

## DEMOCRACY

As you can imagine, I get all kinds of questions and comments from members over the course of a day, week or year at your cooperative. A while back, I had a member question why they had only one vote even though the usage on the account was far more than the average residential account could ever use. They weren't sure they liked a democratic utility that offered only one vote regardless of the size of the member's electrical usage.

First, let's look at Webster's definition of democracy – "*a: government by the people; especially: rule of the majority; b: a government in which the supreme power is vested in the people and exercised by them directly or indirectly through a system of representation usually involving periodically held free elections.*" – check. This is all in place at your local electric cooperative.

Next, one must take a look at the cooperative principles. I chose the website of the National Cooperative Business Association (NCBA). Here is what I found under the 2<sup>nd</sup> cooperative principal: *Democratic member control – cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote).* – check and double check. Your cooperative is controlled by a board of directors who are democratically elected by members with equal voting rights. A member can have 100 meters, hundreds of thousands of kilowatt hours of usage but yet they have one membership which gets him/her one vote. It has been working this way since electric cooperatives were created in the 1930s.

What happens at other utilities? There are no members at investor-owned electric utilities, only customers. Customers have no vote unless they actually own shares of stock in the utility. Then, they may have multiple votes on a stockholder issue but the governance is far from democratic. You may also have a case where the "haves" govern the "have nots". Some will argue that governmental oversight prevents this from happening. It is a legitimate argument but I will always point to the cooperative model that doesn't require the extra layer of governmental oversight.

Another form of electrical utility is the municipality. This is where a town or city owns the electrical infrastructure that serves its citizens. While the local board that governs the municipal utility is often appointed by the town council, the citizens do have one vote each in the town council election. Each citizen has a vote thus a married couple has two votes in the house under a municipal utility yet they would only have one joint membership at the cooperative and thus one vote. So, one might argue the municipal form of utility is slightly more democratic. I can't disagree but I can point to the fact that a cooperative returns its capital credits to each individual member while the municipal puts its profit back into the infrastructure of the community it serves. Which is better is a matter of opinion and due to space better left to another column in the future.

Think about it. Cooperatives care about affordability, reliability and fairness as do all utilities. The difference for me is the fact that in the cooperative model we don't have to focus on excessive profits that benefit investors at levels proportional to the size of the investment. Under a democracy, cooperative members have an equal voice with majority rule regardless of the size or pocket book of those casting a vote. Does anyone want any other kind of democracy? Does another kind exist?