

Democracy
Lost  Discrimination
Found

The Crisis in Rural Electric Cooperatives in The South

The Rural Power Project
A Research & Advocacy Report
www.ruralpowerproject.org

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Executive Summary

Rural electric cooperatives have a history dating back to Franklin Delano Roosevelt and the New Deal. Congressional action fueled by federal loans and grants enabled membership cooperatives to connect the “last mile” and bring electricity to almost all of rural American within the early years of their organization. The goals and principles of the cooperatives were idealistic, high-minded, and membership-based.

More than seventy-five (75) years later, rural electric cooperatives in many areas where they operate are often a significant economic presence and employer with assets and sales throughout the South of billions dollars annually. The USDA, where the Rural Electrification Administration, now known as the Rural Utilities Services (RUS) is a department, sees the cooperatives as primary intermediaries for economic development and social services, and continues to invest loans and grants in the cooperatives accordingly as a fundamental component of the United States policy and program for rural Americans.

A look at the cooperatives today in the twelve-state region of the South offers another picture entirely. There is too much evidence of democracy lost and discrimination found. Transparency is rare and too many rules and procedures are designed to maintain a status quo that seems more frozen in the fifties before the advent of the civil rights and women’s rights’ movements in the South and nationally, than equipped to fairly service and deliver progress to all members of the cooperatives equitably.

The Rural Power Project (www.ruralpowerproject.org) and this report, a joint project of Labor Neighbor Research and Training Center (www.laborneighbor.org) and ACORN International (www.acorninternational.org) examined all available records on all 313 cooperatives in the South. The Project found that of the 3051 supposedly democratically elected board members, 2754 are men or 90.3% while 297 members are women or 9.7%. This figure is in spite of the fact that the gender distribution in South is 48.9% men and 51.1% women. Examining participation by African-Americans in the governing process of the cooperatives where information was available and verifiable, we found that 1946 of the members were white or 95.3% throughout the South, while only 90 or 4.4% of the members were black. Of the more than 2000 governing positions for which we had information, only six (6) were Hispanic or 0.3% of the total. These figures compare to the fact that throughout the twelve (12) southern states, only 69.23% are white, while 22.32% are black, and 10.19% identify as Hispanic.

Half of the states (Arkansas, Florida, Kentucky,

Louisiana, Mississippi, and Tennessee) had three (3) or less African-American members with Louisiana and Kentucky having only one (1) and Arkansas, Mississippi, and Tennessee having only two (2). Despite the fact that Florida counts almost one-quarter (24.1%) of its population as Hispanic and Texas totals more than one-third (38.6%) Hispanic, there was only one (1) Hispanic board member in Florida and five (5) in the entire state of Texas.

It matters. Not only because such undemocratic procedures and lack of representation invariably disempowers the very people who should be empowered by the cooperatives, but also because it raises questions about whether such radically unrepresentative leadership can possibly deliver jobs, loans, scholarships, and other opportunities equally without regard to race, gender, ethnicity and other reasons, when the leadership has been so committed to the opposite practice in the rules and procedures governing their own affairs and elections. As the report shows, it also matters if members are elected who are willing to embrace energy conservation and move away from the predominant reliance on coal generation to supply rural electric cooperatives which continues to be the case.

Efforts over and over again throughout the history of the cooperatives in the South have tried to challenge these practices and lack of diversity but whether temporarily successful or soundly defeated, the record indicates that permanent reform has not been achieved or sustainable. Meanwhile most cooperatives are allowed to be self-regulated without sufficient due diligence practiced by the USAD and its RUS arm, the Internal Revenue Service, or for the most part state utility regulators. The fiction of membership-control is overriding the facts of membership disempowerment.

The federal government needs to stop providing loans or grants without guarantees of full transparency and equal representation in both rules and reality for consumer-members in every Southern service area. States need to pass legislation like Colorado has done to guarantee transparency, end proxy voting, and provide access for participation to members. Congress and state legislators need to resist lobbyists and trade associations and protect cooperative members.

The Promise of Rural Electric Cooperatives

The history of rural electric cooperatives is glorious and literally, illuminating.

By 1930 urban areas were well lit, but rural areas were lacked electricity as investor owned utilities (IOUs)

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providing most of the nation's power pleaded poverty over the buildup cost where density – and profits – were lower. Solving this problem became part of President Franklin D. Roosevelt's New Deal. The Rural Electrification Administration (REA) was created in 1935 and the Rural Electrification Act was passed by Congress in 1936. The REA wrote the Electric Cooperation Corporation Act, establishing model legislation for states to form and operate rural electric cooperatives. Through the REA the federal government also provided the money to bring life – and lights – through this infrastructure using long-term, low interest loans, as well as various other forms of organizational and professional assistance.

The REA was replaced by the Rural Utilities Service (RUS) in 1994, when Congress reorganized the USDA.

RUS continues to work with rural electric cooperatives to build infrastructure and improve rural electric services. Many cooperatives have now paid back their loans, but it is estimated that more than 40% of rural electric cooperatives continue to enjoy such loans. When electric power was deregulated in the 1990s and lost its monopoly position, most cooperatives continued to enjoy dominant positions in their primary markets. Deregulation also implicitly allowed cooperatives to become involved in other potential services and ventures outside of electricity distribution.

Part of the promise of rural electric cooperatives, and the basis of their nonprofit and tax exempt status, was also the expectation that they would be able to provide service at lower rates than investor owned utilities. Additionally, by not being profit based, there would be capital credits or patronage bonuses returning excess revenues to members as well.

Big Fish in a Big Pond

Rural electric cooperatives are not the biggest player in the power sweepstakes. Investor owned utilities and even municipal utility systems are both larger, but even as the smallest operator, they are still pretty large.

They provide 12% of the United States consumers, about 42 million people, with electricity. There are 864 distribution cooperatives that deliver 10% of the total kilowatt hours of electricity to consumers annually. These cooperatives largely buy power from other utility systems, both private and public, and deliver the power to the “last mile” for users. These cooperatives own, manage, and maintain 42% of the country's electric distribution lines covering, as all sources proudly report, 75% of the land area of the United States. Unlike other electric providers, cooperatives are dominated by residential customers

using 57% of the power. There are also another 66 generation and transmission cooperatives that produce and transmit power directly and distribute back through their cooperative members.

Cooperatives serve 7 customers per mile of line, as opposed to 34 for IOUs, and 48 for MUDs. They generate almost \$15,000 in revenue per mile, while IOUs and MUDs produce about \$75,500 and \$113,300, respectively. This disparity reflects the rural nature of the electric cooperatives' primary service areas, where the geographically dispersed consumers generate the least revenue per mile. Revenue per customer though according to NRECA, RUS, and CFC in 2009 was \$2020 per customer annually, not much different than the other utilities, though investment per customer of \$3290 was more than 15% higher than other utilities.

According to figure compiled by the University of Wisconsin Cooperative Center from almost all of the rural electric cooperatives, “collectively these firms account for over \$97 billion in assets, exceed \$34 billion in annual sales revenue, and pay close to \$4 billion in wages. There are approximately 16 million memberships and 67,000 employees.”

The national cooperative trade association, NCREA, reports that the median membership of each cooperative is 13,735. The mean average household income among cooperative members is 11.5% lower than the national average. Additionally, cooperatives supply electricity to 90% of the counties in the United State experiencing “persistent poverty,” defined as those counties with poverty rates of at least 20% over the past four decades according to the USDA.

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Neither Fish nor Fowl

The structure of rural electric cooperatives is somewhat complex. The one thing that is universally clear is that they are all established as nonprofits.

Federally, they are organized everywhere as membership-based corporations and are tax exempt under section 501(c) 12 of the tax code followed by the Internal Revenue Service. In order to maintain their tax exemptions they need to receive 85% of their revenue directly from the public, originally defined as deriving from the sale of electricity. Rural electric cooperatives (RECs) are also required based on their privileged status to file publicly available IRS 990 reports covering a wide range of financial issues including compensation-related matters for top managers and directors.

According to the “Guide for Electric Cooperative Development and Rural Electrification” produced by US AID and the NRECA (National Rural Electric

Cooperative Association) International, on a state by state basis electric cooperatives are “are chartered as private corporations under several statutory forms. In 30 of the 47 states where electric cooperatives exist, they are legally formed under special electric cooperative acts. In the other 17 states, electric co-ops are incorporated under a general cooperative act (11 states), a nonprofit corporation act (3 states), or a business corporation act (3 states).”

In virtually all cases in order to receive electricity from an REC, there is a membership requirement. With membership also comes the ability to elect the directors of the cooperative and a restriction that one membership equals one vote, meaning that votes are not weighted to usage so that an individual residential customer’s vote is the same as a business customer’s vote, assuring some semblance of equity in elections.

Most cooperatives ascribe to the Rodale principles articulating the general objectives in common to many types of cooperatives. The seven (7) “core set of principles” as described by the NCREA on its website and repeated on the websites and other documents of the vast majority of RECs are listed as:

- Voluntary and Open Membership
- Democratic Member Control
- Members’ Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for Community

The way the NCREA trade association spells out its interpretation of the meaning of some of these principles sheds some additional light. For example on the first principle of Voluntary and Open Membership, they say, “Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.” Going farther, on the second principle, Democratic Membership Control, they add, “Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.”

At the same time since RECs exist as private nonprofit entities registered in each state, aside from compliance to federal requirements to assure tax exempt status and any other special covenants on loans, state, or federal law, an REC would be governed by its own constitution and bylaws. Such bylaws might govern election procedures and regularity, the process of making nominations, the existence,

size, and composition of nominating committees, whether voting is direct or by mail or internet, and whether or not such things as “proxy” voting is allowed. State law might also determine whether board meetings are open or closed, records and minutes available or not, and other matters.

Regulation?

If corporation organization is somewhat complicated, regulation is, if anything, more patchwork.

Only seventeen (17) states regulate rural electric cooperatives. Most do not, applying a default position that since RECs are, by definition, membership-controlled, the members themselves are the regulators. In the 12-state southern region where this report focuses, the only “full” regulation is in Louisiana while Arkansas, Virginia, and Kentucky have a form of “streamlined” regulation. In some cases streamlined regulation means that the state utilities commission will only review rates if a certain percentage

of cooperative members petition the commission with such a request. Interstate activity and most generation and transmission (G&T) cooperatives are also regulated federally through FERC, the Federal Energy Regulatory Commission.

There is indirect regulation through the Rural Utilities Services (RUS), a component of the United States Department of Agriculture (USDA) that had originally been named the Rural Electrification Administration (REA). The renaming partly reflected the expanded role of RECs outside of electric power provision and into what the NCREA termed as “multi-purpose businesses, including not only electricity but also telecommunications, natural gas distribution, and other member-determined service and product areas.” According to the testimony of Glenn English, then CEO of the NRECA in June, 2008 before Congressman Henry Waxman’s Congressional Committee reviewing the operations of rural electric cooperatives, the RUS “has rules and regulations on the books to deal with [regulatory] issues...The Rural Utilities Service still has the authority to remove a CEO. They are supposed to be going in each year and auditing the books of every co-op.” The NRECA claimed that the RUS was less effective as a regulator because of severe funding curtailment and therefore unable to meet its regulatory obligations.

The other “regulatory” authority over RECs is the Internal Revenue Service due to the tax exempt status of the cooperatives. The requirement to file an IRS Form 990 is a mandatory disclosure for RECs, just as it is for all other tax exempt nonprofits. Unfortunately, there are often delays in filings and the filings are frequently not in compliance, especially when it comes to full disclosure of

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compensation. The resources of the IRS, particularly in the tax-exempt division, have also been drastically reduced in recent years. Senator Charles Grassley (R-IA) has held numerous hearings and inquiries around the use and abuse of tax exemptions for nonprofits, but there is no evidence that he and his committee have examined the question in light of rural electric cooperatives.

Rural Electric Cooperatives Are More than an Electric Charge

Part of the transition of the REA into the RUS recognized the fact that the success of rural electric cooperatives in moving Americans “onto the grid” in the early decades of their existence was outstanding, and if that was Job #1, they had passed with flying colors. With that success RECs often became a major, if not a primary, economic engine in rural communities with real assets, reliable purchasing power and investment, and significant employment and payroll. It was probably natural for the USDA to see its RUS as a bridge to facilitate general economic development in rural areas.

