurrent resolutions creating a municipal electric energy cooperative may provide that the representatives of the municipal electric energy cooperative may receive annual compensation for their services within limitations to be stated in such concurrent resolutions and in that event, each representative may receive from the municipal electric energy cooperative such compensation for his services as the municipal electric energy cooperative may determine within the limitations stated in such concurrent resolutions. Said provisions or limitations stated in any such resolutions may be amended by subsequent concurrent resolutions, but no reduction of any such limitation shall be effective as to any representative of the municipal electric energy cooperative then in office except upon the written consent of such representative.

Deleted: No representative of any municipal authority shall receive any compensation for his services except as provided in this section.

Sec. 7-233q. Competitive bidding. Contracts. (a) All purchases for supplies, materials or equipment to be made in excess of twenty-five thousand dollars shall be submitted for competitive bid provided that more than one source of such supplies, materials or equipment is available, except this subsection shall not apply to any project or projects in which a municipal electric energy cooperative is an owner of a portion if

the project itself is not required to be subject to competitive bidding.

(b) (1) Notwithstanding subsection (a) of this section, any contracts to be entered into by a cooperative created pursuant to this chapter or any project in which such cooperative has an interest or any joint venture or partnership thereof may be entered into as the result of either negotiation, request for proposals, open-bid or sealed-bid method of procurement. In determining the type of procurement method it deems most prudent, the cooperative may consider the scope of work, the management complexities associated therewith, the extent of current and future technological development requirements and the best interests of the cooperative and its members and participants. The cooperative shall determine the terms and conditions of such contracts and the fees or other compensation to be paid pursuant to such contracts.

(2) The entry into any contract resulting from negotiation or the conduct of a request for proposals pursuant to subdivision (1) of this subsection may be by resolution or by the terms of written policies adopted by the cooperative at the option of the governing body of said cooperative. If the cooperative elects to proceed by negotiation or request for proposals for the procurement of any such contract by the terms of written policies adopted by the cooperative, the contract and the factual basis for the method of procurement shall be recorded and open for public inspection immediately after the award of such contract.

Sec. 7-233r. Cooperative bonds and notes deemed legal investment. To the extent permitted by law, the state and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, savings and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes issued pursuant to this chapter, and such bonds or notes shall be authorized security for any and all public deposits.

Sec. 7-233s. Taxation. The creation of a municipal electric energy cooperative pursuant to the provisions of this chapter is in all respects for the benefit of the people of the state and for the improvement of their health, safety, welfare, comfort and security, and its purposes are public purposes and a municipal cooperative will be performing an essential governmental function. The real and personal property of a municipal electric energy cooperative, and its income and operations, shall be exempt from all taxation by the state and any political subdivision thereof; provided, however, that in connection with the acquisition or construction or ownership of any project or projects, or portions thereof, which may be located outside the boundaries of the members of the municipal cooperative, the municipal cooperative may make payments in lieu of taxation and enter into a contract therefor to the appropriate taxing entity in which such project or projects, or portions thereof, are so acquired or constructed. The state covenants with the purchasers and all subsequent holders and transferees of the notes or bonds issued by a municipal cooperative, in consideration of the acceptance of any payment for the notes or

bonds, that the notes or bonds of a municipal cooperative, issued pursuant to this chapter and the income therefrom shall at all times be free from taxation.

Sec. 7-233t. Exemption from jurisdiction of Department of Public Utility Control. A municipal electric energy cooperative created pursuant to the provisions of this chapter shall be exempt from the jurisdiction and control of the Department of Public Utility Control of this state, except to the extent municipal electric utilities are subject to the Department of Public Utility Control as of the date of the formation of the municipal cooperative.

Sec. 7-233u. Severability of provisions. The respective words, clauses, sentences, paragraphs and sections of this chapter are severable, and the declaration of invalidity of any such word, clause, sentence, paragraph or section shall not invalidate the remaining portions of the chapter.

Sec. 7-233v. Liberal construction. This chapter shall be construed liberally to effectuate the legislative intent and the purposes of this chapter as complete and independent authority for the performance of each and every act and thing herein authorized and all authority herein granted shall be broadly interpreted to effectuate such intent and purposes and not as a limitation of powers.

Sec. 7-233w. Controlling provisions in case of conflict. Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, general, special or local, or any limitation imposed by a corporate or municipal charter, the provisions of this chapter shall be controlling and all other conflicting laws or limitations of any nature whatsoever are hereby repealed, revoked and rescinded.

