

*sioners of any county may appropriate annually a sum, not in excess of five hundred dollars, for the purpose of assisting any naval reserve unit or amateur radio league in maintaining, equipping, and operating a short wave radio broadcasting station, which shall be available at all times for public use in the event of emergency or disaster.*

APPROVED—The 21st day of June, A. D. 1937.

GEORGE H. EARLE

No. 389

AN ACT

Relating to nonprofit cooperative corporations organized to engage in rural electrification, providing for the organization, consolidation and dissolution of such corporations; prescribing the qualification for membership therein; conferring certain rights, powers, duties and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing cooperative or nonprofit corporations and associations within the provisions of this act; conferring powers, and imposing duties on certain State departments, commissions and officers; fixing fees; conferring the right of eminent domain; prohibiting the use of certain terms in the corporate names of other corporations; exempting such corporations from excise taxes; imposing on them a license fee; and exempting such corporations from the jurisdiction of the Pennsylvania Public Utility Commission, and from the provisions of the Securities Act.

Be it enacted, &c., As follows:

Section 1. Short Title.—This act may be cited as the Title.  
“Electric Cooperative Corporation Act.”

Section 2. Definitions.—In this act, unless the con- Definitions.  
text otherwise requires—

(1) “Corporation” means a corporation, organized pursuant to the provisions of this act.

(2) “Board” means a board of directors of a corporation, organized under this act.

(3) “Member” means the incorporators of a corporation, and each person thereafter lawfully admitted to membership therein.

(4) “Federal agency” includes the United States of America, and any department, administration, commission, board, bureau, office, establishment, agency, authority or instrumentality of the United States of America, heretofore or hereafter created.

(5) “Person” includes any natural person, partnership, association, corporation, business, trust, Federal agency, State or political subdivision thereof, or any body politic.

(6) “Acquire” means and includes construct, acquire

by purchase, lease, devise, gift or other mode of acquisition.

(7) "Obligations" includes bonds, notes, debentures, interim certificates or receipts, and all other evidences of indebtedness, issued by a corporation.

(8) "Rural area" means any area, not included within the boundaries of any incorporated or unincorporated city, town, village or borough, having a population in excess of twenty-five hundred inhabitants, and includes both the farm and non-farm population thereof.

Section 3. Purpose.—Nonprofit cooperative corporations may be organized under this act for the purpose of engaging in rural electrification by any one or more of the following methods:

(1) The furnishing of electric energy to persons in rural areas who are not receiving central station service.

(2) Assisting in the wiring of the premises of persons in rural areas, or the acquisition, supply or installation of electrical or plumbing equipment therein.

(3) The furnishing of electric energy, wiring facilities, electrical or plumbing equipment or services, to any other corporation organized under this act, or to the members thereof.

Powers.

Section 4. Powers of Corporation. — Each corporation shall have power—

(1) To sue and be sued, complain and defend in its corporate name.

(2) To have perpetual succession, unless a limited period of duration is stated in its articles of incorporation.

(3) To adopt a corporate seal, which may be altered at pleasure, and to use it, or a facsimile thereof, as required by law.

(4) To generate, manufacture, purchase, acquire and accumulate electric energy, and to transmit, distribute, sell, furnish and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee, and, in any manner, acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, equipment, apparatus and transmission, and distribution lines or systems necessary, convenient or useful.

(5) To assist its members only to wire their premises, and install therein electrical and plumbing fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character, and in connection therewith, and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character, and to receive,

acquire, endorse, pledge, hypothecate and dispose of notes, bonds and other evidences of indebtedness.

(6) To furnish to other corporations, organized under this act, or to the members thereof, electric energy, wiring facilities, electrical and plumbing equipment, and services convenient or useful.

(7) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate, and, in any manner, dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate.

(8) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, sell, exchange and use any and all real and personal property, or any interest therein.

(9) To borrow money and otherwise contract indebtedness, to issue its obligations therefor, and to secure the payment thereof by mortgage, pledge or deed of trust of all or any of its property, assets, franchises, revenues or income: Provided, however, That the indebtedness of the corporation, other than in the usual course of business, shall not be increased until the board of directors of the corporation shall adopt a resolution, setting forth the desired increase and directing that the question of the proposed increase be submitted for the consent of the members at a meeting to be held after sixty days' notice, which notice may be waived in writing, and upon such consent, the board of directors may proceed to increase the indebtedness.

