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Fisher/Klein  
2/21/20

**CS FOR SENATE BILL NO. 81(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR HUGHES

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to electric and telephone cooperatives; and relating to telephone  
2 service and related telecommunications services."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 10.15.005 is amended to read:

5 **Sec. 10.15.005. Purposes for which cooperatives may be organized.** A  
6 cooperative may be organized under this chapter for any lawful purpose, except for the  
7 purpose of banking or insurance or the furnishing of electric or telephone or a related  
8 telecommunications service.

9 \* **Sec. 2.** AS 10.15.575(a) is amended to read:

10 (a) A person other than a cooperative association incorporated under this  
11 chapter or a previous law of the state may not use the term "cooperative," or any  
12 variation of the term, as part of its corporate or other business name or title. However,  
13 this section does not apply to cooperatives organized to generate and transmit electric  
14 energy and power or to furnish electric or telephone or a related telecommunications

1 service.

2 \* **Sec. 3.** AS 10.15.585 is amended to read:

3 **Sec. 10.15.585. Application of chapter.** This chapter applies to the fullest  
4 extent permitted by the laws and constitution of the United States and of the state to all  
5 existing cooperative associations incorporated under a previously existing law of the  
6 state relating to incorporation of cooperative associations. However, this section does  
7 not apply to cooperatives organized to generate and transmit electric energy and power  
8 or to furnish electric or telephone **or a related telecommunications** service.

9 \* **Sec. 4.** AS 10.25.010(a) is amended to read:

10 (a) Except as provided in (b) of this section, an electric or telephone  
11 cooperative may

12 (1) sue and be sued in its corporate name;

13 (2) have perpetual existence;

14 (3) adopt a corporate seal and alter it;

15 (4) construct, buy, lease, or otherwise acquire, and equip, maintain,  
16 and operate, and sell, assign, convey, lease, mortgage, pledge, or otherwise dispose of  
17 or encumber lands, buildings, structures, electric or telephone lines or systems, dams,  
18 plants and equipment, and any other real or personal property, tangible or intangible,  
19 that is necessary, convenient, or appropriate to accomplish the purpose for which the  
20 cooperative is organized;

21 (5) buy, lease, or otherwise acquire, and use, and exercise and sell,  
22 assign, convey, mortgage, pledge or otherwise dispose of or encumber franchises,  
23 rights, privileges, licenses, and easements;

24 (6) borrow money and otherwise contract indebtedness, and issue  
25 evidences of indebtedness, and secure the payment of the indebtedness by mortgage,  
26 pledge, or deed of trust of, or any other encumbrance upon its real or personal  
27 property, assets, franchises, or revenues;

28 (7) construct, maintain, and operate electric transmission and  
29 distribution lines [,] or telephone **or related telecommunications service** lines along,  
30 **on** [UPON], under and across publicly owned lands and public thoroughfares,  
31 including, without limitation, all roads, highways, streets, alleys, bridges, and

causeways;

(8) exercise the power of eminent domain;

(9) become a member of other cooperatives or corporations or own stock in them;

(10) conduct its business and exercise its powers inside or outside the state;

(11) adopt, amend, and repeal bylaws;

(12) make all contracts necessary, convenient, or appropriate for the full exercise of its powers;

(13) make donations for the public welfare or for charitable, scientific, or educational purposes;

(14) do and perform any other act and thing, and have and exercise any other power that may be necessary, convenient, or appropriate to accomplish the purpose for which the cooperative is organized.

\* **Sec. 5.** AS 10.25.030(a) is amended to read:

(a) A telephone cooperative may

(1) furnish, improve, and expand telephone or [SERVICE AND] related telecommunications service to its members [,] and to other users not in excess of 10 percent of the number of its members; however, telephone or a related telecommunications service may be made available by a cooperative through interconnection of facilities to any number of subscribers of other telephone or related telecommunications systems, and through pay stations to any number of users, and a cooperative that [WHICH] acquires existing telephone facilities or related telecommunications facilities may continue service to persons, not exceeding 40 percent of the number of its members, who are already receiving service from the facilities without requiring them to become members, and these persons may become members on [UPON] terms as may be prescribed in the bylaws;

(2) connect and interconnect its telephone or related telecommunications service lines, facilities, or systems with other telephone or related telecommunications service lines, facilities, or systems;

(3) make its facilities available to persons furnishing telephone or

1 **related telecommunications** service inside or outside the state.

