

REPOWER

REC Pro member
Pro co-op
Pro democracy

Mike Murphy and Seth Heald, Co-Founders
Daniel Mintz, We Own It

RepowerREC.com

About Us

- Launched in May 2018, Repower REC is a grassroots coalition of REC member-owners and friends concerned about our co-op's undemocratic practices and policies.
- We are **not** affiliated with Rappahannock Electric Cooperative.
- We **do** seek to reform and improve REC, the co-op that we – and many of you – own.

Rappahannock Electric Cooperative

- Rappahannock Electric Cooperative (REC) is a member-owned rural electric cooperative started in the 1930's under the New Deal.
- REC has approximately 137,000 customers in portions of 22 Virginia counties.
- REC's customers are its "member-owners".

Problems at REC

- Unfair, secretive board of director election procedures; the REC board effectively controls election outcomes.
- Highly paid board members who “serve” for decades.
- The board is more accountable to management than to its own member-owners.
- Lack of transparency on many financial issues directly affects member-owners.

Secret Non-Binding Term Limits

- Several years ago the REC board imposed term limits that REC has never made public.
 - Yet in 2018 a board member who had been on the board for 37 years was re-elected.
- Term limits should be published in the bylaws where all can see and be binding on all board members.
 - Teaser... Would you like to see REC's secret, non-binding term limits?

It's Not Going To Be Easy

First, you must fill out REC's *Member Request Form* and sign your life away...

By executing this request, the Member expressly agrees to reimburse the Cooperative for all cost and expenses, including attorney's fees, associated with the Cooperatives efforts to enjoin the unauthorized use of Cooperative records or the recovery of related damages and/or profits.

Why Repower?

re·pow·er / \ (,)rē-'paŭ(-ə)r \

repowered; repowering; repowers

Definition of repower

transitive verb : to provide again or anew with power

To repower means to change, and change means that we must enlist change agents to help in our quest!

Solar United Neighbors

Solar United Neighbors is the only organization in the country dedicated to representing the needs and interests of solar owners and supporters by helping people go solar, join together, and ***fight for their energy rights.***

Repower REC's Goals

Promote, support and ensure...

- transparent and fair board of director elections;
- local, reliable, sustainable and affordable energy choices;
- sensible pro co-op energy policies for member-owners;
- co-op solar and efficiency programs to reduce members' bills;
- easy access to financial information, policies, and board actions;
- broadband Internet access for REC member-owners; and
- informed member-owner participation in the democratic process.

Simple Proposed Bylaw Changes

- Access for co-op members to observe board meetings and hold well-paid board members accountable.
- Annual full disclosure of each board member's total pay, published in *Cooperative Living* magazine and on the REC website.
- Clarification of the proxy election form so that blank proxies aren't delegated to the board; the board uses the current procedure to effectively control election outcomes.

Pocketbook Issues

- Fee increases and high rates.
- \$400 million in capital credits are allocated to its members but REC won't disclose its policy or practices.
- Excessive board compensation and support averaging approximately \$50,000 per board member per year.
- Lack of ambitious efficiency programs that could save co-op members' money.