The agency established the Rural Economic Development Loan & Grant Program (REDL&G) to fund rural electric cooperative efforts in community development. The program provides zero-interest loans to RECs, who in turn re-lend the money to local businesses at very favorable interest rates no greater than 1% to cover their administrative costs. The borrower, whether another co-op or local business must match at least 20% of the loan amount as part of funding the approved development project. REDL&G can loan up to \$1 million per project for no more than ten (10) years, and the cooperative repays the principal to the USDA monthly, thereby also replenishing the fund. The USDA REDL&G program also allows the REC to act as an intermediary by providing the cooperative smaller grants of no more than \$30,000 that they can use to establish a revolving fund to make loans for local development projects. The REC is required to pitch in a minimum of 20% match on such programs, maintaining the system through future loans as old loans are repaid.

The REDL&G program isn’t small potatoes. Since 1989, more than \$600 million loans and grants have been brokered through 500 different RECs funding more than 1500 different development programs. The USDA has the appropriation to distribute greater than \$50 million annually in 120 different loan or grant packages. The NCREA and the USDA make a big fuss about the number of jobs created through this program, variously estimating

more than 63,000 since inception and roughly a range per loan or grant of between several hundred up to 1,600 jobs.

Many cooperatives and their state associations tout their deep footprint in general economic development. In Georgia for example the state association claims that their close work with the Georgia Department of Economic Development has made a huge difference in attracting new businesses and jobs to the state. Many other state associations make similar arguments. A 2005 study by

Georgia Tech researchers claimed that the impact of the Georgia RECs investment in the economy and job creation was equivalent to 5.8 jobs in semiconductor manufacturing facilities and 8.9 in automobile assembly plants far exceeding what could be found in Georgia or any other state.

Also widely touted for local development is Operation Round Up, originated by Palmetto REC in South Carolina that allows customer-members to “round up” pennies to their bill to the nearest dollar usually averaging about \$6 per year per participant. The

money is designated to a special fund to serve “community needs,” according to NCREA. The association describes the program as initially being used to aid co-op members “who could not afford all or part of their housing, medical, utility, or other bills,” somewhat like a broader, local LIHEAP, Low Income Home Energy Assistance Program on the national level. NCREA indicates that as the program has gained popularity with other cooperatives many have partnered with local nonprofits to determine need and handle distribution and areas “targeted by these organizations include ‘public schools, fire departments, student scholarships, youth centers and activities, and health and medical needs.’”

Additionally, the cooperative purpose also directs “community investment” as a central principle. Annual estimates by the trade associations tally hundreds of thousands of dollars in general donations to “other” charities, food banks and community groups, not counting the value of volunteer work organized by the cooperative on a state by state basis. Membership discounts shared by 750 electric cooperatives national and delivered by Touchstone Energy Cooperatives are available on a wide range of products and services from travel to restaurants to automobiles and healthcare.

In fact as more of the lending to rural electric cooperatives was subsumed by the National Rural Utilities Co-operative Finance Corporation (CFC), rather than the federal government, the evolving and expanding role of the modern REC has increasingly been much more than the original purpose of providing electricity in rural areas at affordable prices. The CFC Story makes clear in 1995, more than twenty years ago, that this reality was already very different, saying that “Co-operatives were recognizing the fact that they weren’t electric utilities. They were

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social service organizations providing electric service....” In fact the CFC saw its mission as “giving them the tools that they would need to fulfill their social purpose.”

Going from the General to the Specific: Looking at the South

In the early 1970s ACORN in Arkansas took on the building of what was touted at the time as the “world’s largest coal-fired power plant.” Entergy (then Middle-South Utilities) proposed the plant to be built at White Bluff on the Arkansas River between Pine Bluff and Little Rock, nearest to the town of Redfield. ACORN had been involved almost since its inception with the problem of escalating prices in the early 70’s at investor owned utilities like Arkansas Power & Light (a division of Middle-South) and Arkla Gas. In the process of this campaign, ACORN organized two different groups of farmers, the Protect Our Land Association (POLA/ACORN) on one side of the river and Save Health and Property (SHAP/ACORN) on the other side of the river. The members were concerned about the level of sulfur and other emissions on their land and crops along the wind stream. ACORN succeeded in getting the size of the plant and its protections drastically reduced, but in the process ended up hearing an earful about issues with the local electric cooperatives where most of the members got their power. The members were also outraged that Entergy was able to get their cooperative to publicly say it favored the plant despite their opposition. At meetings, the cooperatives made the list of institutions that needed work, but it was a long list...Looking at old memoranda from the early 1970s, written by Wade Rathke, as ACORN Chief Organizer, co-ops were a key target for action.

Ken Johnson, a board member of Labor Neighbor Research & Training Center, retired as Southern Regional Director of the AFL-CIO. After a LNRTC board meeting in New Orleans in 2014, Rathke and Johnson started talking about the years before they had begun working together in the mid-1990s. It turned out that an interest – and concern – about the level of democracy and citizen participation in rural electric cooperatives was also something they had in common. Furthermore, prior to joining the AFL-CIO, Johnson had been deputy director of the Southern Regional Council (SRC) in Atlanta. During the period he worked there they had managed the Co-op Democracy Project, and Ken had served as the director of the project off and on.

We both agreed it was time to take a look at how much they had changed over the last 20, 30, or 40 years. Recruiting a team of volunteers from the United States, France, and Canada, we were most interested in whether or not the rural electric cooperatives in the 12-states of the old South of the Confederacy had become fully democratic and diversified.

The number of board seats encompasses all of the potential governance positions available in a state, so as we have discussed in some specific situations, there may be times when the same person is counted more than once because they are not only on the board of a local distribution coop, but also on the board of a generating and transmission

cooperative or the statewide cooperative association.

In some cases the pictures may not align exactly with the number of board members of the cooperative because some include pictures of the general manager or attorney in group shots or individual photos.

Rural Electric Cooperatives in the South

Almost one-third of the more than 900 rural electric cooperatives are in the South. In our research we examined available information [for more information see Methodology in Appendix] for each of the 313 cooperatives that we could identify in these twelve (12) states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia. We identified 3051 individuals involved in governance in these cooperatives.

We were able to determine 100% of the gender of board members with a high degree of accuracy based on the clarity of names listed in leadership positions that were associated easily with either men or women. Additionally, we were able to confirm roughly two-thirds (66.1%) of the gender and race statistics visually based on pictures provided on the websites of the cooperatives. Visual inspection was the only tool available for identifying African-Americans. Surnames and visual inspection was used to identify Hispanics and any others.

In summary, of the 3051 board members, 2754 are men or 90.3% while 297 members are women or 9.7%. This figure is in spite of the fact that the gender distribution in South is 48.9% men and 51.1% women.

Examining participation by African-Americans in the governing process of the cooperatives from which information was available and verifiable, we found that 1946 of the members were white or 95.3% throughout the South, while only 90 or 4.4% of the members were black. Of the more than 2000 governing positions for which we had information, only six (6) were Hispanic or 0.3% of the total. These figures compare to the fact that throughout the twelve (12) southern states, only 69.23% are white, while 22.32% are black, and 10.19% identify as Hispanic.

Half of the states (Arkansas, Florida, Kentucky, Louisiana, Mississippi, and Tennessee) had three (3) or less African-American members with Louisiana and Kentucky having only one (1) and Arkansas, Mississippi, and Tennessee having only two (2). Despite the fact that Florida counts almost one-quarter (24.1%) of its population as Hispanic and Texas totals more than one-third (38.6%) Hispanic, there was only one (1) Hispanic board member in Florida and five (5) in the entire state of Texas.

If the civil or women’s rights movement had reached the South, somehow it had largely missed the supposedly democratic, membership-run rural electric cooperatives. Reading the statistics once they were assembled, was like watching something frozen through a dim glass.

Maybe the picture would be clearer looking harder state by state and reviewing some of the individual cooperatives?



Coop Governance and Representation

State	#/Coops	Data Complete	Board #	Men #/%	Women #/%	State Men	State Women	White #/%	Black #/%	Hispanic #/%	State White	State Black	State Hispanic
Alabama	24	10/24 - 41.7%	248	221 - 89.1%	27 - 10.9%	48,50%	51.50%	148 - 95.5%	7 - 4.5%	0 - 0.0%	67,00%	26,70%	4,10%
Arkansas	17	11/17 - 64.7%	146	132 - 90.4%	14 - 9.6%	49,10%	50.90%	90 - 97.8%	2 - 2.2%	0 - 0.0%	74,50%	15,60%	7,00%
Florida	15	15/15 - 100%	158	140 - 88.6%	18 - 11.4%	48,90%	51.10%	153 - 96.8%	3 - 1.9%	1 - 0.6%*	57,90%	16,80%	24,10%
Georgia	42	24/42 - 57.1%	408	371 - 90.9%	37 - 9.1%	48,80%	51.20%	249 - 96.5%	9 - 3.5%	0 - 0.0%	54,30%	31,50%	9,30%
Kentucky	24	18/24 - 75.0%	254	233 - 91.7%	21 - 8.3%	49,20%	50.80%	189 - 99.5%	1 - 0.5%	0 - 0.0%	85,40%	8,20%	3,10%
Louisiana	10	10/10 - 100%	97	91 - 93.8%	6 - 6.2%	48,90%	51.10%	96 - 99%	1 - 1%	0 - 0.0%	63,40%	32,50%	4,80%
Mississippi	26	13/26 - 50.0%	261	242 - 92.7%	19 - 7.3%	48,60%	51.40%	75 - 97.4%	2 - 2.6%	0 - 0.0%	59,70%	37,50%	3,00%
North Carolina	26	22/26 - 84.6%	270	234 - 87.7%	36 - 13.3%	48,70%	51.30%	193 - 90.2%	21 - 9.8%	0 - 0.0%	71,50%	22,10%	9,00%
South Carolina	21	21/21 - 100%	233	208 - 89.3%	25 - 10.7%	48,60%	51.40%	205 - 88.7%	26 - 11.3%	0 - 0.0%	68,30%	27,80%	5,40%
Tennessee	23	12/23 - 52.2%	232	214 - 92.2%	18 - 7.6%	48,70%	51.30%	123 - 98.4%	2 - 1.6%	0 - 0.0%	78,90%	17,10%	5%
Texas	73	41/73 - 56.2%	634	573 - 90.4%	61 - 9.6%	49,60%	50.40%	344 - 96.6%	7 - 2.0%	5 - 1.4%	80%	12,40%	38,60%
Virginia	12	10/12 - 83.3%	110	95 - 86.4%	15 - 13.6%	49,20%	50.80%	83 - 90.2%	9 - 9.7%	0 - 0.0%	70,50%	19,70%	8,90%
TOTAL	313	207/313 - 66.1%	3051	2754 - 90.3%	297 - 9.7%	48.90%	51.10%	1946 - 95.3%	90 - 4.4%	6 - 0.3%	69.23%	22.32%	10.19%

State By State Snapshots

Alabama Snapshot



There is available information from ten (10) of the twenty-four (24) cooperatives in Alabama which is the lowest level of transparency in the twelve (12) states of the South. Men are 48.5% of the state population, but hold 90.4% of the cooperative board seats. Women are 51.5% of the population, and hold 10.9% of the seats on coop boards. Racially, Alabama is 67% white, 26.7%, and 4.1% Hispanic. Available data on coop participation indicates that 148 members or 95.5% are white, seven (7) are black or 4.5%, and zero (0) are Hispanic.

Power South combines a number of local cooperatives for distribution capacity to serve more than 915,901 customers. The board has twelve (12) members. All are white.

Central Alabama serves 100,000 customers. There is one African-American on the board, elected in an at-large capacity out of the 10 board members. The counties making up Central Alabama are primarily the first four with some service areas in parts of the other six counties.



County	White	Black	Hispanic	
Autauga	78.0%	18.6%	2.5%	
Elmore	75.4%	20.7%	2.7%	
Coosa	67.1%	31.3%	2.1%	
Chilton	84.6%	10.2%	2.5%	Subtotal 76.3W – 20.2B
Tallapoosa	70.4%	27.7%	2.5%	
Talladega	65.2%	31.9%	2.1%	
Bibb	76.7%	21.2%	2.0%	
Perry	30.5%	68.4%	0.4%	
Dallas	28.8%	69.6%	0.4%	
Lowndes	25.8%	73.8%	0.9%	Subtotal 49.6W – 48.7B
TOTAL	60.2%	37.3%	1.8%	

Baldwin is another large rural electric cooperative in Alabama serving 73397 customers. Baldwin has one (1) African-American on its board of seven (7) people or 14.3%, elected from District 3. Given the numbers below, if the representation was more balanced, there might be two (2) whites and five (5) African-Americans, everything being equal.

