AN ACT CONCERNING MUNICIPAL ELECTRIC UTILITY COOPERATIVES.

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

Section 1. Section 7-233c of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2017):

(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, provided one such representative shall be appointed by the legislative body of each municipality in which a member municipal electric utility operates, pursuant to this subsection. 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 legislative body of the municipality in which each municipal electric utility operates, pursuant to this subsection. For representatives appointed by the governing body of each municipal electric utility, the qualification of such representatives, terms of office for the original representatives and their successors and compensation, if any, by the member pursuant to this section or by the municipal electric energy cooperative pursuant to section 7-233p, as amended by this act, shall be prescribed by each such governing body; provided, each representative shall be an official or employee of such municipal electric utility. For each representative appointed by the legislative body of each municipality in which a member municipal electric utility operates, the qualification of such representative, terms of office for the original representative and his or her successors and compensation, if any, by the legislative body or by the municipal electric energy cooperative pursuant to section 7-233p, as amended by this act, shall be prescribed by each such legislative body; provided each such legislative body shall appoint a representative who is a residential or commercial ratepayer of the municipal electric utility that operates in the municipality of such legislative body and who does not hold other official positions in and is not employed by (1) the governing body of such member municipal electric utility, (2) the municipality in which the member municipal electric utility operates, (3) the governing body of any other member, (4) the municipality in which any other member municipal electric utility operates, or (5) the municipal electric energy cooperative. In addition to paying such compensation as may be prescribed pursuant to this section or section 7-233p, as amended by this act, 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 electric energy cooperative can be validly and legally formed each of the municipalities represented by a municipal electric utility joining together to form the municipal electric energy
cooperative must, by proper proceedings duly adopted, consent and agree to such formation of the municipal electric energy cooperative.

(b) After the creation of a municipal electric energy cooperative under subsection (a) of this section, any other municipal electric utility may become a member of the municipal electric energy cooperative if (1) the municipal electric utility files with the municipal electric energy 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 electric energy cooperative receives such filing, the governing bodies of at least two-thirds of the municipal electric utilities comprising the membership of the municipal electric energy cooperative at the time of such filing duly adopt a resolution approving membership of such municipal electric utility in the municipal electric energy 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 electric energy cooperative shall appoint representatives to the cooperative utility board of the municipal electric energy cooperative. The number of such appointed representatives shall be the same as the number mutually agreed upon by the other members of the municipal electric energy cooperative pursuant to subsection (a) of this section. The provisions of said subsection (a) concerning the qualification, compensation and terms of office of, and reimbursement of travel expenses for, representatives of the existing members of the municipal electric energy cooperative shall apply to representatives of such municipal electric utility.

(c) A municipal electric utility that is a member of a municipal electric energy cooperative may withdraw from the municipal electric energy cooperative if: (1) Such withdrawing municipal electric utility continues to fully perform all of its obligations under any contract it
has with the municipal electric energy cooperative or provides sufficient funds in trust for the benefit of the municipal electric energy cooperative to satisfy such obligations, (2) the withdrawing municipal electric utility files with the municipal electric energy cooperative a resolution, duly adopted by its governing body, approving the withdrawal, and such resolution is filed with the Secretary of the State in the same manner as provided in subsection (c) of section 7-233d, and (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.

(d) (1) Upon appointment of its representatives by the members of the municipal electric energy 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 electric energy cooperative.

(2) The cooperative utility board may hold such meetings and public hearings as it deems desirable and the powers of the municipal electric energy cooperative shall be vested in the representatives thereof in office from time to time. The cooperative utility board shall hold any such meetings and public hearings in the state. The municipal electric energy cooperative shall post on its Internet web site and provide to participants notice of and the agenda for each meeting and public hearing, and any changes made thereto, not later than five days before such meeting or public hearing. Each participant shall post on its Internet web site and provide to the municipality in which it operates such notice, agenda and changes not later than four days before such meeting or public hearing. Each such municipality shall post on its Internet web site such notice, agenda and changes not later than three days before such meeting or public hearing.

(3) A majority of the entire authorized number of representatives of the municipal electric energy cooperative shall constitute a quorum at
any meeting thereof. Action may be taken, motions voted and
resolutions adopted by the municipal electric energy 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 electric energy cooperative or an amendment to such
bylaws 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)] (A)
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 electric energy
cooperative during the preceding completed calendar year, provided,
if the municipal electric energy 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 electric
energy 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 electric energy cooperative
during such year, and [(2)] (B) any action, motion or resolution taken,
voted or adopted by the municipal electric energy 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, provided at least a majority of the members of
the municipal electric energy cooperative approves such action,
motion or resolution. Notwithstanding any provision of this
subsection or of subsection (g) of this section to the contrary, a
unanimous vote of all of the representatives of the municipal electric
energy cooperative shall be required before said municipal electric
energy cooperative can exercise the power of condemnation or
eminent domain provided in this chapter.