(10) To sell and convey, mortgage, pledge, lease as lessor, and otherwise dispose of, all or any part of its property and assets.

(11) In connection with the acquisition, construction, improvement, operation or maintenance of its lines, to use any highway or any right of way, easement, or other similar property right, owned or held by the Commonwealth, or any political subdivision thereof.

(12) To have and exercise the power of eminent domain for the purpose and in the manner provided by the condemnation laws of this Commonwealth relating to public utility corporations for acquiring private property for public use, such right to be paramount, except as to property of the Commonwealth, or of any political subdivision thereof, or any public utility corporation, other than one engaged in furnishing electric energy to the public: Provided, however, That the right of eminent domain shall exist in order to cross the lines of any public utility company not furnishing electric energy, if such crossing shall be effected in such manner as not to interfere with the service lines or the service of such public utility company.

(13) To accept gifts or grants of money, services or property, real or personal.

(14) To make any and all contracts necessary or convenient for the exercise of the powers granted in this act.

(15) To fix, regulate, and collect rates, fees, rents or other charges for electric energy and any other facilities, supplies, equipment or services furnished by the corporation.

(16) To conduct its business and have offices within or without this Commonwealth.

(17) To elect or appoint officers, agents, and employes of the corporation, and to define their duties and fix their compensation.

(18) To make and alter by-laws, not inconsistent with the articles of incorporation or with the laws of this Commonwealth, for the administration and regulation of the affairs of the corporation.

(19) To do and perform, either for itself or its members or for any other corporation organized under this act, or for the members thereof, any and all acts and things, and to have and exercise any and all powers as may be necessary, convenient or appropriate to effectuate the purpose for which the corporation is organized.

Number and  
qualifications of  
incorporators.

Section 5. Incorporators.—Any three or more natural persons of the age of twenty-one years or more, residents of this Commonwealth, may act as incorporators of a corporation to be organized under this act by executing articles of incorporation, as hereinafter provided in this act.

Contents of  
articles.

Section 6. Articles of Incorporation.—(a) The articles of incorporation shall state—

(1) The name of the corporation, which name shall include the words "Electric Cooperative" and the word "Corporation," "Incorporated," "Inc.," or "Company," and the name shall be such as to distinguish it from any other corporation organized and existing under the laws of this Commonwealth.

(2) The purpose for which the corporation is formed.

(3) The names and addresses of the incorporators who shall serve as directors and manage the affairs of the corporation until its first annual meeting of members, or until their successors are elected and qualify.

(4) The number of directors, not less than three, to be elected at the annual meetings of members.

(5) The address of its principal office and the name and address of its agent upon whom process may be served.

(6) The period of duration of the corporation, which may be perpetual.

(7) The terms and conditions upon which persons shall be admitted to membership and retain membership

in the corporation, but if expressly so stated, the determination of such matters may be reserved to the directors by the by-laws.

(8) Any provisions, not inconsistent with law, which the incorporators may choose to insert for the regulation of the business and the conduct of the affairs of the corporation.

(b) It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this act.

Section 7. Prohibition on Use of Words "Electric Cooperative."—The words "Electric Cooperative" shall not be used in the corporate name of corporations organized under the laws of this Commonwealth, or authorized to do business herein, other than those organized pursuant to the provisions of this act.

"Electric  
Cooperative."

Section 8. Execution, Filing, and Recording of Articles of Incorporation.—(a) The original copy of the articles of incorporation shall be signed by the incorporators and acknowledged before any officer authorized by the laws of this Commonwealth to acknowledge the execution of deeds and conveyances. It shall be filed in the office of the Department of State. If the Secretary of the Commonwealth finds that the articles of incorporation conform to law, he shall, when the fees prescribed by this act have been paid—

Execution, filing,  
etc., of articles.

(1) Endorse on the original copy the word "Filed," and the month, day, year of the filing thereof.

(2) File the original in his office.

(3) Issue a certificate of incorporation to the incorporators.

(b) The incorporators shall file for recording a certified copy of the articles of incorporation in the office of the recorder of deeds in the county in which the principal office of the corporation in this Commonwealth is located.