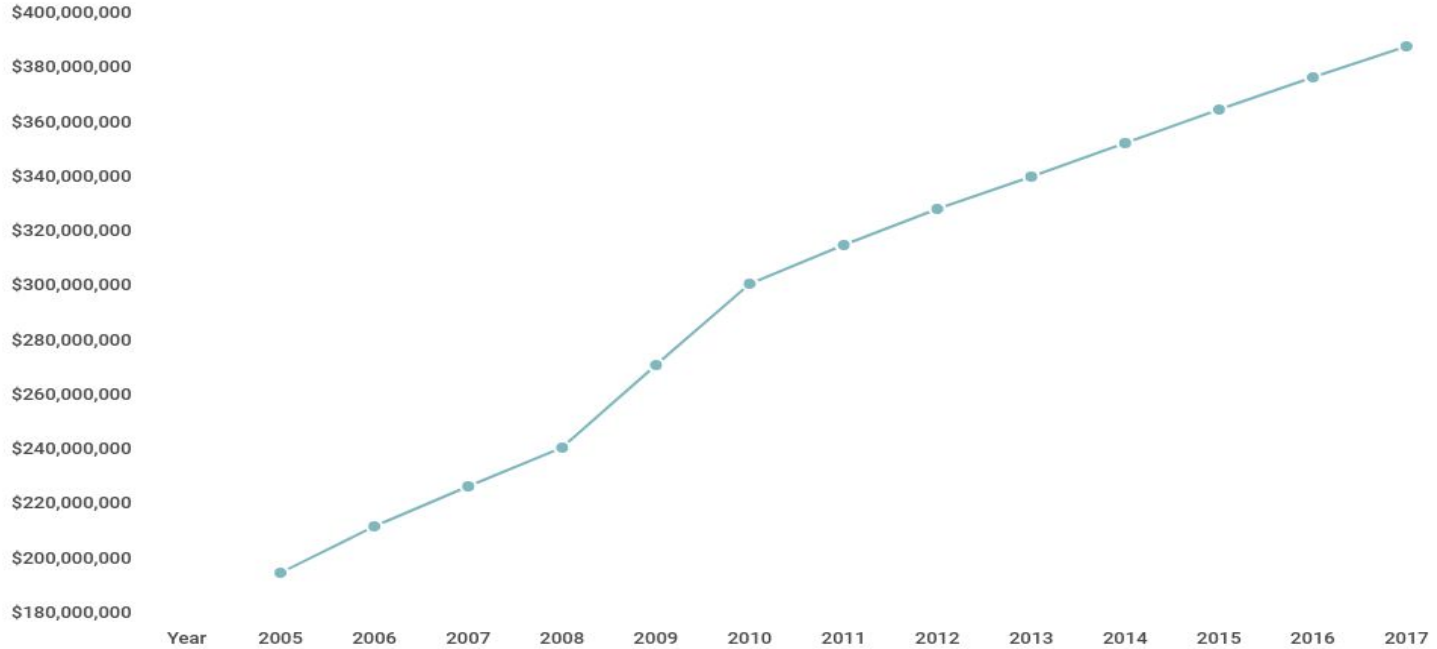


What Are Capital Credits?

- Annual amounts collected above expenses are called “margins.”
- As a nonprofit, tax-exempt electric cooperative, REC cannot just keep those funds as profit for itself.
- Instead, margins are allocated to co-op members in proportion to their patronage (electricity purchases).
- A portion of allocated margins is invested in the business, and a portion is retired (returned) to the members – us.
- REC’s board has wide discretion as to how this is done.

REC CAPITAL CREDITS

A look at the growth in REC capital credits from 2005 to 2017



REC Refuses to Disclose

- The National Rural Electric Cooperative Association (NRECA) recommends...

“Every cooperative should have a communications plan for educating members about capital credits and the cooperative’s capital credits policies. Every director and each employee should understand the policy and be able to explain how it works and why it was adopted to members who have questions.”

- REC Refuses to Disclose Capital Credit Policies...

We’re not required by Virginia law to disclose our capital credit policies to you. Also, it would take some time for us to do so. So we won’t.

Clean Energy Policies

- REC's attempts to double fixed access fees disproportionately harms low-income, energy-efficient, and homeowner solar members.
- REC has worked in Richmond to discourage the growth of homeowner solar.



Election & Governance Problems

- REC's board controls board elections through blank proxy votes, solicited with cash and prize drawings.
- REC's board withholds information about how it controls elections; total secrecy about blank proxies.
- REC's board has a culture of secrecy; it is difficult or virtually impossible for member-owners to access important information about their co-op.

Rappahannock Electric Cooperative

Annual Meeting of Members - August 10, 2017

Certification of Final Tally for Election of Directors

Voted at Meeting:

Region 1

Larry A. Horner

David M. Jones

Michael F. Murphy, ED.D

Sanford Reaves Jr.

