

STATE OF ALABAMA  
DEPARTMENT OF FINANCE  
ADMINISTRATIVE CODE

CHAPTER 355-2-1  
CONSENT FOR SALE OR ISSUANCE OF CERTAIN AUTHORITIES BY ELECTRIC  
MEMBERSHIP COOPERATIVES

355-2-1-A      Appendix A.

APPENDIX A

SUGGESTIONS FOR PREPARING PETITIONS  
TO THE DEPARTMENT OF FINANCE FOR APPROVAL  
OF LOANS TO ELECTRIC MEMBERSHIP CORPORATIONS  
AND ELECTRIC COOPERATIVES

1. The petition should be directed to the Department of Finance of the State of Alabama. A suggested heading is as follows: Petition of \_\_\_\_\_ Electric Cooperative to the Department of Finance of the State of Alabama for consent to issue and Deliver its Note in the amount of \$ \_\_\_\_\_ to the United States of America.

Then specifically direct the petition to \_\_\_\_\_,  
Director of Finance of the State of Alabama.

2. The petition should show the type of corporation filing the petition and refer to the law authorizing the project. In the case of electric membership corporations, it is Title 37, Chapter 7, Code of Ala. 1975. In the case of electric cooperatives it is Title 37, Chapter 7, Code of Ala. 1975.

3. The petition should specify the plan or program of the cooperative seeking the loan, i.e., "to furnish electric energy to 500 consumers in the counties of \_\_\_\_\_ and \_\_\_\_\_ not now receiving central station electric service."

4. It should also specify the uses to which the proceeds of the loan are to be put, such as, "the construction of 65 miles of electrical distribution lines and adequate transformers etc., to furnish electric service to consumers." This varies as to whether the loan proceeds are to be used for rehabilitation of existing lines, new lines, structures or equipment.

5. A certified copy of the charter provisions of the cooperative authorizing the project and the issuance of a note is required to be attached to the petition as an exhibit. The charter of each cooperative contains general provisions which authorize the

borrowing of money and the construction of electric lines. These articles should be copied and certified as correct by the secretary of the cooperative.

6. The regulations require a copy of the resolution of the Board of Trustees authorizing the particular project and the borrowing of the money therefor. The attorney for the cooperative should add to this resolution a further resolution authorizing him or his law firm to file the petition with the Department of Finance of the State of Alabama. Attached to the resolution should be a certificate of the secretary certifying that the resolution is a true and correct copy of one passed at the particular meeting at which a quorum was present and voted, and that the resolution has not been altered, rescinded or modified.

7. The regulations require that a map or description of the project and the location thereof be attached to the petition. A small scale map showing the location of new lines or the location of the rehabilitation of old ones should be attached to the petition and when the maps are large, the Department of Finance will allow the filing of these maps separately.

8. A detailed estimate of the costs of the project should be included in the petition. This information is secured from the budget furnished by REA which itemizes the costs of lines, transformers, switches, etc.

9. The regulations also require that the petition contain a detailed estimate of annual revenue, expenses and debt service arising out of the proposed project. This information is secured from the project engineer and shows the annual estimated revenue, expenses and annual interest to be paid on the loan.

10. To comply with the requirement that the source of power must be indicated, the petition should contain a statement that the power is to be secured from Alabama Power Company, Alabama Electric Cooperative, Inc., or TVA, whichever is applicable.

11. A statement regarding the engineering feasibility of the project is complied with by attaching to the petition a statement signed by the project engineer, to which is attached his seal and registration number. He should be an electrical engineer registered in Alabama. These statements are usually concise and designate that the engineer has made a study of the system and in his opinion the additions are needed and that the project is feasible.

12. The Petitioner should furnish for inclusion in the petition, or as an exhibit thereto, a detailed income and expense statement of the cooperative for the past two years which shows the total revenue, operating expenses, depreciation, taxes and interest for that time.

13. The regulations require that a statement be made concerning the tax liability of the cooperative in connection with the proposed project, which is complied with by stating the taxes which will be assessed against the additional project will be assessed at the same rate as assessments are now made against the cooperative's other properties in the respective counties.

14. A photostatic copy of the rate schedules should be attached to the petition to comply with the requirement that the rates to be put in effect be shown.

15. The petition should contain a request that the Department of Finance order a public hearing, prescribe such notice as it may find to be necessary and upon said hearing find that the issuance of the note serves a public need and is in the public interest, and consent to the issuance thereof.

16. The rules and regulations require that one copy of the petition be filed at least two weeks prior to the date of the public hearing. When the petition is filed, the Department of Finance will furnish to the Petitioner sufficient notices to be published in the newspapers published in the counties which the Petitioner serves. The newspapers should be requested to furnish immediately upon publication of the notice proof of publication, which is a sworn statement setting out the notice and stating that it was published one time prior to the date of the hearing. These proofs of publication are required to be delivered to the Department of Finance on the date of the hearing.

**Author:**

**Statutory Authority:**

**History:**