Section 9. Effect of Issuance of Certificate of Incorporation.—Upon the issuance of a certificate of incorporation by the Secretary of the Commonwealth, the corporate existence of the corporation shall begin. The certificate of incorporation shall be conclusive evidence, except as against the Commonwealth, that all conditions precedent required to be performed by the incorporators have been complied with, and that the corporation has been incorporated under this act.

Corporate  
existence.

Section 10. Organization Meeting.—After the issuance of the certificate of incorporation, an organization meeting shall be held at the call of a majority of the incorporators for the purpose of adopting by-laws and electing officers, and for the transaction of such other business as may properly come before the meeting. The incorporators calling the meeting shall give at least three

days' notice thereof by mail to each incorporator, which notice shall state the time and place of the meeting, but such notice may be waived in writing.

Section 11. By-Laws.—The power to make, alter, amend or repeal the by-laws of the corporation shall be vested in the board of directors. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation, not inconsistent with law or the articles of incorporation.

Section 12. Exemption of Members from Liability for Debts of Corporation.—No member shall be liable for the debts of the corporation to an amount exceeding the sums remaining unpaid on his membership fee, but nothing herein shall be construed to relieve any member from the payment of any debt due by him to the corporation.

Qualifications  
of members.

Section 13. Qualification of Members.—All persons in rural areas proposed to be served by a corporation, who are not receiving central station service, shall be eligible to membership in a corporation. No person other than the incorporators shall be, become or remain a member of a corporation, unless such person shall use or agree to use electric energy, or, as the case may be, the facilities, supplies, equipment and services furnished by a corporation. A corporation organized under this act may become a member of another such corporation and may avail itself fully of the facilities and services thereof.

Time and place  
of meetings.

Section 14. Meetings of Members.—(a) Meetings of members may be held at such place as may be provided in the by-laws. In the absence of any such provision, all meetings shall be held in the principal office of the corporation in this Commonwealth.

(b) An annual meeting of the members shall be held at such time as may be provided in the by-laws. Failure to hold the annual meeting at the designated time shall not work forfeiture or dissolution of the corporation.

(c) Special meetings of the members may be called by the president, by the board of directors, by a petition signed by not less than one-tenth of all the members, or by such other officers or persons as may be provided in the articles of incorporation or the by-laws.

Notice of  
meetings.

Section 15. Notice of Members' Meetings.—Written or printed notice stating the place, day and hour of the meetings of members, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall, except as otherwise provided in this act, be delivered not less than ten nor more than thirty days before the date of the meeting, either personally or by mail, by, or, at the direction of the president or the secretary or the officers or persons calling the meeting, to

each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mails in a sealed envelope, addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid. Notice of meetings of members may be waived in writing.

Section 16. Voting by Members. — Each member present shall be entitled to one and only one vote on each matter submitted to a vote at a meeting of members, but voting by proxy or by mail may be provided for in the by-laws.

Section 17. Certificate of Membership. — When a member of a corporation has paid the membership fee in full, a certificate of membership shall be issued to such member. Memberships in the corporation and the certificates shall be nontransferable. The certificate of membership shall be surrendered to the corporation upon the resignation, expulsion or death of the member.

Section 18. Quorum of Members.—Unless otherwise provided in the articles of incorporation, a majority of the members present, in person or represented by proxy, shall constitute a quorum for the transaction of business at a meeting of members, but if voting by mail is provided for in the by-laws, members so voting shall be counted as if present.

Section 19. Board of Directors.—The business and affairs of a corporation shall be managed by a board of directors, not less than three in number, which shall exercise all the powers of the corporation, except such as are conferred upon the members by this act, by the articles of incorporation or by the by-laws of the corporation. The by-laws may prescribe qualifications for directors.

Section 20. Election, Qualification, and Compensation of Directors.—The directors, other than those named in the certificate of incorporation to serve until the first annual meeting of members, shall be elected annually, or as otherwise provided in the by-laws, by the members. The directors shall be members of the corporation, and shall be entitled to such compensation and reimbursement for expenses actually and necessarily incurred by them, as may be provided in the by-laws.

Section 21. Vacancies.—Any vacancy occurring in the board and any directorship to be filled shall be filled, as provided in the by-laws, by persons who shall serve until directors may be regularly elected, as provided for in this act.

Section 22. Quorum of Directors.—A majority of the board shall constitute a quorum for the transaction of business, unless a greater number is required by the articles of incorporation or the by-laws. The act of the

majority of the directors present at a meeting at which a quorum is present shall be the act of the board, unless the act of a greater number is required by the articles of incorporation or the by-laws.