County	White	Black	Hispanic
Monroe	55.2%	42.0%	1.0%
Sumter	24.7%	73.0%	0.5%
Choctaw	55.8%	43.5%	0.4%
Dallas	28.8%	69.6%	0.4%
Greene	17.7%	80.8%	0.4%
Hale	39.8%	58.4%	1.1%
TOTAL	36.9%	61.2%	0.6%



Black Warrior has nine (9) seats on the board, all occupied by men. The cooperative serves 26500 members in parts of eleven (11) counties.

There is incomplete information on Black Warrior. There are no pictures of the board on the website or other materials. According to a recent article of *In These Times*, the board is “predominantly white” meaning there may be some African-American representation though we could not verify this. Under any circumstances it is reasonably clear the majority of the counties served are black and, indisputably, that is not reflected by the board representation.

County	White	Black	Hispanic
Tuscaloosa	66.5%	30.4%	3.2%
Greene	17.5%	80.8%	0.4%
Hale	39.8%	58.4%	1.1%
Dallas	28.8%	69.6%	0.4%
Sumter	24.7%	73.0%	0.5%
Choctaw	55.8%	43.5%	0.4%
Washington	65.5%	24.3%	1.2%
Clarke	53.7%	45.0%	0.4%
Wilcox	27.1%	72.2%	0.6%
Perry	30.5%	68.4%	0.9%
Marengo	47.0%	51.3%	2.1%
Average	41.5%	56.1%	1.0%

Pioneer servers four (4) primary counties and parts of another five (5) counties.

County	White	Black	Hispanic
Butler	54.6%	43.7%	1.1%
Dallas	28.8%	69.6%	0.4%
Lowndes	25.8%	73.8%	0.9%
Wilcox	27.1%	72.2%	0.5%
Autauga	78.0%	18.6%	2.5%
Conecuh	52.2%	44.8%	1.6%
Crenshaw	71.8%	23.5%	1.6%
Covington	85.5%	12.9%	1.5%
Monroe	55.2%	42.0%	1.0%
Average	53.1%	44.6%	1.2%

Subtotal: W/34.1% B/64.8%



Pioneer attracted unflattering attention for ill-advised and ruinous investments in propane businesses that fattened the pockets of managers but depleted the members’ equity by more than \$17 million, while strapping members with the bills involved in cleaning up the mess. Stories in the *Atlanta Journal-Constitution* highlighted the problem and underscored the fact that elections of the board had not been held from 1969 until 2008, when members gathered to elect new members. Part of the house cleaning did not involve greater racial equity of representation in this part of Alabama, famous as part of the route of King’s marches and the SNCC’s formation of the Black Panther Party in Lowndes County in the wake of voter registration efforts with African-Americans. Despite the fact that there are nine (9) seats on the board, seven (7) occupied by men and two (2) by women, eight (8) are white and only (1) is African-American, The core counties in the service area are overwhelmingly African-American at 64.8% to 34.1%, a 2 to 1 margin, and even including the additional partial

service areas in five (5) other counties, cumulatively there is almost a 50-50 split racially, though that is also not reflected in the elected representation.

Joe Wheeler has ten (10) board seats and serves two (2) counties, Morgan with 12% African-American population and Lawrence with 11.1% African-American population. The board is all white.

Wiregrass serves 22000 people in the counties of Houston (26.2% African-American), Henry (27.7% African-American), Dale (19.4% African-American), Geneva (9.7% African-American), Coffee (17.1% African-American), and Covington (12.9% African-American). The board of directors elected by these members has nine (9) seats, seven (7) are held by men and two (2) by women. All are white.

The **Alabama Rural Electric Cooperative** which coordinates activities among all of the cooperatives in Alabama in this very diverse state has forty-seven (47) members on its board and there are no (0) African-Americans on the board.

Arkansas Snapshot



Eleven (11) of the seventeen (17) counties provided sufficient information to make determinations. 49.1% of the Arkansas population is male, and 50.9% are female. Of the board members of Arkansas cooperatives 90.4% are men, and 9.6% are women. Racially, 74.5% of the state is white, 15.6% is black, and 7% are Hispanic. Of the identifiable board members in any level of governance, 97.8% are white, and 2.2% are black, and none are Hispanic.

On the eleven (11) counties where we were able to verify information, there was no picture of one board member for **Mississippi County Electric**, but we counted the unknown board member as African-American. Mississippi County is 35.5% African-American. Either there is one (1) or none (0) in terms of African-American representation on the governance of this cooperative. If he is African-American, we cannot explain why his picture was missing. If we had not counted Mississippi accordingly, there would have been only one (1) verifiable African-American cooperative board member in the state.

Southwest Arkansas Electric serves seven (7) counties along the Texas and Louisiana border and 25,190 members. The counties it served had the following African-American demographics:

Miller	24.7%
Howard	21.7%
Sevier	4.7% (and 31.9% Hispanic)
Lafayette	37.7%
Hempstead	29.6%
Little River	20.5%
Polk	0.2%

Ashley-Chicot Electric in the southeastern part of Arkansas serves three (3) counties. Ashley has 26.1% African-American population, Chicot has 54%, and Union has 33% African-American population. The board has seven (7) members, and they are all white.



South Central Arkansas Electric Coop serves 9940 customers, headquartered in Arkadelphia and is the only Arkansas cooperative where there is one (1) verifiable African-American representation in governance. The counties served are Clark (24.1% Af/Am), Dallas (41.6% Af/Am), Hempstead (29.6 Af/Am), Howard (31.7% Af/Am), Hot Spring (11.8% Af/Am), Nevada (30.6 Af/Am), Pike (2.9% Af/Am) and Montgomery (0.7 Af/Am). The average African-American population in the service area even including Pike and Montgomery is 21.6%. There are eleven (11) board seats in the cooperative. Were there equivalent representation, there would be a least two (2) African-Americans on the board. The cooperative actually includes on its website the time and regularity of monthly board meetings and in that way is also exceptional since no other website in Arkansas is as transparent.

Florida Snapshot



To its credit at least the electrical cooperatives in Florida are a bit more transparent with all fifteen (15) displaying pictures of their board members. On the other hand that also makes it easier to establish that of 158 board members in the state, 153 are white or 96.8%, only 3 in this state where 16.8% of the population is African-American are black or 1.9%, and where 24.1% identify as Hispanic, only one (1) cooperative board member in the state or 0.6% is Hispanic.

In Okefenoke Electric Cooperative there are ten (10) members involved in governance with nine (9) men and one (1) woman and no (0) African-Americans or Hispanics, but we believe not from the picture so much as the listed names that there may be one (1) Native American on the board, standing alone there as well in the state and throughout the South. The cooperative covers two (2) counties in Florida and six (6) counties in Georgia.



County	White	Black	Hispanic
Baker (FL)	83.9%	13.3%	2.4%
Nassau (FL)	90.4%	6.5%	3.8%
Brantley (GA)	94.3%	4.1%	2.1%
Ware (GA)	65.7%	29.8%	3.5%
Camden (GA)	75.0%	18.9%	5.7%
Charlton (GA)	71.7%	26.1%	1.0%
Glynn (GA)	66.3%	25.8%	6.4%
Wayne (GA)	74.3%	21.1%	6.1%
Average	77.7%	24.3%	3.9%

Central Florida serves 32,700 members in six (6) counties.

County	Black	Hispanic
Dixie	9.1%	3.7%
Gilchrist	5.7%	5.2%
Levy	9.5%	8.1%
Alachua	20.5%	9.1%
Lafayette	15.2%	12.5%
Marion	13.2%	11.9%
Average	12.2%	8.4%



All nine (9) board members are white with no (0) African-Americans or Hispanics. Two (2) of the board are women.

Gulf Coast serves five (5) counties:

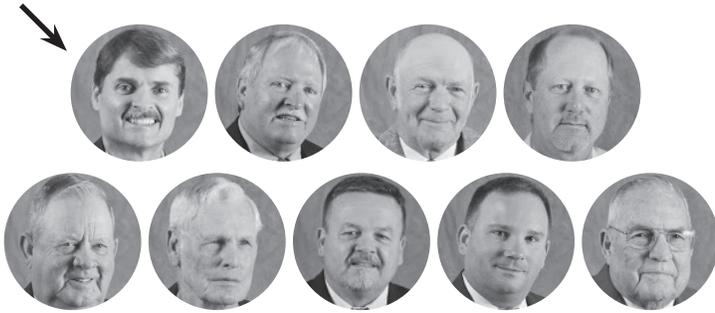
Gulf Coast Electric Cooperative has nine (9) members on its board, one (1) of whom is a woman, and none (0) are either African-American or Hispanic.



County	Black	Hispanic
Calhoun	13.6%	5.8%
Jackson	27.0%	4.8%
Washington	15.6%	3.5%
Gulf Bay	19.1%	5.0%
Average	17.3%	5.0%

Suwannee serves 18,000 members in four (4) counties.

Suwannee has nine (9) members on its board. None (0) are African-American, though the demographics would seem, everything being equal, to guarantee at least two (2) seats. None (0) are Hispanic though the demographics would seem, everything being equal, to guarantee one (1) seat. There are also no (0) women on the board.



County	Black	Hispanic
Columbia	18.5%	5.6%
Hamilton	33.5%	9.5%
Lafayette	15.2%	12.5%
Suwannee	13.6%	9.1%
Average	20.2%	9.2%

Talquin serves 53,000 members in four (4) counties.

Talquin has nine (9) board members with one (1) African-American who comes from Gadsden-area. The three (3) seats on the board that come from Leon County, which is almost one-third African-American are all white. The demographics would seem, everything being equal, to guarantee at least two (2) seats might be African-American, and with the concentration of population in Leon County one (1) might normally have been expected to come from there. A fourth seat comes from a combination district of Gadsden-Leon, and that seat is occupied by a white woman.

County	Black	Hispanic
Gadsden	18.5%	5.6%
Leon	31.6%	6.1%
Liberty	19.7%	6.6%
Wakulla	15.2%	3.8%
Average	21.2%	5.5



The largest cooperative amalgamation in Florida is **Seminole**, a generation and transmission cooperative composed of members of other cooperatives that serves 1.1 million members with its main office is Tampa, one of the largest cities in Florida. There are twenty-seven (27) seats on the board for managers, voting members, and alternate members. There is only one (1) African-American on the governing body list and he is listed as a manager from Tri-County Electric Cooperative and neither a voting member nor an alternate.

Georgia Snapshot



In Georgia relatively complete information is available from twenty-four (24) of the forty-two (42) cooperatives or 57.1%. Men constitute 48.8% of the population but hold 90.9% of the seats on cooperative boards, while women constitute 51.2% and only hold 9.1% of the seats. Of the known board membership 96.5% are white and 3.5% are African-American, although the state population counts 54.3% white, 31.5% black, and 9.3% Hispanic. There are no Hispanic cooperative board members.

Jefferson Energy Cooperative serves eleven (11) counties.



County	White	Black	Hispanic
Burke	47.9%	50.1%	2.8% S
Columbia	75.8%	16.4%	5.7% N
Emmanuel	61.2%	33.8%	4.4% S
Glascok	88.9%	7.7%	1.4% N
Jefferson	43.4%	54.6%	3.2% S
Jenkins	61.6%	34.5%	5.8% S
Johnson	62.6%	34.3%	0.8% S
McDuffie	57.1%	41.5%	2.5% N
Richmond	39.5%	54.5%	4.4% R
Warren	37.3%	60.2%	0.1% M
Washington	45.9%	52.6%	2.1% S
Average	50.8%	40.0%	3.0%

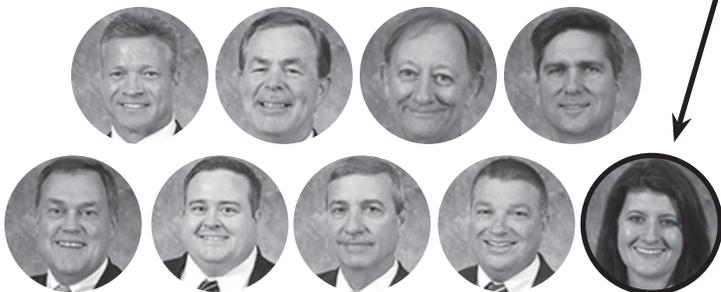
There are nine (9) seats occupied by eight (8) men and one (1) woman. Seven (7) seats are held by whites and two (2) seats are held by an African-Americans for the highest representation of African-Americans in any cooperative in Georgia with available information. The African-Americans are both listed from the Richmond (R) district where they hold two (2) of the three (3) seats. The other seats are broken into North (Columbia, Glascok,

McDuffie, and Warren) and South (Burke, Emmanuel, Jefferson, Jenkins, Johnson, and Washington). The South (S) District would average 43.3% black. The North (N) District would average 31.4% black. The South District selects three (3) members, none (0) of whom are African-American. The North District selects three (3) members, none (0) of whom are African-American.