2 \* **Sec. 6.** AS 10.25.040(a) is amended to read:

3 (a) The name of a cooperative must include the words "electric," [OR]  
4 "telephone," **"telecommunications," or "telecom,"** as appropriate to its purpose, and  
5 "cooperative" **or "association,"** and the abbreviation **"Inc."** ["INC."]

6 \* **Sec. 7.** AS 10.25.080(a) is amended to read:

7 (a) Each incorporator of a cooperative shall be a member of the cooperative or  
8 of another cooperative that is a member of it. A person may not become a member  
9 unless that person agrees to use electric energy, [OR] telephone **or a related**  
10 **telecommunications** service, or other services furnished by the cooperative when they  
11 are made available through its facilities.

12 \* **Sec. 8.** AS 10.25.090(a) is amended to read:

13 (a) An annual meeting of the members of a cooperative shall be **conducted as**  
14 [HELD AT THE TIME AND PLACE] provided in the bylaws **of the cooperative.** An  
15 annual meeting of the members of a cooperative that has been divided into districts as  
16 provided for in AS 10.25.190 may consist of separate annual meetings of the members  
17 of each district. **Unless prohibited by the articles or bylaws of the cooperative, the**  
18 **members of a cooperative may conduct an annual meeting by teleconference or**  
19 **another means of communication that ensures all members participating can**  
20 **hear each other during the meeting.**

21 \* **Sec. 9.** AS 10.25.090(c) is amended to read:

22 (c) An annual meeting of district delegates of a cooperative shall be  
23 **conducted as** [HELD AT THE TIME AND PLACE] provided in the bylaws **of the**  
24 **cooperative.**

25 \* **Sec. 10.** AS 10.25.100 is amended to read:

26 **Sec. 10.25.100. Notice of meetings.** Except as otherwise provided in this  
27 chapter, **or the articles or bylaws of a cooperative,** written notice stating the time  
28 and place of each meeting of the members or district delegates shall be given to each  
29 member or district delegate, **in person** [EITHER PERSONALLY] or by mail,  
30 **electronic mail, or text message,** not less than 15 days **nor** [OR] more than 60 days  
31 before the date of the meeting. Notice of a special meeting of the members, together

1 with notice of the purpose for which the meeting is called, shall be given to each  
2 member or district delegate [, EITHER] personally or by mail, electronic mail, or  
3 text message, not less than 90 days nor [OR] more than 120 days before the date of  
4 the meeting. If mailed, notice is considered given when the notice [IT] is deposited in  
5 the United States mail with postage prepaid addressed to the member or district  
6 delegate at the address of the member or delegate as the address [IT] appears on the  
7 records of the cooperative. When sent by text or electronic mail, notice is  
8 considered given when the notice is sent to the member's telephone number, if the  
9 telephone is capable of receiving text messages, or the electronic mailing address  
10 on record with the cooperative.

11 \* **Sec. 11.** AS 10.25.110(a) is amended to read:

12 (a) Unless the bylaws prescribe the presence of a greater percentage or number  
13 of the members for a quorum, a quorum for the transaction of business at all meetings  
14 of the members of a cooperative or the members of a district of a cooperative having  
15 not more than 1,000 members is five percent of all members [, PRESENT IN  
16 PERSON], and a quorum for the transaction of business of the members of a  
17 cooperative or the members of a district of a cooperative having more than 1,000  
18 members is 50 members [, PRESENT IN PERSON]. If less than a quorum is present,  
19 or is considered present under (c) of this section, at a meeting, a majority of those  
20 present, or considered present under (c) of this section [IN PERSON] may adjourn  
21 the meeting from time to time without further notice.

22 \* **Sec. 12.** AS 10.25.110 is amended by adding a new subsection to read:

23 (c) Unless prohibited by the articles or bylaws, a member or delegate who  
24 votes by electronic communication or mail is considered to have attended the meeting.

