

Protecting the Rights of Virginia Electric Cooperative Member-Owners **SUPPORT HB 723 - Delegate Wendy Gooditis**

Electric cooperatives (co-ops) serve hundreds of thousands of Virginians and cover nearly one-third of the Commonwealth's geography. Cooperatives are essential service providers -- providing electricity and sometimes even broadband/communication services to their members.

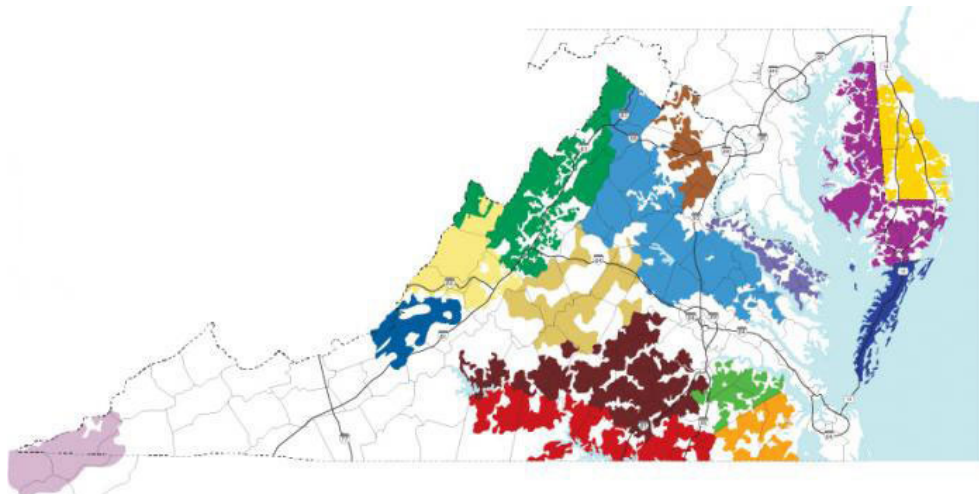
THE PROBLEM

Co-ops in Virginia operate as monopolies with relatively little independent oversight to protect consumers (co-op members). They claim to be democratic and self-regulated, but lock members out of key decisions affecting utility rates and service options.

Only 1 of 13 co-ops in Virginia allows members to observe board meetings. Many use proxy votes to tip the scales of board elections and render the democratic process void. Co-op members have few protections and accountability-- even though electricity is an essential service. This has resulted in:

- "Surprise" rate hikes that harm low-income members and discourage investments in solar and energy efficiency.
- Slow adoption of the money-saving technology and service options that members want
- Co-ops using member funds to lobby for political positions that aren't transparent, or work against member interests

MAP OF VIRGINIA, MARYLAND & DELAWARE ASSOCIATION OF ELECTRIC COOPERATIVES



1. *National Rural Electric Cooperative Association 2018 Governance Report*
2. *Virginia, Maryland & Delaware Association of Electric Cooperatives. (2019). VMDAEC Member Cooperative Service Territories [map]. 13 January 2022. Retrieved from <https://vmdaec.com/vmdaec-member-cooperative-service-territories/>*

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SOLUTION: CONSUMER PROTECTION LEGISLATION FOR COOPERATIVE MEMBERS

Electric cooperatives should be accountable and accessible to their member-owners. Common-sense reforms will set a baseline of governance and protect the interests of member-owners. House Bill 723 proposes the following updates to Virginia code:

OPEN BOARD MEETINGS TO MEMBER OWNERS

Require cooperatives to open board meetings and make meeting minutes available to members. Members should be able to observe and participate in decisions affecting utility rates and service options. Exceptions can be made for emergency meetings. The Board of Directors will retain the ability to enter Executive Session for appropriate matters.

ELIMINATE PROXY VOTING FOR FAIR BOARD OF DIRECTORS ELECTIONS

Proxy voting allows incumbent boards to control election outcomes and silence member voices. The National Rural Electric Cooperative Association recommends against proxy voting.

TRANSPARENCY IN USE OF MEMBER FUNDS FOR POLITICAL LOBBYING

- Require the Electric Cooperative to annually disclose all legislation it supports, lobbyists it paid, and associations it contributes to or is a member of
- Member-owners of a monopoly utility should not be forced to pay for lobbying or political efforts that aren't transparent or work against their interests

There is wide, bi-partisan support for common sense reforms protecting electric cooperative members. The National Rural Electric Cooperative Association (NRECA) has issued recommendations that include these specific changes.

This proposed language would benefit all member owners of Virginia electric cooperatives including:

- Meeting transparency would lead to better board accountability
- Eliminating proxy voting would ensure an equal playing field for all board candidates
- Disclosures of political spending would ensure the cooperatives are only using the money of member-owners to serve members