County	White	Black	Hispanic
Cobb	62.1%	26.2%	12.5%
Bartow	83.8%	10.7%	4.9%
Cherokee	85.9%	11.3%	4.5%
Fulton	45.6%	44.1%	7.7%
Paulding	78.7%	17.6%	5.4%
Average	71.2%	22.0%	7.0%

Cobb EMC is composed of five (5) counties, many of which are very well known as suburban counties of Atlanta, one of the queen cities of the South. The cooperative has almost 200,000 meters and more than 180,000 members making it one of the largest in the South as well. Two of its counties, Cobb with 708,920 population in the most recent census and Fulton with 967,100 are among the largest counties in Georgia. Parts of the city of Atlanta are in DeKalb County, but 90% are in Fulton.

Cobb has nine (9) members on its board of whom eight (8) are men and one (1) is a woman. All nine (9) of the seats are held by whites. Cobb EMC has also been a very controversial REC a number of reasons with press attention, manager upheavals, questionable investments and subcontracting, and limited democracy and accountability.



Mitchell serves 25330 customers primarily in four (4) counties (Baker, Dougherty, Mitchell, and Worth) with parts of another ten (10) counties.



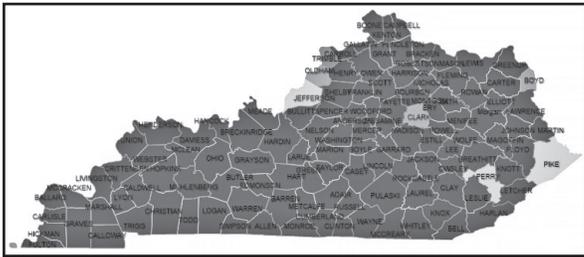
County	White	Black	Hispanic
Baker	53.2%	46.4%	0.5%
Dougherty	29.1%	67.6%	2.4%
Mitchell	48.4%	47.8%	4.4%
Worth	69.6%	28.8%	2.0%
Miller	69.6%	30.2%	1.9%
Early	47.9%	50.1%	1.9%
Decatur	53.0%	41.5%	5.4%
Turner	55.1%	42.7%	4.0%
Calhoun	33.9%	60.3%	5.2%
Lee	75.6%	20.0%	2.3%
Colquitt	69.6%	23.3%	17.7%
Thomas	59.8%	37.0%	3.2%
Tift	63.2%	29.3%	10.7%
Grady	63.3%	28.3%	10.5%
Average	56.5%	39.5%	5.2%

Subtotal W=50.1%
B=47.6%

The Mitchell cooperative has ten (10) members. All of them are men. All of them are white. In the primary counties the split between white and black is almost 50-50. In all of the counties lumped together whites have a narrow majority of the overall county populations, but nonetheless, 100% of the seats in the governance of the cooperative.

Kentucky Snapshot

Kentucky is the least diverse state among the twelve (12) Southern states. Only one in twelve (12) residents is African-American statewide with 85% of the population white and only a little more than 8% black along with a little over 3% Hispanic. Men make up 49.2% of the state population, but occupy 91.7% of the seats on coop boards. Women make up 50.8% of the state and only 8.3% of the coop seats. Of the twenty-four (24) cooperatives, information was available from eighteen (18) of them or 75%.



The giant G&T cooperative made up of a sixteen (16) different Kentucky cooperatives, the **East Kentucky Power Cooperative** reflects both the scale of the statewide energy enterprise as well as its lack of diversity. The cooperative controls \$3.5 billion in assets serving 1.1 million members. Pictures of the management staff and the executive staff indicate they are all white. There is one Indian-American (not Native American) pictured on their website as part of their financial leadership, otherwise the entire enterprise is white. There are twenty-two (22) members of the board and all of them are white. The **Kentucky Association of Electric Cooperatives** has much the same profile with fifty-three (53) members representing the twenty-four (24) coops in the state and with fifty-three (53) board members, forty-seven (47) of whom are men, and all pictures of board members being white and with only one (1) board member from the Pennyriple cooperative being African-American, Joe E. Rogers from Cadiz.

Looking more closely at **Pennyriple**, the cooperative serves 47,400 members in eight (8) counties making it a relatively large operation.

There are ten (10) members of the board, and all ten (10) are men, but the one (1) African-American is within the statistical range of fairness within the counties served, everything being equal.



County	Population	Black%	Black #	Hispanic%	White%
Christian	74250	19.2%	14256	7.5%	71.0%
Trigg	14277	8.2%	1171	1.5%	89.8%
Logan	26844	6.6%	1772	2.6%	90.6%
Todd	12499	8.6%	1075	1.9%	86.6%
Muhlenberg	31391	4.6%	1444	1.3%	92.8%
Butler	12797	1.0%	1280	3.3%	98.0%
Lyon	8415	6.3%	530	0.8%	92.1%
Simpson	17551	9.6%	1685	1.9%	86.2%
Average	198024	8.1%	16040	2.6%	88.4%

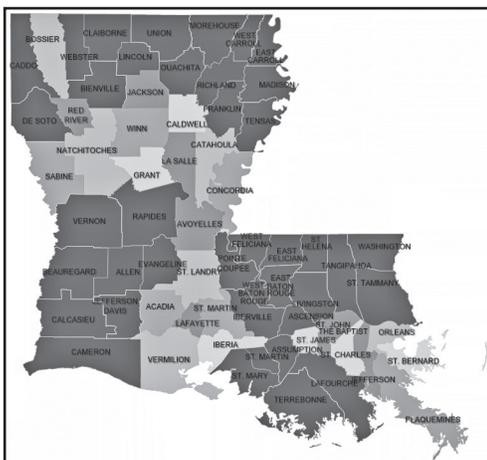
Looking at another eastern Kentucky cooperative, Clark serves 26101 members in eleven (11) counties.

Election is by numerical district and there are nine (9) districts and eleven (11) listed on the leadership and governance team. All of those listed are both white and male.



County	White	Black	Hispanic
Madison	91.3%	5.7%	2.3%
Powell	97.4%	0.2%	1.2%
Estill	98.0%	0.5%	0.0%
Wolfe	99.1%	0.2%	0.2%
Rowen	95.1%	1.7%	0.7%
Morgan	94.3%	3.1%	0.9%
Montgomery	94.1%	3.0%	2.6%
Menifee	96.7%	0.5%	1.9%
Bath	96.8%	1.5%	1.3%
Bourbon	91.2%	6.3%	6.9%
Fayette	75.6%	14.4%	6.9%
Average	93.6%	3.4%	2.3%

The Jackson Energy Cooperative is composed of 51386 members in seven (7) primary counties in Appalachia and parts of eight (8) other counties. Although the nine (9) board members are not pictured (and therefore not part of the summary totals), we can assume that they are all white because the primary and partial counties are all over 95% white, but we know there are eight (8) men and one (1) woman on the board. This cooperative received some publicity in 2009 when Randy Wilson, a member of the statewide community organization, Kentuckians for the Commonwealth, ran for election to the cooperative board. It was the first time in the 71-year history of the cooperative that a member had ever been opposed by another candidate. Though he was not elected, it was an example of a “protest” campaign of sorts advocating around democratic and environmental issues.



Louisiana Snapshot

Louisiana is a state where we have full information on all of the listed rural electric cooperatives but these are available partially because of transparency on the part of the cooperatives, but fully available because in 2013 in a celebration of an anniversary for the statewide cooperative association, industry suppliers and contractors generously subscribed to an ad book that featured all of the names and photographs of all of the board members for cooperatives at that time. There were only two (2) board member changes in the cooperatives that had not furnished pictures on their own documents, and both were residents of communities where the population was over 90% white, leading to a high degree of certainty that they are white as well.

In a state where 32.5% of the population is African-American according to 2014 US Census estimates and only 63.4% are white, there is only one (1) African-American board member elected in the state. 93.8% of the elected board members are men compared to the statewide male population of 48.9%. Women are in the majority in Louisiana at 51.1%, but they make up only 8.3% of the cooperative board positions.

The one (1) African-American board member is from **DEMCO**, a cooperative serving 103,011 customers in seven (7) parishes. Joseph Self, Sr. has served since 1988 and joins the president of the DEMCO board, who has served since 1987, and is of course white, from St. Helena Parish.

Parish	White	Black	Hispanic
Ascension	74.0%	22.9%	5.2%
East Baton Rouge	48.9%	46.2%	3.9%
West Feliciana	52.9%	45.9%	1.6%
East Feliciana	53.7%	44.1%	1.4%
St. Helena	45.3%	53.0%	1.6%
Tangipahoa	67.2%	30.2%	3.9%
Livingston	91.4%	6.3%	3.5%
Average	62.9%	35.5%	3.9%



There are thirteen (13) seats on the board. Eleven (11) are men, and two (2) are women. Twelve (12) are white and one (1) is African-American. It is unclear how the “district” boundaries are drawn for the DEMCO elections, but numerically it would seem there might be as many as five (5) non-white board members, everything being equal.

Washington-St. Tammany is a cooperative serving 50,000 in three (3) parishes on the north shore of Lake Ponchartrain across from New Orleans.

Parish	White	Black	Hispanic
Washington	67.6%	30.4%	2.1%
St. Tammany	84.3%	12.0%	5.4%
Tangipahoa	67.3%	30.2%	3.9%
Average	73.1%	24.2%	3.8%



There are nine (9) members on the board. All nine (9) are men. All nine (9) are white

Picking another cooperative, **Claiborne** serves three (3) parishes on the west side of the Mississippi River.

There are nine (9) board seats in the cooperative. Nine (9) are held by men. Nine (9) are held by whites.

Parish	White	Black	Hispanic
Iberville	49.0%	49.0%	2.6%
Pointe Coupee	62.5%	35.6%	2.5%
West Baton Rouge	59.6%	38.5%	2.7%
Average	57.0%	41.0%	2.6%

Mississippi Snapshot



In Mississippi 37.5% of the state is African-American. Of the twenty-six (26) cooperatives only half (50%) of them or thirteen (13) supplied fully transparent information. Of the ninety-six (96%) board members where there is certainty, only two (2) or 2.6% are African-American. 93.8% of the board members are men, while 6.2% are women in a state where women outnumber men by 51.4% to 48.6%

4-County serves 47,000 members in nine (9) counties.



County	White	Black	Hispanic
Lowndes	59.9%	44.0%	1.9%
Oktibbeha	58.2%	37.2%	1.7%
Clay	40.2%	58.6%	1.4%
Noxubee	26.9%	71.7%	1.1%
Monroe	67.8%	30.8%	1.1%
Choctaw	68.6%	29.5%	1.3%
Webster	78.7%	19.7%	1.3%
Chickasaw	54.2%	43.9%	3.9%
Winston	51.5%	46.3%	1.2%
Average	56.2%	42.4%	1.6%

There are only six (6) elected board members, and they are all men. The members are elected by counties. The representative from Lowndes County is the one (1) African-American. Noxubee County which has the highest percentage of black population with over 70%, elected a white man. Choctaw and Winston were paired. Chickasaw and Webster were paired. Oktibbeha was alone and Clay and Monroe were paired.

Southern Pine serves 10,000 members in eleven (11) counties.

There are twelve (12) board seats in Southern Pine. Eleven (11) are held by men, and one (1) is held by a woman. Eleven (11) are held by whites, and one (1) is held by an African-American. Each of the eleven (11) counties nominated and elected a representative from their county. The one (1) African-American was nominated and elected as an at-large member. Four (4) counties, Jasper, Rankin, Copiah, and Jeff Davis are majority African-American counties, though whites were elected to represent the county. Scott County is split with 59% white and 48.8% African-American and Hispanic.

