



HOW TO Have an Impact on Your Rural Electric Cooperative

"My co-op says electricity rates will rise 50% in the next two years. What can I do?"

"Can I interconnect a wind generator to the electrical lines? Will the co-op buy excess power from me and, if so, at what rate?"

"Our local co-op has no meaningful incentives for investing in energy efficiency. How can we get it to help finance and support energy efficiency? It is such a low cost investment compared to building new power stations."

RURAL ELECTRIC COOPERATIVES

Unlike customers of private utilities, members of Rural Electric Cooperatives (REC) are entitled to participate in governing their cooperative. Customers of a co-op are the owners, decision-makers, and part of the co-op's governing body.

Rural electric co-ops are private, member-owned non-profit utilities. They came into being after a 1934 executive order signed by President Franklin D. Roosevelt. The subsequently passed Rural Electrification Act gave co-ops access to publicly financed low cost funds to provide power to rural America, which was not being served by the for-profit utilities. Many co-ops are exempt from oversight by state utility commissions on issues like rate structures, rate setting and renewable energy standards, so the only handle on their decision-making in these key areas is through member involvement.



Unfortunately, many REC's have insulated their decision-making boards and managers from the members and bringing about change can be a formidable challenge. Electric utilities—even REC's—are large, technically complex enterprises which need hard working and knowledgeable management and board members. Members who seek reforms like investments in demand side management, energy efficiency, smart grids or distributed generation are often ignored by the REC insiders who sometimes try to marginalize active members as naïve and uninformed.

REC leaders who ignore the need for energy efficiency and renewable energy have led their members down an expensive and risky path. They are pouring resources into energy sources of the past, like conventional coal-fired power plants and denying the growing imperative to reduce carbon emissions. Many REC's and their lobbying associations promote misinformation about climate change in their public outreach to members, and have failed to adopt proactive strategies that could meet new demand or manage demand in a cost effective way.

HOW TO GET INVOLVED:

Across the nation, co-op members are actively getting involved in the actions and the policies of their local co-ops. Here are some suggestions for being effective and having an impact:

- ❑ Don't try to do this by yourself. Get together with other co-op members who share your concerns to decide what steps to take. Trying to bring about meaningful reforms in co-ops will necessitate hard work. Reformers working alone can be isolated and marginalized much easier than groups who stand together.
- ❑ Do your homework. Read the bylaws and the power purchase agreements. Look over the minutes of recent meetings of the board and read through the website.
- ❑ Open a dialogue with the leadership of the co-op, formally or informally. Ask for a meeting with the manager or board members. Ask for their support in bringing about changes you seek. Example: Members of a Western Montana co-op asked their District Board member to coffee to talk about climate change concerns and asked him to advocate for more balanced and responsible coverage of the issue and less proselytizing in the co-op's newsletter.
- ❑ Attend the annual meeting, board meetings, or other public events to get a sense of how the co-op works and who the key decision-makers are. (If attendance at board meetings is discouraged or prohibited, your first objective might be to open up the meetings to members, with meeting notices, agendas, and minutes available where members can readily access them.) Ask to meet and interview co-op sponsored board candidates, especially incumbents. Example: Members of a local distribution co-op have consistently stood outside the Southern Montana Electric G&T board meetings as television cameras and newspaper reporters film and interview them as they are being locked out of the board room during meetings. These well-publicized attempts to attend the meetings call attention to the G&T's insular and unresponsive leadership.
- ❑ Recruit and support a candidate for the board, or propose a resolution on policy or bylaws reform for more open governance. Such an effort is a major commitment that will require planning, fundraising, and hard work, especially if you are faced with resistant co-op leadership.



- ❑ In Western Colorado, conservation minded members succeeded in winning seats on a local distribution co-op board. Over several years, these new board members have helped transform their local co-op into one that is nationally recognized for its leadership in energy efficiency and renewable energy. The co-op, Delta Montrose Electric Association, stood in support of a bill that would require more transparent elections and meetings by Colorado RECs in the 2010 legislative session; while the Colorado Rural Electric Association initially opposed the bill.
- ❑ Build a relationship and communicate with local media. Particularly where issues are transparency and openness in governance, journalists can be important allies in opening up the workings of a co-op to public scrutiny.
- ❑ Expect push-back and know that meaningful change will not happen over night. The goal of enlisting RECs on a journey that builds homegrown prosperity in rural parts of the country and leads the nation toward clean, renewable energy that will never run out is a worthy one. The availability of affordable, distributed electricity technologies should be a good fit with cooperatives' mission, history and service areas. Ingenuity and entrepreneurial spirit is alive and well in rural communities and local co-ops can and should be harnessing them to be engines of economic renaissance in rural America.

HOW OPEN AND DEMOCRATIC IS YOUR CO-OP?

Here are some questions to gauge how open and accessible your local distribution co-op is as you begin to think about changing the system.

- Does your co-op post its by-laws on its web site? Are they easily accessible?
- Does your co-op provide contact information for its board members in the newsletter or on its website?
- Does your co-op post agendas and minutes for board meetings on-line?
- Does your co-op allow members to nominate candidates for the board? How hard is it to be nominated? (For example, can 15 members nominate a candidate for the board by signing a petition, or does it take 250?)
- Are members welcome at board meetings? Are meeting dates and times posted in newsletters, area newspapers, online, or otherwise readily accessible to interested members?
- Do your bylaws permit members to propose and vote on resolutions at annual meetings and, if so, how difficult is the process?