Section 23. Directors' Meetings. — Meetings of the board, regular or special, shall be held at such place and upon such notice as the by-laws may prescribe. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

President,  
vice-president,  
secretary and  
treasurer to be  
elected.

Section 24. Officers, Agents, and Employees. — (a) The board shall elect from its number a president, a vice-president, a secretary, and a treasurer, but the same person may be elected to the office of secretary and treasurer. The powers and duties of the foregoing officers, as well as their term of office and compensation, shall be provided for in the by-laws.

(b) The board shall appoint such other officers, agents, and employes as it deems necessary, and fix their powers, duties, and compensation.

(c) Any officer, agent or employe elected or appointed by the board may be removed by it whenever, in its judgment, the best interests of the corporation will be served.

Section 25. Executive Committee.—Any corporation may, by its by-laws, provide for an executive committee to be elected from and by its board of directors. To such committee may be delegated the management of the current and ordinary business of the corporation and such other duties as the by-laws may prescribe, but the designation of such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed upon it or him by this act.

Corporations  
shall be operated  
without a profit  
to its members.

Section 26. Nonprofit Operation.—(a) Each corporation shall be operated without profit to its members, but the rates, fees, rents or other charges for electric energy and any other facilities, supplies, equipment or services furnished by the corporation, shall be sufficient at all times.

(1) To pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business, and the principal of and interest on the obligations issued or assumed by the corporation in the performance of the purpose for which it was organized; and

(2) For the creation of reserves.



(b) The revenues of the corporation shall be devoted, first to the payment of operating and maintenance expenses and the principal and interest on outstanding obligations, and thereafter to such reserves for improvement, new construction, depreciation, and contingencies as the board may, from time to time, prescribe.

(c) Revenues not required for the purposes set forth in subsection (b) of this section shall be returned, from time to time, to the members on a pro rata basis, according to the amount of business done with each during the period, either in cash, in abatement of current charges for electric energy, or otherwise, as the board determines, but such return may be made by way of general rate reduction to members if the board so elects.

Section 27. Amendment of Articles of Incorporation.—A corporation may amend its articles of incorporation by a majority vote of the members present, in person or by proxy, at any regular meeting, or at any special meeting of its members called for that purpose. The power to amend shall include the power to accomplish any desired change in the provisions of its articles of incorporation, and to include any purpose, power or provision which would be authorized to be included in original articles of incorporation, if executed at the time the amendment is made. Articles of amendment signed by the president or vice-president, and attested by the secretary, certifying to such amendment and its lawful adoption shall be executed, acknowledged, filed, and recorded in the same manner as the original articles of incorporation of a corporation organized under this act, and as soon as the Secretary of the Commonwealth shall have accepted the articles of amendment for filing and recording and issued a certificate of amendment, the amendment or amendments shall be in effect.

Articles may be amended.

Section 28. Consolidation.—(a) Any two or more corporations may enter into an agreement for the consolidation of such corporations. The agreement shall set forth the terms and conditions of the consolidation, the name of the proposed consolidated corporation, the number of its directors, not less than three, the time of the annual meeting and election, and the name of at least three persons to be directors until the first annual meeting. If such agreement is approved by the votes of a majority of the members of each corporation present, in person or by proxy, at any regular meeting, or at any special meeting of its members called for that purpose, the directors named in the agreement shall sign and acknowledge, as incorporators, articles of consolidation conforming substantially to original articles of incorporation of a corporation organized under this act.

Two or more corporations may be consolidated.

(b) The articles of consolidation shall be executed, acknowledged, filed, and recorded in the same manner as

the original articles of incorporation of a corporation organized under this act. As soon as the Secretary of the Commonwealth shall have accepted the articles of consolidation for filing and recording and issued a certificate of consolidation, the proposed consolidated corporation, described in the articles under its designated name, shall be and become a body corporate with all of the powers of a corporation as originally organized hereunder.

Procedure for  
the dissolution of  
corporations.