County	White	Black	Hispanic
Forest	60.0%	37.0%	3.2%
Covington	62.6%	35.9%	2.1%
Jeff Davis	38.7%	59.9%	1.2%
Lawrence	67.0%	31.4%	1.9%
Copiah	47.1%	51.4%	2.8%
Simpson	62.6%	35.7%	1.6%
Rankin	77.9%	20.2%	2.6%
Scott	59.0%	38.1%	10.7%
Newton	63.4%	30.3%	1.7%
Smith	75.5%	23.6%	1.5%
Jasper	46.4%	52.4%	1.2%
Average	60.0%	37.8%	2.8%





Delta Director

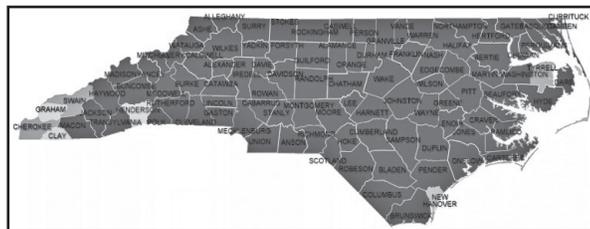
Delta cooperative is in the heart of the Mississippi River cotton and soybean area and includes Sunflower County, where former Senator John Stennis farmed and lived, as did civil rights leader Fannie Lou Hamer. Sunflower is one of the thirteen (13) counties serving 26769 members. The Delta cooperative is almost singularly opaque, though we know from the listed eleven (11) board members that eleven (11) are men and that the president is white.

This is a situation where the majority population covered by Delta is African-American. Arguably, the governing body is also represented by a majority of African-Americans, everything being equal, though given the lack of transparency from this cooperative, we would have to remain doubtful that is the case, until proven otherwise.

County	White	Black	Hispanic
Attala	56.4%	42.3%	2.0%
Bolivar	33.8%	64.7%	2.2%
Carroll	64.7%	34.0%	1.3%
Choctaw	68.6%	29.5%	1.3%
Holmes	16.6%	82.2%	0.9%
Humphreys	23.5%	75.0%	2.5%
Leflore	25.5%	72.7%	2.5%
Montgomery	53.2%	45.5%	1.2%
Sunflower	25.8%	73.0%	1.5%
Tallahatchie	41.3%	56.4%	6.2%
Washington	27.0%	71.4%	1.3%
Webster	78.7%	19.7%	1.3%
Average	43.9%	54.5%	2.3%

North Carolina Snapshot

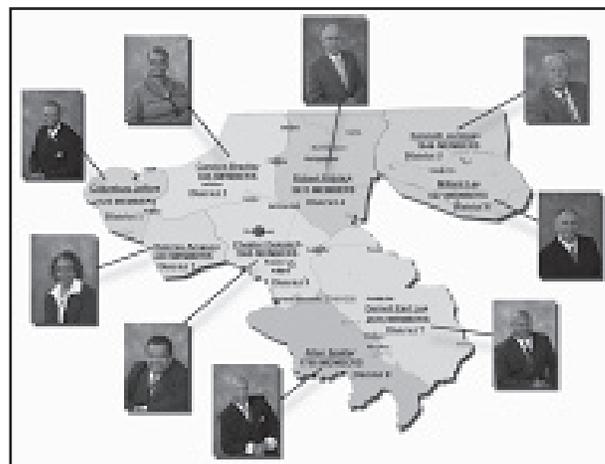
Of the twenty-six (26) cooperatives all but four (4) furnished fairly complete information. And though relatively speaking the 9.8% African-American representation in governance is better than many even compared to almost one-third non-white population, much of this is to the credit of the cooperatives in **Pee Dee** where one-third of the seats are held by African-Americans and **Roanoke**, which stands alone in all of the twelve (12) Southern states as the only rural electric cooperative controlled by a racial minority with six (6) of the nine (9) seats held by African-Americans. Men hold 87.7% of the seats to the 13.3% held by women in North Carolina where 48.7% of the population is male, and 51.3% is female.



Looking at several North Carolina cooperatives around the state we find the following:

First, we examine **Roanoke**, the Southern outlier proving the rule. The cooperative has 16087 member-consumers in its seven (7) county area.

County	White	Black	Hispanic
Hereford	35.9%	59.1%	3.2%
Bertie	36.1%	62.2%	1.5%
Gates	64.1%	33.5%	1.7%
Northampton	40.1%	56.4%	1.7%
Halifax	40.1%	51.6%	2.4%
Chowan	63.8%	32.9%	3.2%
Perquimans	72.6%	24.7%	2.2%
Average	50.4%	44.8%	2.3%



Board members are elected by district and there are nine (9) districts, which may be significant here in explaining the majority representation. Of the nine (9) members, two (2) were women, both African-American. The website and other information does not indicate which of the members were office holders.

Halifax serves 11,616 consumer-members in four (4) counties.

County	White	Black	Hispanic
Warren	38.5%	51.0%	3.7%
Halifax	40.1%	56.4%	1.7%
Martin	53.7%	43.3%	3.4%
Nash	55.1%	37.8%	6.4%
Average	46.8%	47.1%	3.8%



Of the nine (9) board members, eight (8) are men and one (1) is a woman. Seven (7) of the board members are white, and two (2) are African-American. The members are elected from eight (8) districts. Officers are not listed. The counties are a majority-minority demographic, though unlike Roanoke, this is not particularly reflected in overall governance.

Edgecombe-Martin covers eight (8) counties in whole or in part and 11514 consumer-members.



County	White	Black	Hispanic
Nash	55.1%	37.8%	6.4%
Edgecombe	38.8%	56.9%	3.9%
Martin	53.7%	43.3%	3.4%
Pitt	58.6%	34.1%	5.7%
Beaufort	69.2%	26.0%	7.1%
Bertie	36.1%	62.2%	1.5%
Halifax	40.1%	56.4%	1.7%
Wilson	51.1%	38.6%	9.8%
Average	50.3%	44.4%	4.9%

There are seven (7) elected members of the cooperative board. Six (6) are men, and one (1) is a woman. None (0) are African-American. The elections seem to be by district within the major counties. Pitt is P-1, and Martin is M-1. Edgecombe seems to elect five members from E-1, E-2, E-3, E-4, and E-5. Edgecombe is more than 60% non-white.

County	White	Black	Hispanic
Anson	48.3%	48.6%	3.3%
Richmond	62.4%	30.1%	6.1%
Montgomery	77.0%	17.6%	14.7%
Scotland	46.7%	38.6%	2.6%
Moore	82.8%	14.4%	5.3%
Stanly	84.6%	11.1%	3.8%
Union	81.4%	11.8%	10.7%
Average	68.3%	24.6%	6.6%

Pee Dee covers 20861 customers in seven (7) counties.



There are ten (10) elected members. Eight (8) are men, and two (2) are women. Seven (7) of the members are white and three (3) of the members are African-American, roughly corresponding to the averages of the demographics of the counties served. Two (2) of the members were elected at-large, one (1) black and one (1) white. The rest of the board was elected by districts.

South Carolina Snapshot

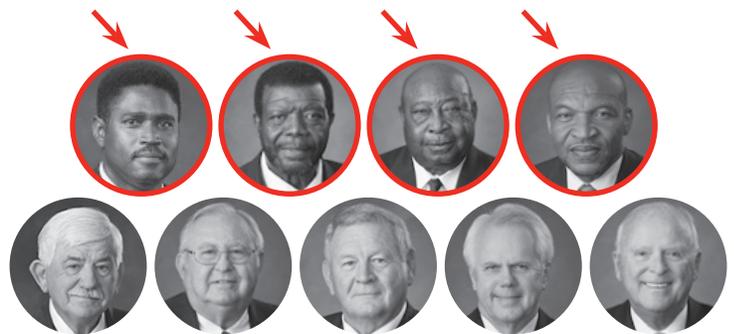


In South Carolina we also have information from all of the twenty-one (21) cooperatives. Of the two-hundred thirty-three (233) board members, twenty-six (26) are African-American for 11.2% of the total while 88.7% are white. Racially, 68.3% of South Carolina's people statewide are white, 27.8% are black, and 5.4% are Hispanic. 48.6% of South Carolina's people are men and 51.4% are women, while the cooperative elected membership is 89.3% men, and 10.7% women.

County	White	Black	Hispanic
Clarendon	47.8%	49.4%	2.8%
Florence	55.1%	42.6%	2.3%
Georgetown	63.7%	33.2%	3.1%
Williamsburg	32.0%	66.0%	2.2%
Average	49.6%	47.8%	2.6%

The most significantly balanced cooperative is **Santee** with 40,000 members.

Of the nine (9) members of the board, all members are men, and none are women, five (5) are white, including the chairmen from the Lake City district and four (4) members are African-American, three (3) of whom were elected from the Kingstree district, one (1) of whom is the vice-chairmen of the board and one (1) of whom is the assistant-secretary. The other African-American was elected from the Hemingway district.



The **Marlboro** cooperative records 6522 accounts in its two (2) county area.

The Marlboro board has ten (10) members, nine (9) are men, and one (1) is a woman. The board is elected by districts. Ten (10) members are white, and zero (0) members are African-American.

County	White	Black	Hispanic
Marlboro	41.4%	50.8%	3.0%
Dillon	47.8%	46.0%	2.5%
Average	44.6%	48.4%	2.8%



Mid-Carolina has 45,000 members in a five (5) county area.

Mid-Carolina has nine (9) members on the elected board. All nine (7) are men, and two (2) are women all are white.



County	White	Black	Hispanic
Aiken	70.1%	24.9%	5.2%
Lexington	80.3%	14.3%	5.7%
Newberry	61.5%	30.3%	7.3%
Richland	47.1%	45.9%	4.9%
Saluda	63.0%	26.3%	14.6%
Average	64.4%	28.3	7.5%

York has 48000 members in four (4) counties.

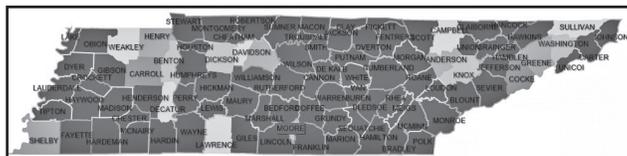
County	White	Black	Hispanic
Cherokee	75.9%	20.0%	3.9%
Chester	60.0%	37.6%	1.6%
Lancaster	74.0%	23.2%	4.8%
York	75.7%	18.6%	4.7%
Average	71.4%	24.8%	3.8%



There are ten (10) elected members on the York board. Nine (9) are men and one (1) is a woman. All ten (10) are white. Nine (9) members are elected from districts. **Central Electric Power** is a G&T cooperative that has forty (40) members on its board from cooperatives throughout the state. Thirty-eight (38) of these members are men and thirty-eight (38) are white. Of the two (2) black members, one (1) is from Santee and the other is from **Coastal**.

Tennessee Snapshot

Of the twenty-three (23) cooperatives only a little more than half, twelve (12) in fact, were transparent enough to allow data to be assembled on governance. Of those twelve (12) there were only two (2) African-American board members in the state of the one-hundred twenty-three (123) recorded in these cooperatives. The state population is 78.7% white, 17.1% black, and 5.0% Hispanic. The cooperative elected leadership is 98.4% white, 1.6% black, and 0.0% Hispanic. 48.7% of the state are men and 92.2% of the elected coop board members are men, while 51.3% of the state are women accounting for 7.6% of the board members.



Gibson has 39,000 members serving six counties.

County	White	Black	Hispanic
Crockett	83.4%	13.7%	9.7%
Dyer	82.2%	14.6%	3.1%
Haywood	48.6%	49.9%	4.2%
Lake	69.4%	28.1%	2.0%
Obion	87.1%	10.8%	3.8%
Madison	59.8%	37.3%	3.6%
Average	71.8%	25.9%	4.4%



Gibson has thirteen (13) people in its leadership. Eleven (11) are men, and two (1) are women. Elections are by numerical districts. Thirteen (13) members are white, and no (0) members are non-white.

Middle Tennessee is a large cooperative serving 206,428 in four (4) counties.

There are eleven (11) members on the board. Nine (9) are men and two (2) are women. The elections are by district with Cannon having one (1) seat, Rutherford having three (3) seats, Wilson having four (4) seats, and Williamson having three (3) seats. All eleven (11) members are white.

