



SENATE BILL No. 652

September 13, 1995, Introduced by Senator DUNASKISS and referred to the Committee on Financial Services.

A bill to regulate the issuance of stocks, bonds, and other evidences of indebtedness by a generation and transmission electric cooperative; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) Subject to subsection (2), a generation and
2 transmission electric cooperative organized or authorized to do
3 business in this state, or in both this state and another state,
4 may issue stocks, bonds, notes, or other evidences of indebted-
5 ness payable at periods of more than 12 months after the date of
6 issuance for the acquisition of property, for the construction,
7 completion, extension, or improvement of facilities, for the
8 improvement or maintenance of service, or for the discharge or
9 lawful refunding of obligations and may issue stock to represent
10 accumulated earnings invested in capital assets and not
11 previously capitalized.

1 (2) A cooperative shall not issue stocks, bonds, notes, or
2 other evidences of indebtedness unless the Michigan public serv-
3 ice commission issues an order authorizing the issue and the
4 amount of the issue, and states that in its opinion that the use
5 of the capital or property to be acquired and secured by the
6 issue of the stocks, bonds, notes, or other evidences of indebt-
7 edness is reasonably required for the purposes of the coopera-
8 tive, or that the issue of the stock fairly represents accumu-
9 lated and undistributed earnings invested in capital assets and
10 not previously capitalized.

11 (3) A cooperative shall make application to the commission
12 in the form as the commission requires. The commission may make
13 an investigation, hold hearings, and examine witnesses, books,
14 papers, documents, or contracts the commission considers
15 necessary.

16 (4) If from the application filed and other information
17 obtained from the investigation authorized in this act the com-
18 mission is satisfied that the funds derived from the issue of
19 stocks, bonds, or notes are to be applied to lawful purposes and
20 that the issue and amount is essential to the successful carrying
21 out of the purposes, or that the issue of the stock fairly repre-
22 sents accumulated and undistributed earnings invested in capital
23 assets and not previously capitalized, the commission shall grant
24 authority to make the issue. In granting the authority, the com-
25 mission may impose as a condition of the grant reasonable terms
26 and conditions that the commission considers proper.

1 (5) Stocks, bonds, notes, or other evidences of indebtedness
2 issued pursuant to an order of the commission shall be binding in
3 accordance with their terms notwithstanding that the order of the
4 commission is later vacated, modified, or otherwise held to be
5 invalid in whole or in part.

6 Sec. 2. A cooperative neglecting or failing to comply with,
7 or violates this act or fails to perform the conditions imposed
8 by the commission as provided in section 1 of this act, shall be
9 liable for a fine of not less than \$1,000.00 or more than
10 \$5,000.00 for each offense.