Section 29. Dissolution.—(a) Any corporation may dissolve by majority vote of the members present, in person or by proxy, at any regular meeting, or at any special meeting of its members called for that purpose. A certificate of dissolution shall be signed by the president or vice-president, and attested by the secretary, certifying to such dissolution, and stating that they have been authorized to execute and file such certificate by votes cast in person or by proxy by a majority of the members of the corporation. A certificate of dissolution shall be executed, acknowledged, filed, and recorded in the same manner as the original articles of incorporation of a corporation organized under this act, and as soon as the Secretary of the Commonwealth shall have accepted the certificate of dissolution for filing and recording and issued a certificate of dissolution, the corporation shall be deemed to be dissolved.

(b) Such corporation shall, however, continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name. Any assets remaining after all liabilities or obligations of the corporation have been satisfied or discharged shall be distributed pro rata among the members of the corporation at the time of the filing of the certificate of dissolution.

(c) Any corporation which purports to have been incorporated or reincorporated under this act, but which has not complied with all of the requirements for legal corporate existence, may, nevertheless, file a certificate of dissolution in the same manner as a validly existing corporation. The certificate of dissolution in such case may be authorized by a majority of the incorporators or directors at a meeting called by any incorporator upon ten days notice, mailed to the last known post office address of each incorporator or director, and held at the principal office of the corporation named in the articles of incorporation.

Section 30. Fees.—The Department of State shall charge and collect the same fees as in the case of other corporations for similar services.

Section 31. Exemption from Excise Taxes, License Fee.—Corporations formed hereunder shall pay annually, on or before July first, to the Department of Revenue a fee of ten dollars (\$10) for each one hundred members, or fraction thereof, but shall be exempt from all other State taxes of whatsoever kind or nature.

Section 32. Exemption from Jurisdiction of the Pennsylvania Public Utility Commission.—All corporations organized under this act shall be exempt in any and all respects from the jurisdiction and control of the Pennsylvania Public Utility Commission of this Commonwealth.

Section 33. Limited Exemption from Securities Act.—Whenever any corporation organized under this act shall have borrowed money from any Federal agency, the obligations issued to secure the payment of such money shall be exempt from the provisions of the act, approved the thirteenth day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, two hundred seventy-three), commonly known as "The Securities Act," nor shall the provisions of said act apply to the issuance of membership certificates.

Section 34. Defectively Organized Corporations.—In the event any corporation has filed defective articles of incorporation, or has failed to do all things necessary to perfect its corporate organization, it may, nevertheless, file corrected articles of incorporation, or amend the original articles, and do and perform all acts and things necessary in the premises for the correction of such defects. The action so taken shall be valid and binding upon\* all persons concerned, and the capacity of such corporation to file corrected articles of incorporation or amendments to the original articles, or to do and perform all acts and things necessary in the premises, shall not be questioned.

Section 35. Act Extended to Existing Corporations.—Any existing cooperative or nonprofit corporation or association organized under any other law of this Commonwealth for the purpose of engaging in rural electrification may, by a majority vote of the members present, in person or by proxy, at a meeting called for that purpose, amend its articles of incorporation so as to comply with this act.

Section 36. Construction of Act.—This act shall be construed liberally. The enumeration of any object, purpose, power, manner, method or thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

Section 37. Separability of Provisions.—If any provision of this act or the application of such provision to any person or circumstance is held invalid, the re-

\* "up" in the original.

mainder of the act and the application of such provisions to other persons or circumstances shall not be affected thereby.

Constitutional  
provision.

Section 38. Act Complete in Itself.—This act is complete in itself and shall be controlling. The provisions of any other law of this Commonwealth, except as provided in this act, shall not apply to a corporation organized under this act.

When effective.

Section 39. Effective Date.—This act shall become effective immediately upon its final enactment.

APPROVED—The 21st day of June, A. D. 1937.

GEORGE H. EARLE

No. 390

### AN ACT

To amend the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws, two hundred eighty-nine), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the first class within the provisions of this act; prescribing the terms and conditions upon which foreign nonprofit corporations may be admitted or may continue to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, prothonotaries of such courts, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations," by providing for, and regulating the incorporation of, nonprofit corporations organized to provide hospitalization for subscribers; and conferring powers on the Insurance Department with respect thereto; and further defining the scope of the act.

Section 4, act  
of May 5, 1933  
(P. L. 289),  
amended.

Section 1. Be it enacted, &c., That section four of the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws, two hundred eighty-nine), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the first class within the provisions of this act; prescribing the terms and conditions upon which foreign nonprofit corporations may be admitted or may continue to do business within