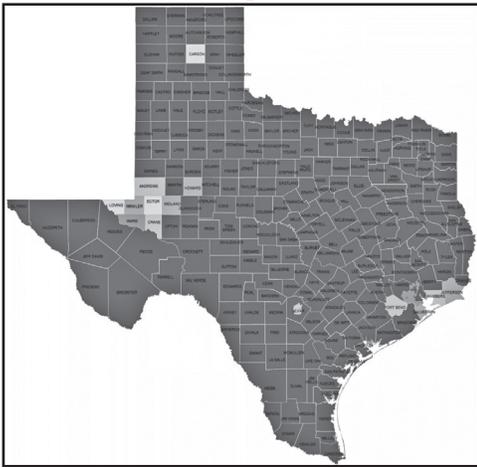
County	White	Black	Hispanic
Rutherford	79.7% 1	4.0%	7.2%
Cannon	96.0%	1.7%	1.8%
Wilson	89.4%	6.9%	3.7%
Williamson	90.0%	4.5%	4.7%
Average	88.8%	6.8%	4.3%

Southwest Tennessee Electric Membership Corporation serves nine (9) counties, and 48,000 members.

Southwest Tennessee has eleven (11) board members. Nine (9) are men and two (2) are women. They provide no information that is easily accessible on the manner of elections or the identity of the elected board members other than their names. It is unknown whether or not the cooperative has any leadership that is not white.

County	White	Black	Hispanic
Haywood	48.6%	49.9%	4.2%
Madison	59.8%	37.3%	3.6%
Tipton	78.1%	18.7%	2.5%
Chester	87.7%	9.5%	2.5%
Fayette	70.6%	27.5%	2.5%
Henderson	89.4%	8.1%	2.3%
Hardeman	56.2%	41.6%	1.6%
Lauderdale	62.4%	35.1%	2.3%
Crockett	83.4%	13.7%	9.7%
Average	70.7%	26.8%	3.5%

Texas Snapshot



Texas is of course huge. Almost a quarter (25%) of the cooperatives in the southern states are in Texas and twenty percent (20%) of the elected cooperative board members. Of the seventy-three (73) cooperatives, only forty-one (41) or 56.2% had accessible information on their websites and filings. 90.4% of the cooperative members were men, though 49.6% of the state were men, leaving 9.6% participation by women on coop governing boards though 50.4% of the state is women. Racially, 96.6% of cooperative leadership is white, 2% is African-American, and 1.4% is Hispanic, while the statewide demographics are 80% white, 12.4% black, and 38.6% Hispanic

Pedernales is a somewhat well-known cooperative, reputed to be the largest REC in the country, with a huge service area for 270,000 members in twenty (20) counties in the Texas Hill Country between Austin and San Antonio made famous as the site of former President Lyndon B. Johnson's ranch and radio stations among many other things.

Pedernales has seven (7) board seats and is rare among all cooperatives in the South as being the only cooperative with a majority of board seats held by women with four (4) seats compared to three (3) held by men. At the same time more than one-third (1/3rd) of the population is African-American or Hispanic in the broader service area, but all seven (7) of the seats are held by whites. The elections are at large. Pedernales is well known within cooperative ranks for a corruption scandal involving bribes where the chair and CEO were indicted and removed. There has also been contention over moving away from energy supplied by coal-fired plants.



County	White	Black	Hispanic
Bell	63.1%	21.3%	22.7%
Bexar	76.7%	7.3%	59.0%
Blanco	93.7%	1.2%	18.8%
Burnet	93.7%	2.3%	21.0%
Caldwell	72.5%	7.0%	48.5%
Comal	91.7%	2.0%	25.8%
Gillespie	96.4%	21.0%	0.2%
Guadalupe	82.4%	6.8%	36.4%
Hays	83.3%	3.5%	36.3%
Kendall	94.5%	0.7%	21.4%
Kinney	97.0%	1.4%	61.6%
Lampasas	88.4%	4.7%	18.3%
Llano	95.6%	2.3%	9.0%
Mason	93.5%	0.0%	24.2%
Menard	90.6%	1.0%	37.3%
San Saba	92.3%	2.6%	28.6%
Schleicher	82.7%	0.1%	48.6%
Sutton	86.9%	0.8%	57.9%
Travis	75.5%	8.3%	33.7%
Williamson	82.6%	6.3%	23.6%
Average	82.5%	5.0%	31.6%

The **Rio Grande Electric Cooperative** is relatively small with 6294 members and 13161 meters covering parts of seventeen (17) counties in Texas.

There are twelve (12) elected members of the board. Nine (9) are men, and three (3) are women. All are Anglo, despite the fact that more than 70% of the population in the general service area is Hispanic. All are elected on the basis of a numerical district.



County	White	Black	Hispanic
Brewster	93.1%	1.8%	43.1%
Crockett	73.7%	0.2%	63.4%
Culberson	96.9%	0.7%	79.4%
Dimmit	93.9%	0.6%	85.9%
Edwards	97.9%	0.7%	48.9%
El Paso	81.7%	3.4%	81.4%
Hudspeth	94.7%	0.8%	78.8%
Jeff Davis	92.3%	0.1%	37.3%
Kinney	97.0%	1.4%	61.6%
Maverick	99.3%	1.0%	95.3%
Pecos	87.5%	5.6%	67.6%
Presidio	91.7%	0.3%	81.2%
Reeves	85.1%	5.4%	74.4%
Terrell	95.4%	1.6%	60.5%
Uvalde	91.9%	0.4%	69.9%
Webb	93.9%	0.4%	95.4%
Zavala	92.2%	0.3%	93.2%
Average	91.6%	1.4%	71.6%

Bowie-Cass is a cooperative servicing six (6) counties with 36,488 meters in the northeastern arm of the state near the Arkansas and Texas borders and in the district of long time cooperative and populist advocate Congressman Wright Patman who held many hearings examining cooperatives.

There are nine (9) seats on the board held by seven (7) men and two (2) women. The board is all elected by a combination of representatives from various counties served. All nine (9) members of the board are white.



County	White	Black	Hispanic
Bowie	69.5%	24.4%	6.9%
Cass	79.3%	16.9%	3.9%
Titus	78.7%	10.0%	40.6%
Morris	69.5%	23.1%	8.5%
Red River	79.3%	17.6%	7.0%
Franklin	92.1%	4.5%	13.1%
Averages	78.1%	16.1%	13.3%

The **Bartlett** cooperative is located in East Texas in the Killeen-Temple MSA and serves four (4) counties with 10700 meters and 7900 members.



County	White	Black	Hispanic
Bell	65.1%	22.3%	22.7%
Burleson	81.7%	11.8%	19.4%
Milan	83.8%	8.4%	24.4%
Williamson	82.6%	6.3%	23.6%
Averages	78.3%	12.2%	22.5%

There are seven (7) members on the Bartlett board. Five (5) are men, and two (2) are women. The elections are by numbered district. On paper Bartlett is one of the most diverse board in Texas. One (1) member is African-American, Henry Bradford, and he is the most senior member of the board, representing District 1 since 1981 with forty-five (45) years of service.

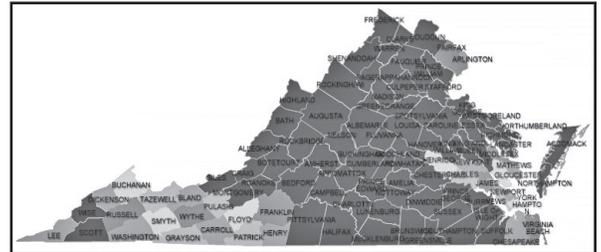
There is also one (1) Asian member of the board, unique to all 313 cooperative entities in the South. Henry

Bradford's also represents the Bartlett cooperative as its representative on the board of the multi-county generating cooperative, **Brazos Electric**, where he is the only African-American out of ten (10) board members, all ten (10) of whom are men, giving Bradford the additionally unique position of being counted twice in numbering the African-American elected representatives on the Texas cooperative's collective leadership ranks.

Virginia Snapshot

Ten (10) of the twelve (12) cooperatives had readily available information in Virginia. The state is 70.5% white with 19.7% black and 8.9% Hispanic. Men narrowly lead women in the state by 50.8% to 49.2%.

The **Northern Virginia** cooperative serves six (6) counties and 15,500 members. There are nine (9) people involved in the governance of the cooperative. Seven (7) men are on the board and two (2) women. The elections are in numerical districts except for one (1) at large seat. All nine (9) seats are held by whites.



County	White	Black	Hispanic
Clarke	90.3%	5.1%	3.8%
Fairfax	63.2%	9.3%	16.0%
Fauquier	87.6%	7.5%	6.7%
Loudoun	68.5%	7.3%	13.0%
Prince William	62.1%	20.1%	21.2%
Stafford	70.1%	17.2%	10.1%
Average	73.6%	11.1%	11.8%

Central serves 35,482 members in parts of fourteen (14) counties.

There are ten (10) governing positions. Men have eight (8) seats, and women have two (2) seats. Nine (9) seats are held by whites, one (1) is held by a woman. The elections are by combinations of various county districts, none of which amalgamate to a majority-minority district, and there are no at-large seats.



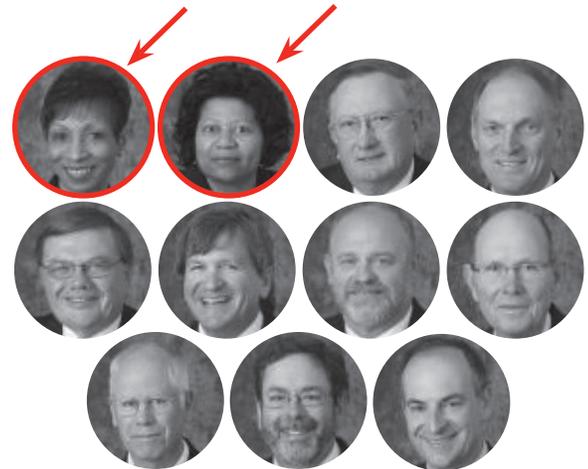
Country	White	Black	Hispanic
Albemarle	81.6%	9.4%	5.6%
Amherst	76.8%	18.6%	2.1%
Appomattox	77.1%	20.0%	1.2%
Augusta	93.0%	4.1%	2.3%
Buckingham	62.6%	34.7%	2.0%
Campbell	82.1%	13.8%	1.9%
Cumberland	63.1%	34.4%	0.1%
Fluvanna	80.6%	14.0%	3.1%
Goochland	78.4%	19.7%	2.2%
Greene	89.4%	6.7%	4.6%
Louisa	78.6%	16.7%	2.4%
Nelson	83.6%	13.6%	3.3%
Orange	2.5%	12.8%	3.8%
Prince Edward	63.7%	33.6%	2.4%
Average	78.1%	18.0%	2.6%

Mecklenburg covers nine (9) counties in Virginia and small parts of five (5) counties in North Carolina.

There are eleven (11) board seats. Nine (9) are men and white, and two (2) are women and African-American. On the Mecklenburg website there is a graphic that shows the numerical districts. The two (2) African-American women were, unsurprisingly elected from the areas dominated by Greensville County where there is almost a 60% black majority. This representation is still half as many that might be elected statistically since the raw numbers would indicate that of eleven (11) seats, as many as five (5) non-white candidates might be elected proportionately. There is no clarity in the information on how the North Carolina votes are assembled on the

website. The North Carolina counties included in part are Northampton, Vance, Warren, Granville, and Person. The average racial percentages in those five (5) counties cumulatively are White (50.5%), Black (43.2%), and Hispanic (4.8%). Certainly any amalgamation of their participation would, if anything, strengthen the impact of non-white votes, everything being equal. In another note the Mecklenburg cooperative includes a picture of all cooperative employees. Elsewhere on their website the cooperative indicates that 106 workers are employed. Judging by the photograph there are six (6) workers who are African-American of the 106. If all African-Americans are pictured the employment of black workers by the cooperative would be 5.7%.

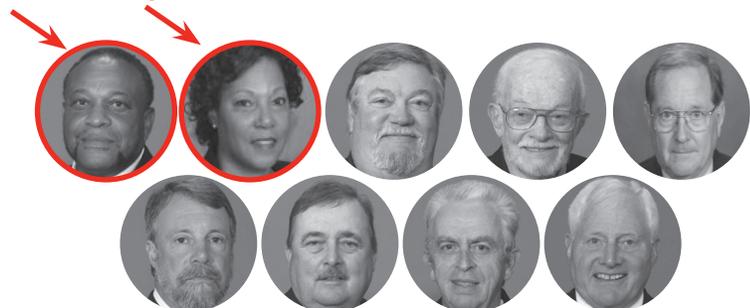
Country	White	Black	Hispanic
Pittsylvania (VA)	75.2%	21.4%	2.3%
Halifax (VA)	60.6%	37.0%	1.8%
Mecklenburg (VA)	60.3%	35.5%	2.5%
Charlotte (VA)	67.2%	30.4%	2.4%
Lunenburg (VA)	61.9%	34.5%	3.9%
Brunswick (VA)	41.7%	56.4%	1.9%
Greensville (VA)	38.2%	59.7%	2.0%
Sussex (VA)	39.2%	57.0%	3.3%
Southampton(VA)	61.0%	36.3%	1.3%
Average	56.2%	40.9%	2.4%



Prince George covers four (4) counties and has 11,000 members.