Proxy Results			
Member Un-Designated	Member Designated	Members Voting in Person at Meeting	Total Votes
0	369	6	375
1	536	7	544
1	607	17	625
3498	822	22	4342

Region 4

Anthony S. Bastianelli

John C. Levasseur

Jesse R. "Randy" Thomas

1	589	6	596
2	902	25	929
3648	621	19	4288

2019 CERTIFICATION OF FINAL TALLY FOR ELECTION OF DIRECTORS

<u>Voted at Meeting:</u>	Member Designated	Member Non-designated	Members Voting in Person at Meeting	<u>Total Votes</u>
<u>Region I</u>				
Michael J. Biniek	1,699	2	26	<u>1,727</u>
Michael W. Lindsay	2,070	2,807	48	<u>4,925</u>
<u>Region VI</u>				
Linda R. Gray	1,810	2,777	54	<u>4,641</u>
Andrea R. Miller	1,152	2	22	<u>1,176</u>
David A. Rababy	881	0	4	<u>885</u>
<u>Region VII</u>				
John A. Manzari, M.D.	1,919	3	31	<u>1,953</u>
J. Mark Wood	1,893	2,769	46	<u>4,708</u>

We, the undersigned duly appointed inspectors of the tally procedure, do hereby certify that we received the votes of the members by ballot, observed the count of the votes cast, and that the results are correctly indicated above. We further certify that the balloting procedure was fairly and impartially conducted.

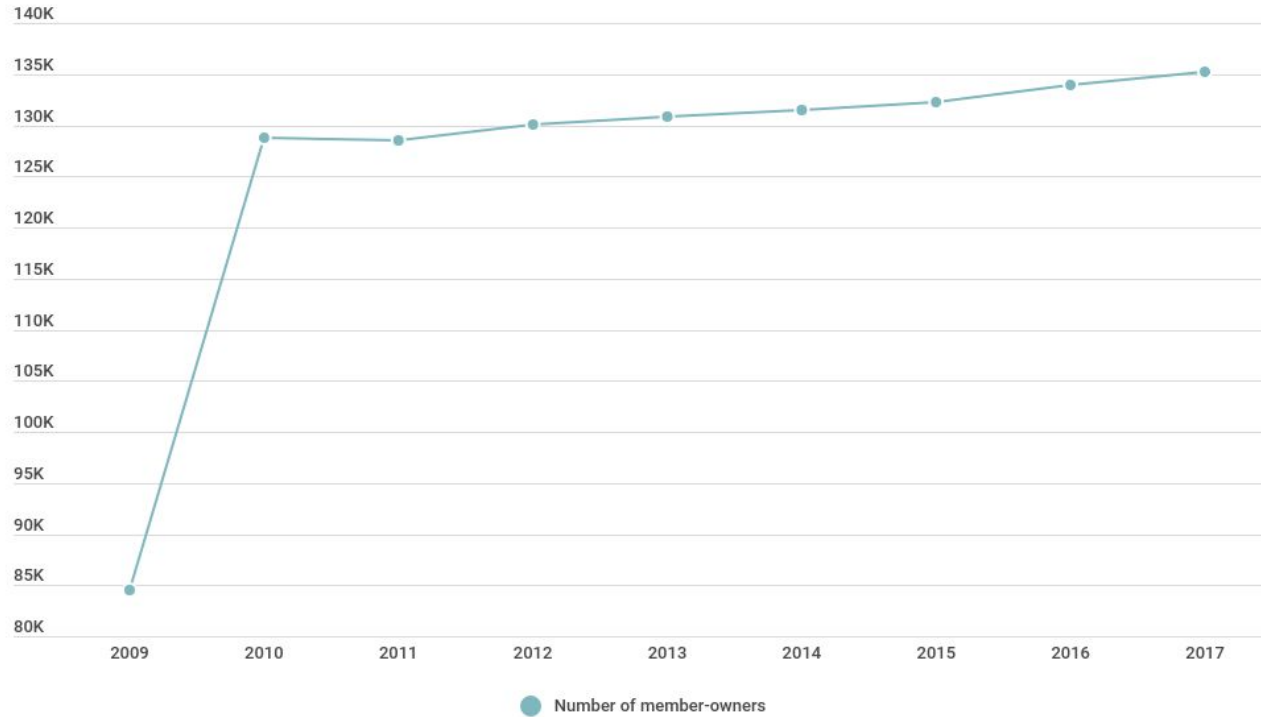
Signed Ei Par Date: 8-22-19
 Signed Douglas Webb Date: 8/22/19
 Signed Douglas F. Fisher Date: 8/22/19
 Signed J. K. ... CPA Date: 8/22/19