25 \* **Sec. 13.** AS 10.25.175(a) is amended to read:

26 (a) A meeting of the board of directors may be attended by members of the  
27 cooperative. Except when voice votes are authorized, a vote shall be conducted in such  
28 a manner that the members may know the vote of each person entitled to vote. The  
29 board of directors may conduct a meeting by teleconference, or another means of  
30 communication that ensures all participating directors can hear each other  
31 during the meeting, [OR SIMILAR COMMUNICATIONS EQUIPMENT] if the

board gives reasonable notice of the meeting and if members of the cooperative are able to attend the meeting sites and hear the meeting. This section applies only to a meeting at which a quorum of the board participates.

\* **Sec. 14.** AS 10.25.175(c) is amended to read:

(c) The following excepted subjects may be discussed in an executive session:

(1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative;

(2) subjects that tend to prejudice the reputation and character of a person; however, the person may request a public discussion;

(3) matters discussed with an attorney for the cooperative, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative;

**(4) personnel matters;**

**(5) matters that would have an adverse effect on the ability of the cooperative to compete in the market served by the cooperative.**

\* **Sec. 15.** AS 10.25.290(a) is amended to read:

(a) A corporation organized under the laws of the state and supplying or having the corporate power to supply electric energy [,] or to furnish telephone **or a related telecommunications** service [,] may be converted into a cooperative by complying with the requirements of this section and thereupon becomes subject to this chapter as if originally organized under this chapter.

\* **Sec. 16.** AS 10.25.430 is amended to read:

**Sec. 10.25.430. Validity of mortgage under Rural Electrification Act [OF 1936].** A mortgage made by a cooperative organized under this chapter to the United States of America, or an agency or instrumentality of it, to secure indebtedness incurred under **7 U.S.C. 901 - 950bb-2** [7 U.S.C. 901 - 950B] (Rural Electrification Act [OF 1936]), as amended, is not void as against creditors of the mortgagor and subsequent purchasers and encumbrancers of the property in good faith for value because the mortgage is not accompanied by an affidavit of the parties to it, or an affidavit of the agent or attorney-in-fact of a party to it, that the mortgage is made in good faith to secure the amount named, and without a design to hinder, delay or

defraud creditors. A mortgage made by a cooperative organized under this chapter to the United States of America, or an agency or instrumentality of it to secure indebtedness incurred under 7 U.S.C. 901 - 950bb-2 [7 U.S.C. 901 - 950B] (Rural Electrification Act [OF 1936]), as amended, need not set out [FORTH] the date upon which the indebtedness secured by it becomes due.

\* **Sec. 17.** AS 10.25.460 is amended to read:

**Sec. 10.25.460. Registered office and registered agent.** Each cooperative shall have and continuously maintain in the state a registered

(1) office, which may be, but need not be, the same as the location of the principal office;

(2) agent who is either an individual resident in the state [AND] whose business office is identical with the registered office or a domestic or foreign corporation authorized to transact business in the state whose business office is identical with the registered office.

\* **Sec. 18.** AS 10.25.810 is amended to read:

**Sec. 10.25.810. Purpose.** Cooperative, nonprofit, membership corporations may be organized under this chapter for the purpose of supplying electric energy or telephone or a related telecommunications service and promoting and extending the use of these services.

\* **Sec. 19.** AS 10.25.820 is amended to read:

**Sec. 10.25.820. Chapter extended to existing cooperatives.** This chapter applies to all nonprofit cooperatives organized under any other law of the state for the purpose of supplying electric energy and power, or telephone or a related telecommunications service, to its members, or for the purpose of promoting and extending the use of electric energy and power [,] or telephone or a related telecommunications service. These cooperatives are subject to this chapter as if originally organized under it.

\* **Sec. 20.** AS 10.25.840 is amended by adding a new paragraph to read:

(6) "related telecommunications service" means

(A) the transmission and reception of messages, impressions, pictures, and signals by means of electricity, electromagnetic waves, or any

1 other source of energy, force variations, or impulses, whether conveyed by  
2 cable, wire, radiated through space, or transmitted through other media; or

3 (B) a service capable of electronically generating, acquiring,  
4 storing, transforming, processing, retrieving, utilizing, or making available  
5 information, through the use of broadband Internet access, data center services,  
6 information technology, or other technology services.

7 \* **Sec. 21.** AS 10.25.030(b) and 10.25.400(e) are repealed.