Of the seven (7) board members there are six (6) men and one (1) woman. Five (5) of the board members are white and two (2) of the board members are black. The black board members were from Petersburg in Dinwiddie County and Disputanta in Prince George County. All members were elected from geographically identified districts. Given that almost half of the geographical areas are non-white, even though there are two non-white board representatives of the seven (7) seats, everything being equal, it would seem there might have been considerably more with three (3) or four (4) seats.

County	White	Black	Hispanic
Dinwiddie	64.8%	32.7%	2.7%
Prince George	59.7%	32.3%	6.8%
Sussex	39.2%	57.0%	3.3%
Surry	51.6%	46.4%	0.6%
Average	53.8%	42.1%	3.4%



Has There Been Any Progress at All?

The Southern Regional Council (SRC) was founded in 1944 and active throughout the civil rights days and most of the 20th century. Now they are largely a blog continuing to host the Lillian Smith Book Awards (www.southernchanges.blogspot.com), but in their day, they were

the authoritative voice on many issues in the South with well-known leadership from Leslie Dunbar (later of the Field Foundation) to Steve Suits.

In a proposal entitled “Promoting Democratic Control and Development of Southern Rural Electric Membership Cooperatives,” written by Suits and Johnson to the Ford

Foundation in the early 1990s for funding, they reviewed some of the research they had produced on the question of racial representation in the counties they were studying, largely in the Black Belt of the South in eleven (11) states (not including Kentucky). Using general figures available from USDA at the time, they noted nationally that,

“...while minority board members increased from one person in 1955 to 67 in 1975, by 1983 minorities constituted only 3.4% of nominees and 3.8% of seated board members; yet, EMC membership was reported as 9.2% minority. Further, more than half of the minority nominees came from only one-tenth of the states in the U.S.”

They go further to state,

“At least 10% of all minorities who were sitting on the boards of EMCs in 1986 were empowered because of appointment, not election – moreover, they were appointed by incumbents to fill an unexpired term on the governing board or to fill a board-created ‘at-large’ position.” Thus, most of the existing black members of the governing boards in the South first reached their seats by appointment. In summary, the system for nominating and electing coop leaders failed to permit black members of the coops to support and elect the candidates of their choice, despite the fact that minority members in the surveyed coops turned out to vote at higher rates than white members. Our analysis also suggests that the absence of more elected minority members on the boards of directors is not for lack of interest. For example, we find that as the number of minorities on the nominating committee of a coop increases, so does the level of minority turnout.

In no EMC did African Americans hold more than one-third of the seats on any board, even in areas where blacks are a majority of the rural population. In most heavily black populated rural areas, African Americans held no position, or only a token position, on the elected governing boards. In Alabama, for example, three of six coops in heavily black populated rural areas had no African American board member during the surveyed years. In Georgia, six of twelve of such coops had no black member on the board of directors. In Mississippi, eight of ten coops showed no African American board member during the two period of our survey, 1977-1983 and 1985-1989.”

In short, looking back over the last thirty (30) and forty (40) years, it seems that the minority participation in many cooperatives, in many states, is the same as it was, if not worse.

What about Membership Control and Democracy?

The dominant and laudatory premise undergirding everything about a rural electric cooperative is that it is membership controlled and that such control is exercised in a system that would be reasonably consistent with

democratic norms. Anyway, that’s the theory. The practice seems altogether different with alarming frequency.

Actual membership participation is extremely weak. In a recent, March 2016 report entitled, “Re-Member-ing the Cooperative Way,” the Institute for Local Self-Reliance found in a survey of cooperatives that “72% have less than 10% average turnout.” In another report from January 13, 2016, ILSR researcher, Matt Grimley, cited a study by the University of Wisconsin in his article, “Just How Democratic are Rural Electric Cooperatives?” that found that the average voter participation rate in rural electric cooperative board elections had flat lined at about 8% in the period between 2004 and 2012, trailing municipal election participation at 20% and national mid-term elections in the low 40% range. Additionally, Grimley cited other studies that found that “small, remote cooperatives...typically have higher voter turnout, in the 20 to 30 percent range, while those focused around metropolitan areas tend to have lower turnouts, often lower than five percent.”

These numbers are not encouraging. Neither are they new.

The SRC found much the same situation twenty and forty years earlier. Their proposal to the Ford Foundation indicated that,

“According to USDA data from the late 1970s through the mid 1980s (the latest public information), less than 4% of the members of the EMCs turned out to vote at the annual meeting, where members of the boards of directors were elected – 3.7% overall in 1986, and only 2.8% in the American South. The lowest level was in Mississippi, where only 1% of the more than 300,000 members participated in the election of the cooperatives’ governing boards.”

Additionally, when the SRC looked at 211 elections in the South from 1985 to 1989, they found that,

“Almost two-thirds of the members continued to have a turnout rate of 5% or less. In a quarter of the surveyed elections, 1% or less of the members attended the annual elections...In examining data over a period of ten years in more than 450 elections by 117 coops, SRC’s study confirms... one in four elections had 1% or less of the members voting...18%...showed turnout rates of one-half of one percent or less. In not one of 455 elections did 30% or more of the coops participate, and in 64% -- virtually two out of three elections -- 5% or less of the members voted.”

In an article by Henry Leifermann (with Pat Wehner) in 1996 published in SRC’s *Southern Changes* (v 18, #3-4), the authors included an interesting snapshot of the Southern participation “problem” for both women and African-Americans twenty years ago.

State	Co-ops Surveyed*	Total Customers	%Black Customers**	%Black Attendance***	%Black Board Members	%Women Board Members
Alabama	8	117,308	28.2%	30.8%	8.7%	8.7%
Arkansas	5	66,031	15.5%	13.2%	0%	0%
Florida	2	50,078	18.7	19.5%	5.6%	11.1%
Georgia	20	298,690	20.7%	28.3%	8.2%	6.0%
Louisiana	6	137,864	21.7%	28.1%	7.1%	10.7%
Mississippi	13	225,523	30.9%	17.7%	5.8%	5.8%
N.C.	5	57,664	32.9%	51.7%	26.1%	13.0%
S.C.	11	201,287	33.0%	42.0%	12.7%	10.0%
Tennessee	2	41,245	23.4%	23.7%	5.3%	5.3%
Texas	1	23,870	14.1%	17.6%	11.1%	11.1%
Virginia	5	87,634	27.9%	32.8%	10.4%	10.4%
Total	78	1,307,194	25.8%	35.2%	9.1%	7.6%

Despite estimates which understate total black membership by three to five percent, the above survey data reveals a continuing exclusion of minorities from the co-op leadership, even though minorities make up a high percentage of those attending annual meetings. Percentages in Arkansas show that none of the five Black Belt co-ops surveyed had black board members. Eight of the thirteen Mississippi Black Belt co-ops surveyed had no black members on their boards. In Georgia, seven of twenty Black Belt co-ops had no black board members and an additional eleven had only one black voting member.

*SRC surveyed co-ops in which at least ten percent of the members were black and which served at least part of a Black Belt County. A Black Belt county is one with less than sixty thousand residents, of whom at least thirty-three percent are African American and fifteen percent or more are living below federal poverty lines. The population of

the counties was majority black during three or more of the decades between 1900 and 1980.

**Racial data from the RUS is only available for residential customers. The number of customers is generally higher than the total number of voting members because individual members can potentially count as several residential customers if they have several lines (to a house and a barn, for example). Consequently, the percentage of black customers listed above may be three to five percent lower than the percentage of black board members.

***The percentage of voting members attending the 1995 annual meeting who were black.

Source: The Rural Utilities Service's Reports of Compliance and Participation (REA Form 268) for fiscal year 1995.

Co-op Participation Rates at Annual Meetings

State	Co-ops Surveyed*	Total Members	Members Present	%Members Present**
Alabama	7	96,121	3,403	3.5%
Arkansas	5	51,554	1,929	3.7%
Florida	2	43,133	825	1.9%
Georgia	20	273,396	7,629	2.8%
Louisiana	6	129,562	938	0.7%
Mississippi	13	228,633	1,104	0.5%
North Carolina	5	51,200	1,672	3.3%
South Carolina	11	176,874	17,008	9.6%
Tennessee	2	40,855	489	1.2%
Texas	1	25,206	387	1.5%
Virginia	5	79,494	1,505	1.9%
Total	77	1,196,028	36,889	3.1%

The above data collected from seventy-seven Black Belt co-ops in the South reveals a profoundly low total participation rate. In 1995, the Black Belt co-ops had just 3.1 percent of their members turn out to vote at the annual meeting

where the boards of directors were elected. A more extensive survey of 131 co-ops in the South revealed an even lower 1995 turn out rate of 2.5 percent. In both the Black Belt and the wider surveys, Mississippi and Louisiana are the states

with the lowest levels of participation. When mail-in or the much misused proxy voting are included (and RUS forms regrettably do not make the important distinction between the two), levels of participation increase only slightly. For the 131 co-ops surveyed in 1995, only six percent more of the members voted through proxy or mail.

* SRC surveyed coops in which at least ten percent of the members were black and which served at least part of a Black Belt County. A Black Belt county is one with less than sixty thousand residents, of whom at least thirty-three percent are African American and fifteen percent or more are living below federal poverty lines. The population of the counties was majority black during three or more of the decades between 1900 and 1980.

**Members present at 1995 annual meetings.

Source: The Rural Utility Service's Co-op Financial and Statistical Reports (RUS Form 7) for period ending December 31, 1995.

Even sadder, little has changed, though it may have gotten worse.

Rural Electric Cooperatives are not Transparent and an In-Crowd Controls the Rules

This problem is not simply part of the modern malaise of the “vanishing neighbor” or “bowling alone.” It goes back several generations.

There are repeated stories of elections not being held for years or being uncontested and dominated by a pass-along system of nominating committee control. When a member of the community organization, Kentuckians for the Commonwealth, Randy Wilson ran for his REC board in 2009, there had not been a contested election at the Jackson co-op in 71 years. When problems turned up in Pioneer in Alabama that were widely reported in the *Atlanta Journal-Constitution*, there had not been an election of any kind in 35 years.

Many, perhaps most, cooperatives are simply **not** transparent. For this report we examined the web postings, available bylaws, and available, filed IRS 990s for all the cooperatives in the twelve (12) southern states. The results were not encouraging.

Co-ops in the South	Post Bylaws #/%
313	156 — 49,8%
Post Meetings #/%	Post Annual Mtg #/%
93 — 29.7%	19 — 6.1%

Many of the bylaws are “boilerplate,” providing few details about how the cooperative is actually run. Such information might be available in board minutes or other policy documents, but in most cases, because RECs are private nonprofits, there is no requirement that such documents are public information or even available to coop

members. In Texas in fact where all tax exempt entities are required to maintain open meetings and minutes for inspection, electric cooperatives were able to secure a statutory exemption from the rules. In another unique twist the Woodruff Electric Cooperative based in Forrest City, Arkansas indicates that a member can “pick up a copy at registration” at the annual meeting, if a member can find out when that might be in this almost 20,000 member coop in the delta of eastern Arkansas.

In fact on June 20, 2014, Labor Neighbor Research & Training Center mailed a direct letter through the United States Post Office, affixing first class stamps, to 288 distributive cooperatives in our original 10-state survey area requesting additional information including the dates of the annual meetings and access to all cooperative bylaws. Somewhat amazingly, there was not one, single reply to our correspondence. There was not even a simple acknowledgment of receipt or a claim of later attention or even a brusque retort that it was not available or none of our business, simply a startling silence almost statistically improbable unless the standard operating procedure for all Southern cooperatives is to refuse any information and resist any transparency.