Gerrymandering and Irrational Board Region Sizes

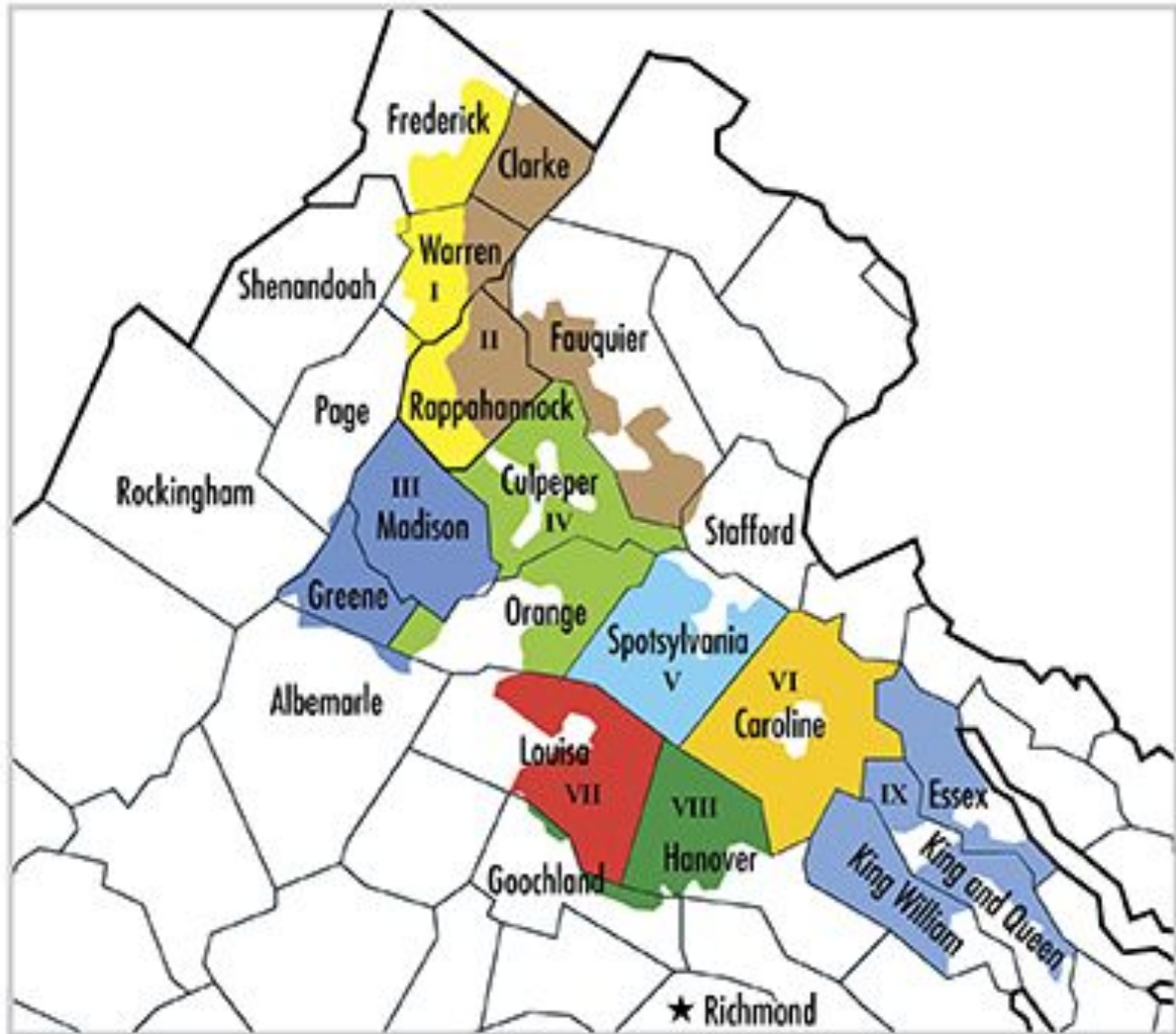
- Some REC board regions are nearly ***triple*** the size of others.
- REC has **never disclosed** this or attempted to explain the rationale to co-op members.
- REC board manipulates board regions to ***board-members'*** benefit, not to the benefit of co-op members.