Sec. 7-233x. Power supply contracts between cooperatives and municipal electric utilities. Any municipal electric utility, as defined in section 7-233b, shall have power, acting on behalf of the municipality with respect to which such municipal electric utility is a department, agency or other such related body, to enter into agreements with any municipal electric energy cooperative, as defined in said section 7-233b, for the purchase, sale, exchange or transmission of electric power or energy on such terms and for such periods of time as agreed upon by such municipal electric utility and such municipal electric energy cooperative, and any such agreement shall be binding on the parties thereto and such municipality, provided such municipality may disapprove and thereby invalidate such agreement by vote of its legislative body at any time no later than thirty days following the date such agreement is filed and appropriately recorded in such municipality for consideration by its legislative body. Any such agreement may include terms providing that the municipal electric utility (1) make payments for electric power and energy based on a formula stated in the agreement, (2) make such payments unconditionally whether or not the agreed upon electric power or energy is provided or otherwise made available or a particular project is completed, operable or operating, and (3) pay obligations of another municipal electric utility if such municipal electric utility fails to make such payments as required in such agreement. Payments made under such agreements may be recovered in the prices charged by the municipal electric utility.

Sec. 7-233y. Municipal energy conservation and load management fund. (a) Each municipal electric utility created pursuant to chapter 101 or by special act shall, for investment in renewable energy sources and for conservation and load management programs pursuant to this section, accrue from each kilowatt hour of its metered firm electric retail sales, exclusive of such sales to United States government naval facilities in this state, no less than the following amounts during the following periods, in a manner conforming to the requirement of this section: (1) 1.0 mills on and after January 1, 2006; (2) 1.3 mills on and after January 1, 2007; (3) 1.6 mills on and after January 1, 2008; (4) 1.9 mills on and after January 1, 2009; (5) 2.2 mills on and after January 1, 2010; and (6) 2.5 mills on and after January 1, 2011.

(b) There is hereby created a municipal energy conservation and load management fund in each municipal electric energy cooperative created pursuant to this chapter, which fund shall be a separate and dedicated fund to be held and administered by such cooperative. Each municipal electric utility created pursuant to chapter 101 or by special act that is a member or participant in such a municipal electric energy cooperative shall accrue and deposit such amounts as specified in subsection (a) of this section into such fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund shall be made pursuant to the comprehensive electric conservation and load management plan prepared by the cooperative in accordance with subsection (c) of this section.

(c) Such cooperative shall, annually, adopt a comprehensive plan for the expenditure of such funds by the cooperative on behalf of such municipal electric utilities for the purpose of carrying out electric conservation, investments in renewable energy sources, energy efficiency and electric load management programs funded by the charge accrued pursuant to subsection (a) of this section. The cooperative shall expend or cause to be expended the amounts held in such fund in conformity with the adopted plan. The plan may direct the expenditure of funds on facilities or measures located in any one or more of the service areas of the municipal electric utilities who are members or participants in such cooperative and may provide for the establishment of goals and standards for measuring the cost effectiveness of expenditures made from such fund, for the minimization of federally mandated congestion charges and for achieving appropriate geographic coverage and scope in each such service area. Such plan shall be consistent with the comprehensive plan of the Energy Conservation Management Board established under section 16-245m. Such cooperative, annually, shall submit its plan to such board for review.

Sec. 7-233z. Comprehensive report. (a) A municipal electric energy cooperative, created pursuant to this chapter, shall submit a comprehensive report on the activities of the municipal electric utilities with regard to promotion of renewable energy resources. Such report shall identify the standards and activities of municipal electric utilities in the promotion, encouragement and expansion of the deployment and use of renewable energy sources within the service areas of the municipal electric utilities for the prior calendar year. The cooperative shall submit the report to the Renewable Energy Investment

Advisory Committee established pursuant to section 16-245n not later than ninety days after the end of each calendar year that describes the activities undertaken pursuant to this subsection during the previous calendar year for the promotion and development of renewable energy sources for all electric customer classes.

(b) Such cooperative shall develop standards for the promotion of renewable resources that apply to each municipal electric utility. On or before January 1, 2008, and annually thereafter, such cooperative shall submit such standards to the Renewable Energy Investment Advisory Committee.

Secs. 7-233aa to 7-233hh, Reserved for future use.