(4) The municipal electric energy cooperative shall post on its
Internet web site and provide to participants the minutes of such
meeting or public hearing, including any actions taken, motions voted and resolutions adopted, not later than five days after such meeting or public hearing described in subdivision (2) of this subsection. Each participant shall post on its Internet web site and provide to the municipality in which it operates such minutes not later than six days after such meeting or public hearing. Each municipality shall post such minutes on its Internet web site not later than seven days after such meeting or public hearing.

(5) The cooperative utility board may appoint and employ a chief executive officer, a treasurer, a secretary, a general counsel and such officers, advisors, 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.

(e) Organizational expenses incurred by a municipal electric energy 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) A municipal electric energy cooperative may adopt, on a
prospective basis, methods of voting for all or specifically designated matters. Any such methods shall be specified in the bylaws of a municipal electric energy cooperative or in an amendment to such bylaws unanimously adopted by the members of the municipal electric energy cooperative. A municipal electric energy cooperative may distinguish the voting rights of its members based on whether a member is a full requirements customer or a partial requirements customer of the municipal electric energy cooperative or based on the term of the contractual obligations for power and transmission supply each member incurs with respect to the municipal electric energy cooperative, provided any such distinctions shall treat similarly situated members in a comparable and nondiscriminatory manner. For purposes of this subsection, "full requirements customer" means a wholesale purchaser of electric power or transmission services whose electric energy supplier is the sole source of long-term firm power, and "partial requirements customer" means a wholesale purchaser of electric power or transmission services that directly owns or operates generating or transmission assets that are insufficient to carry all of such purchaser's electric load and whose electric energy supplier is a supplemental source of long-term firm power.

(h) A municipal electric energy cooperative shall cause a forensic audit of its books and all accounts to be conducted annually by an independent auditing firm and in accordance with generally accepted accounting standards. The auditor shall submit (1) a report that includes an opinion regarding the financial statements and a management letter, and (2) a report that includes an opinion on conformance of the operating procedures of the municipal electric energy cooperative with the provisions of chapter 101a and the bylaws of the municipal electric energy cooperative, and any recommendations for any corrective actions needed to ensure such conformance. The municipal electric energy cooperative shall post on its Internet web site and provide to participants such forensic audit report not later than seven days after such forensic audit report is received by the municipal electric energy cooperative. Each participant
shall post on its Internet web site and provide to the municipality in which it operates such forensic audit report not later than five days after such forensic audit report is received from the municipal electric energy cooperative. Each such municipality shall post on its Internet web site such forensic audit report not later than five days after such forensic audit report is received from the participant.

(i) A municipal electric energy cooperative shall annually provide the following, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy: (1) A list of the current members and officers of the cooperative utility board described in subsection (d) of this section; (2) a copy of the most recent annual report of the municipal electric energy cooperative; (3) a copy of the most recent audited financial statements, management letter and forensic audit reports of the municipal electric energy cooperative that are required under subsection (h) of this section; (4) a copy of any conflicts of interest policy of the municipal electric energy cooperative; (5) a copy of the municipal electric energy cooperative’s most recently filed Internal Revenue Service form 990, including all parts and schedules that are required to be made available for public inspection under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time; (6) a copy of the bylaws of the municipal electric energy cooperative; and (7) as to any employee of the municipal electric energy cooperative, a report listing the position of each employee and the amount of the salary, wages and fringe benefit expenses paid to each such employee.

(j) If a municipal electric energy cooperative holds a strategic retreat or similar activity, it shall hold such retreat or activity in the state. The cooperative utility board shall approve, at a meeting, such retreat or activity, including the location, the purpose, planned participants, any entertainment and any gifts of value. Such retreat or activity shall include meetings to conduct business and the municipal electric energy cooperative. 
energy cooperative shall provide to the cooperative utility board, not later than five days after such retreat or activity, an agenda, a list of attendees and the meeting minutes. Such retreat or activity shall not include any entertainment or gifts of value other than that approved by the cooperative utility board.

Sec. 2. Section 7-233p of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2017):

> If the members of a municipal electric energy cooperative and the legislative bodies of the municipalities are not paying compensation to their representatives pursuant to subsection (a) of section 7-233c, as amended by this act, such 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 board of such municipal electric energy cooperative as provided in this section. 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.

| This act shall take effect as follows and shall amend the following sections: |
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| Section 1                  | October 1, 2017  | 7-233c           |
| Sec. 2                     | October 1, 2017  | 7-233p           |
Statement of Legislative Commissioners:
Throughout the bill, "municipal cooperative" was changed to "municipal electric energy cooperative", for consistency.

ET Joint Favorable Subst.