Total REC Member-owners

The total number of REC member-owners has increased in the past several years.

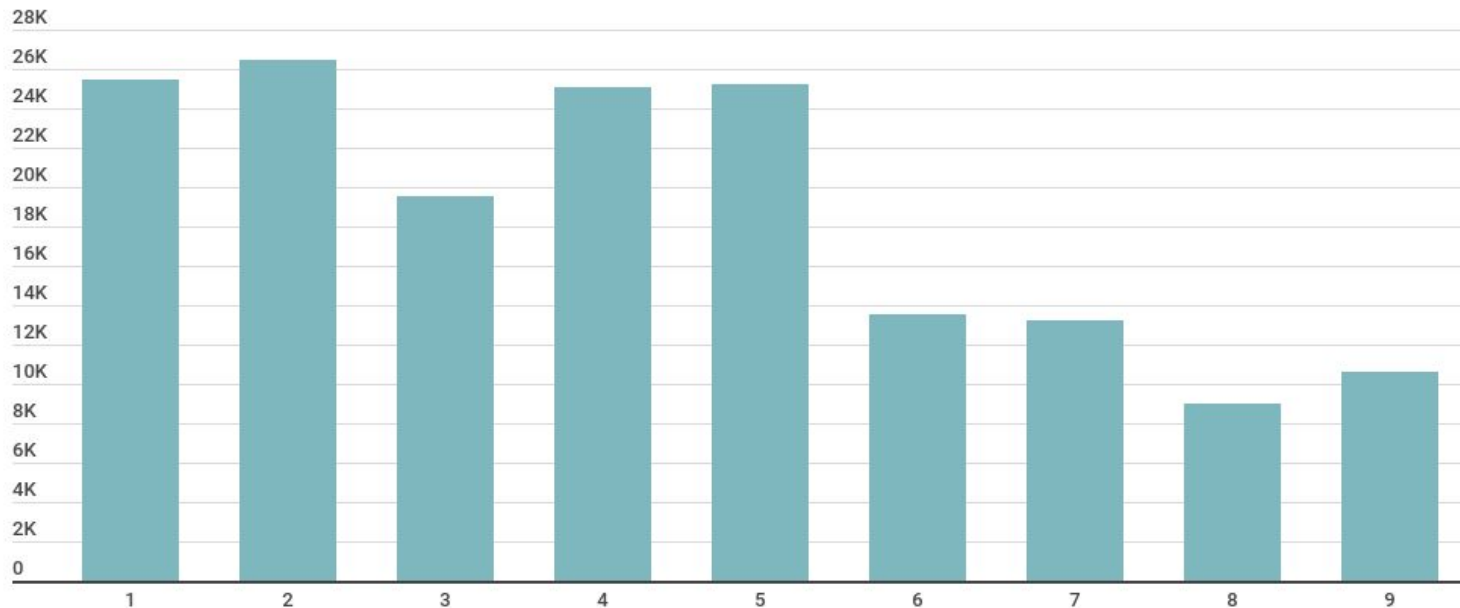


REC's Nine Board Regions



REC region sizes as of September 2018

REC's nine regions have drastically different population sizes.