COLORADO ADOPTS OPEN GOVERNANCE LAW IN 2010

In June, 2010, Governor Bill Ritter of Colorado signed into law a bill that will require more open governance and transparency in Colorado RECs. Among its provisions, the new law requires that:

- Minutes be kept of board meetings and posted on websites,
- A clear policy on board elections be publicly posted,
- Membership lists be made available to all duly qualified board candidates for purpose of communicating with the membership, IF such lists are made available to incumbents,
- Co-op board members' contact information be made accessible to co-op members on the co-op website.
- Board meetings be publicly noticed with time, place and agenda ten days in advance.

Colorado law already required that members be allowed to vote by mail.

- Do you have to attend a meeting to vote, or is mail-in voting permitted and encouraged?
- Is information about all candidates running for the board publicized to the membership through newsletters or the website?

If your co-op scored high on our check list, you will likely find a responsive and interested manager, staff and board.

If your co-op scores low on the check list, your first step might be to address goals of more open and accountable decision-making, before tackling reforms in planning and power policies.

CO-OP ROLE MODELS

- Delta Montrose Electric Association (Montrose, Colorado) is working with the Uncompaghre Valley Water Users to produce 6 MW of renewable, low-impact electric power using an existing irrigation canal.
- Orcas Power and Light (San Juan Islands, Washington State) is encouraging its members to generate power with a Member Owned Renewable Energy steering committee and a downloadable "interconnect packet" posted on its website. Members can choose either a Net Metering or a Buy/Sell Interconnect contract to receive credit or payment for surplus energy generated. Projects must meet Interconnection Standards and produce less than 200 kilowatts to qualify.
- In Wyoming and Colorado, a co-op's membership must vote to exempt it from state rate regulation by the public utility commission. Members may also petition to have their co-op vote on becoming re-regulated.
- Kit Carson Electric Co-op based in Taos, New Mexico, has embraced solar generation in multiple ways, including adopting a clear policy to increase solar energy to buffer members from the rising cost of carbon-based electricity. The policy encourages members' installation of grid-tied solar options, including assistance finding financing, grants, rebates and tax credits and hosting meetings where members who are interested can help influence the co-op's direction on solar energy.
- Pedernales Electric Cooperative, based in Johnson City, Texas, in 2008 adopted a bold open meetings policy stating that "every

regular, special, or called meeting of the Board of Directors shall be open to the members.” The policy contains a few carefully limited exceptions, and a formal procedure for going into executive session.

- Tri-State G&T, headquartered in Colorado, which has member co-ops in four states, recently turned to a more collaborative regional planning process with a diverse group of stakeholders providing input through open meetings and web conferencing. This process came in the aftermath of a failed attempt by Tri-State to build conventional coal plants in Kansas, financed by rate increases for all member co-ops.

GLOSSARY OF TERMS

Distribution Co-op: This is the local utility that “distributes” (delivers) power to the end-user (members) at the farm, residence or commercial enterprise.

Generation & Transmission Co-op: A regional collection of distribution cooperatives joined together to acquire power from larger generation sources and transmit it. Many Western states co-ops are preferred customers of power from federal hydro-electric projects. Some G&T’s have tried to launch conventional coal fired power plants in recent years, including Tri-State G&T (Holcomb station in Kansas) and Southern Montana Electric G&T (Highwood Station in Montana).

Power Supply Co-op: A larger regional collection of Generation & Transmission co-ops formed to raise capital and manage large electric generating plants. Basin Electric

Power Cooperative (North Dakota, South Dakota, Montana and Wyoming) was organized to build large generation plants, supplying several G&T’s and local distribution co-ops in several states. As of July, 2010, BEPC was about 88% toward completion of a new conventional coal-fired plant near Gillette, Wyoming, the 422 megawatt Dry Fork plant. Tri-State G&T in Colorado has built up considerable generation capacity and is more like a power supply co-op such as Basin Electric than a typical G&T which normally just transmits power from the federal hydro system or other generators.

Bonneville Power Administration and Western Area Power Administration (BPA and WAPA): These federally chartered agencies operate large power systems rooted in the hydro-electric systems in the Columbia, Missouri, and Colorado River Basins. Co-ops have historically been preferred customers of these regional power providers and benefited enormously from the legacy of low cost hydro-power.

All Requirements Contracts: Historically, distribution co-ops have assigned their power supply responsibility to larger regional G&T’s through a mechanism called an “all requirements contract” that precludes or severely limits distribution co-ops from acquiring power from outside sources. This has been an obstacle, at least for some distribution co-ops to buying power generated by their own members. A cooperative whose board and management are hostile to distributed generation can block acquisition of power from members or outside sources. Nonetheless, there are co-ops all across the country that have begun to buy from their members.

For up-to-date resources on Rural Electric Cooperatives and community organizing, please check out WORC’s website at: www.worc.org/rec.



WORC is a network of grassroots organizations from seven states that include 10,000 members and 45 local community groups. WORC helps its members succeed by providing training and by coordinating regional issue campaigns.

WORC Member Groups:

- Dakota Resource Council
- Dakota Rural Action
- Idaho Rural Council
- Northern Plains Resource Council
- Oregon Rural Action
- Powder River Basin Resource Council
- Western Colorado Congress

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FOR MORE ON LEADERSHIP:

Principles of Community Organizing training sessions are held annually by WORC.
Advanced Leadership and Staff Development training sessions are also held by WORC.

How to Run a Good Meeting and How to Hold an Accountability Session are other topics available in this series of guides to community organizing.

MORE HOW TO GUIDES:

WORC has produced a series of How To’s, practical guides to assist members, staff, leaders and citizens to build strong organizations and win their issues.

Topics are listed on our website – www.worc.org. These publications can be downloaded from the website as PDFs or ordered for \$2 each. Contact WORC regarding bulk orders or about training sessions on topics in this series.