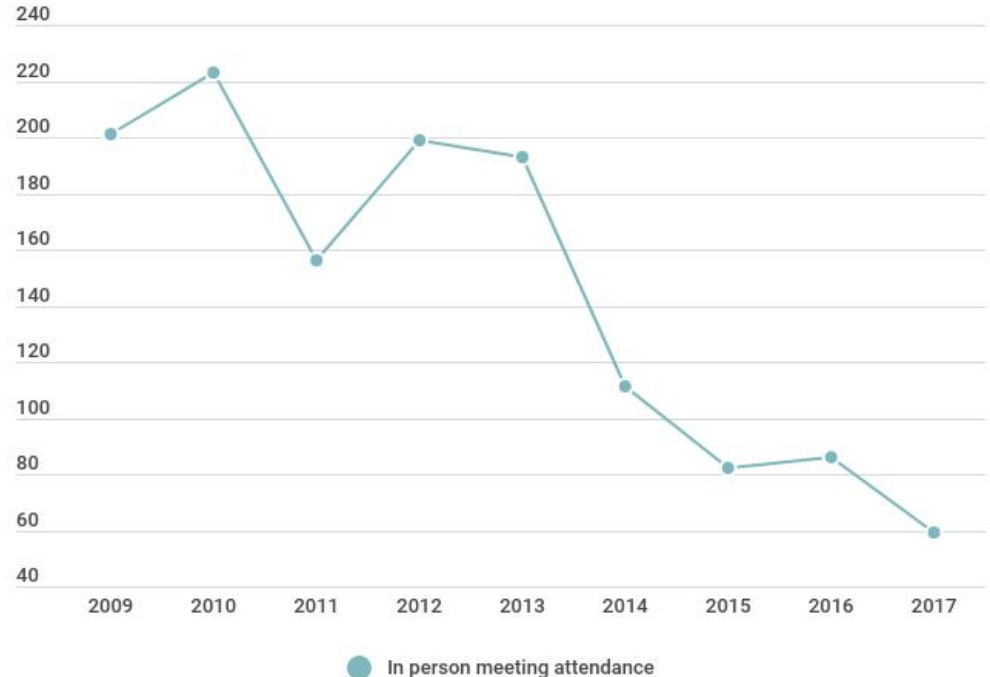
REC refuses to provide individual board member contact information and has reduced board membership from 13 to 9.

Low annual meeting attendance is the result of deliberate decisions by REC to:

- Reduce board and management accountability.
- Control member input by insulating the board and management from public discussion regarding important member-owner issues.

REC Annual Meeting Attendance

While the number of REC member-owners has continued to rise, the in-person attendance at the annual meeting has sharply decreased.



Some of Repower REC's Actions to Date

- Published detailed memo (on our website) describing needed reforms.
- Talked legal action to require REC to allow members to vote on bylaw reforms.
- Published November 2018 report (on our website) regarding high REC wholesale energy costs.
- Hosted numerous public meetings to inform REC members.
- Encouraged reform-minded board candidates committed to fair solar policies, transparency and genuine democracy.

Repower REC Achievement Snap-Shot

- Repower REC supporters and members are informed, growing and becoming more actively involved.
- Repower REC pressure prompted the new REC Governance Center web page and the publication of audited financial statements and election tallies.
- Repower REC pressure also changed the “public face” of the 2019 REC annual meeting, where the REC board chair actually responded to a few member-owner questions and solar energy was a major highlight!

Next Steps - 2019 and Beyond

- Recruit additional volunteers to build awareness and voting strength.
- Increase election turnout to support reform-minded board candidates committed to home owner solar, transparency and fair elections.
- Work for transparency of the \$400 million that REC has allocated in members' capital credit accounts.
- Get out the vote! REC annual election proxy ballots arrive with the July issue of *Cooperative Living* magazine.

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