If a cooperative member were able to work their way through the gauntlet of confusing information and the fog around the facts and details, the existing membership is in no hurry to leave office. Of the 106 of the 313 cooperatives or roughly one-third (33.9%) providing information, either specific or general, about the length of terms for board members the default term was three (3) years, meaning in most situations, even a membership “revolt” against existing policies around autocratic practices or environmental and pricing decisions would require a sustained effort of several years in classic American parlance “to throw the bums out” or at least finally transition the board to 21st century norms without racial and gender discrimination. If three (3) year terms are usual, there are certainly outliers bending towards more democratic process with one (1) year terms and others leaning even rather away from the prospects of any change with terms up to seven (7) years.

There is a litany of other democratic-avoidance procedures that various rural electric cooperatives have put into effect. One of the most effective in this environment that avoids transparency has to do with dominating the procedure of candidate selection through control of the ballot and rules for gaining access to the election and control of the nominating committee. Many cooperatives do not have a way for regular members to gain access to the ballot by signatures, petitions, or floor nomination. Incumbent boards also set the time when ballots are printed and mailed, access to the membership lists, and dates when candidates might have to qualify. Critics and many observers argue that, even when there is the semblance of some level of racial and gender diversity in governance, often this is a matter of slate-making, using these techniques, rather than evidence of popular support and democratic participation. [See Mecklenburg following and previously.]

Proxy voting procedures are also routinely criticized as undemocratic. Allowing incumbent directors to control

ballots and collection of official proxies allows bundling of votes diminishing the annual meetings and the one meter / one vote rules that are standard for rural electric cooperatives. There are a plethora of field reports of elections, when they occur, being largely sideshows to the

bread and circus of many annual meetings with the votes, virtually already cast before the meeting, and the counting more of a collection of the proxies than an implementation of popular, membership will.

Cooperatives Reporting Non-Three (3) Year Terms of Office

County	State	Membership	Term
Carroll ECC	Arkansas	92085	7 years
Deep East	Texas	40900	6 years
First Electric	Arkansas	91000	6 years
Mississippi County	Arkansas	N/A	5 years
Sam Houston	Texas	52000	5 years
Big Sandy	Kentucky	13103	4 years
Blue Grass	Kentucky	56600	4 years
Intercounty	Kentucky	25680	4 years
Jackson-Purchase	Kentucky	29334	4 years
Owen	Kentucky	58056	4 years
South Kentucky	Kentucky	66710	4 years
Northern Virginia	Virginia	155000	4 years
Sequachee Valley	Tennessee	34000	4 years
Shenandoah Valley	Virginia	N/A	3 or 4 years
Grayson	Kentucky	15379	1 or 4 years
Fleming-Mason	Kentucky	23965	1 or 3 years
Sand Mountain	Alabama	30700	1 or 3 years
Bryan	Texas	N/A	1 year
Talquin	Florida	53000	1 year
Upshur	Texas	45177	1 year
Virginia, MD, & DE	Virginia	2 M	1 year Multi-state Association

Organizing Against the Stacked Deck: Déjà vu All Over Again

Most disturbingly, much of this report is not news. Perhaps some of the information represents updates on data and distribution that continues to shock, but the fundamental problems of transparency, lack of democracy and membership control are now decades old, and like racism and misogyny, seemingly inured to change. The story of the South is also the story of resistance and struggle. Many organizations whether ACORN in the 70s or SRC in the 80s and 90s, or Kentuckians for the Commonwealth and, hopefully, many others in the 21st century have committed to this course and taken their measure. Nor are these problems isolated in the South, though they may be more persistent and deeply rooted in these twelve states and cossetted by state legislators and others in time machines frozen in place. Organizations of ranchers and farmers like the Western Colorado Congress and North Plains Resource Council in Montana have raised their banners and fought for more accountability from rural electric cooperatives in their

states as well, and done so with some success.

Nonetheless, the results have been sobering and in some cases have stifled progress, perhaps for decades. In looking at some of these cooperatives in the state by state snapshots, often purely at random or because of a causal connection, we have been disturbed to find serious campaigns reported in the time capsules of previous decades where history is now perhaps repeating itself with the same, sobering results.

The Mecklenburg Electric Co-op in Virginia near the North Carolina border is one case in point. Henry Leifermann and Preston Quesenberry told the story of an accountability and representation campaign there in a piece called “Massive Electrical Resistance: The Struggle for Democracy at Mecklenburg Co-op” in *Southern Changes* in 1996. Local civil rights activists and community organizations sought to elect African-Americans of their own selection and choosing to the coop board. The board in 1996 had two (2) African-American members just as it has in 2016, but then they were recruited, slated, and elected by the white majority on the board. The story recounts the difficult of getting their candidates on the ballot, and notes

“local African-American leaders first challenged this use of proxy votes in 1983” when the Co-op Democracy Project had helped three (3) black men run for election then. Here’s the story of that 1983 election:

“Five days before the meeting, however, the co-op board realized its intention to vote more than seven thousand proxies would probably be challenged. The co-op manager and his staff worked through the weekend before the Tuesday election, phoning and visiting members to get them to attend the annual meeting in person.... when voting began, more than twenty-five hundred co-op members were in attendance. News reports observed that not even football games had attracted such a sizable crowd of local residents.... The opposition candidates and their supporters were overwhelmed. After the election, [Cora] Tucker [a local activist and organizer] returned to her rural home around midnight to discover someone had broken in and soaked her bed with heating oil while she was gone.

Three weeks later, Dr. Curtis W. Harris of Hopewell, president of the Virginia chapter of the Southern Christian Leadership Conference...called for a state investigation of the Mecklenburg election.... Harris observed that control and accountability were the election’s central issues: ‘A group of members became concerned that low-income residential users of all races were subsidizing the electric bills of large dairy farmers and mechanized tobacco farmers using lots of irrigation and electricity.’ Harris said that at that time, forty-three percent of the co-op’s customer-members were black, but the Democracy Project could not reach many of those potential voters to seek their participation in the election, because co-op management charged \$500 a copy of its list of members.

After the loss in the 1983 election, ‘people were so devastated that it was hard to get them to turn out at meetings,’ says Tucker. Even if members could have been rallied, the board has changed its procedures so that showing up at annual meetings has become an ineffectual strategy for electing new directors. Largely because of the challenge to incumbents in the 1983 election and ...subsequent call for a state investigation, the Mecklenburg board began mailing out ballots to its members. Now [1996], by the time members show up at the June annual meeting to nominate their own candidate, ‘everybody’s already gotten their ballots in the mail and sent them back,’ Tucker says.”

Fast forward twenty years later to 2016. In the Virginia snapshot we speculated that there should be more than two

(2) members but opined that at least there were two (2) and from the district maps indicated on the Mecklenburg website, the two (2) African-American women on the board since 2008 were in all likelihood from dominant African-American areas. But, is that the whole story or even the real story. Five (5) of the white board members date back to the period of 1980s – 90s when this struggle – and its

aftermath of rule changes – were still raw: 1982, 1986, 1987, 1988, and 1993. Both of the current African-Americans were elected in 2008. Was that a real expression of membership democracy or, given the history and the almost majority of the board dating back to these struggles, was that simply the time the same stacked deck was shuffled with a couple of new cards?

The other stories told in SRC’s “A Question of Power: Race and Democracy in Rural Electric Co-ops” are not more

encouraging over the test of passage. They write a story of a “success” in Louisiana and a “failure” in Mississippi. Coincidentally, even before stumbling on the *Southern Changes* article about these struggles in 1983 that they reported in 1996, our report had also examined both of these cooperatives.

The success story they felt came in Louisiana at Dixie Electric Membership Cooperative. They reported that “In 1983, a coalition of white and black customers ...who are also by definition, members and owners of the co-op – staged a democratic revolt that culminated in the election of a new board of directors. Since then their electric bills have decreased and their economic prospects have increased.” SRC touted the action of the board in establishing a “Dixie Business Development Center” in a formerly empty building in Denham Springs, fifteen miles east of Baton Rouge in Livingston Parish. The center at the time would provide “its tenants with services that range from copy machines to market counseling....” Reporting in 1996, they claimed that the center established in 1993 had “assisted in the creation of thirty-five small businesses with 256 new jobs in home health care, low-income housing construction, and other skilled trades and services.”

In the Louisiana snapshot, we looked at DEMCO. DEMCO is the 21st century rebranding of Dixie, standing for the Dixie Electric Membership Corporation of course. We noted that of thirteen (13) positions there was only one (1) African-American on the board, and that statistically there might should be as many as five (5) of the thirteen (13). Looking more closely, the chair of the board was elected in 1987. The one African-American was elected in 1988. Both were elected from St. Helena Parish, where there is a significant African-American majority. The terms for DEMCO are three (3) years. Were these two (2) gentlemen elected as the last gasps of the 1983 “revolution,” when democracy prevailed, or were they the first examples

The success story they felt came in Louisiana at Dixie Electric Membership Cooperative.

of the counter-revolution that has left the cooperative with at most token minority representation?

It turns out that we had also looked at the Delta cooperative in Mississippi, where SRC's Co-op Democracy Project recorded abject defeat in 1983 as well. Liefermann writes, "That same year [1983], customer-members of Delta EPA attempted a similar quiet rebellion. When they showed up to vote at the co-op's annual meeting, however, the entrenched, all-white Delta board of directors simply walked out and re-elected themselves in virtual seclusion two months later. To this day [1996] the board members have gotten away with it."

In the Mississippi "snapshot" earlier we had also looked closely at Delta. We know there are eleven (11) members on the board. We know they are all men. We know of the counties served almost 55% are African-American. We know the president of the cooperative is white. We also know that the two (2) appointees from Delta EPA on the board of the South Mississippi G&T cooperative are also white, because their pictures are included on the South Mississippi website. We know the Delta EPA website is a one-page operation. We also know that Delta provides no information to this date (2016) on the date of its election, schedule of meetings, bylaws, or duration of its directors' terms. We speculated in the "snapshot" that, at the least, Delta may be deliberately opaque, especially for a cooperative with more than 25,000 members. We would further speculate now that given the history and the slim to none odds that if in fact the majority of the members of the Delta board reflected the majority black population of the district, the chances that a majority black board of directors would name all three (3) prestige – and paying – positions as president and on the regional, multi-county generating cooperative to its white membership and minority is nil. Until proven otherwise, we would fear that not only have the board members of Delta "gotten away with it" from 1983 to 1996, but in all likelihood they have also continued to get "away with it" until 2016 as well.

The story of struggle snipped in the bud and frozen in time goes on and on.

The Co-op Democracy Project included in its twenty-one (21) target in 1983. The Black Warrior cooperative in Alabama [see Alabama snapshot]. Black Warrior is also one of these sad stories, marking time over thirty-three (33) years. Kate Aronoff in "Let the Sun Shine In," in the May 2016 issue of *In These Times* talks to John Zippert, the executive director of the Southern Cooperatives Rural Training and Research Center, headquartered in the Black Warrior service area, and writes,

"It will also take grassroots mobilization: One of the groups most recent ventures is an effort to reform the Black Warrior Electric Membership Corporation,

a REC servicing 26,000 members in Alabama, most of them African-American. Zippert explains that they hope to both re-democratize Black Warrior – the current leadership is appointed and predominately white – and transition it over to renewables, creating a model for reform efforts around the country."

Black Warrior, like Delta in Mississippi, provides no information on elections, regular meetings, bylaws, or terms of office.

It won't be easy. Black Warrior, like Delta in Mississippi, provides no information on elections, regular meetings, bylaws, or terms of office. We know one (1) member pictured is white on the board. We know that the two (2) appointees from Black Warrior on the Alabama Rural Electric Association, the statewide body, are both white, and one (1) of them is even the secretary of the entire association. SRC engaged them in 1983 and forward. Southern Cooperatives is engaging them to change now. They are dug in, holed up in their bunker though, and it will be hard

to get them out given their commitment to preventing time and change from coming.

Pioneer, the subject of an expose in the *Atlanta Journal-Constitution* about its bad management, bad investments, and board unaccountability, had its own mini-revolution beginning in 2008, but as we discussed earlier [see Alabama snapshot], the board is still almost lily-white now, six (6) years later with a solid black-majority service area and only one (1) elected African-American member. Needless to say, the Pioneer representatives on the state association board are also both white.

It's déjà vu, all over again, and even when we're pushing, we seem stuck in a time warp, swallowed in the rut.

Does it Matter in the South?

Absolutely! Let us count the ways.

The research presented from the survey of all available documents speaks plainly and powerfully for itself. Whether there is *de jure* racial and gender segregation in the governance and representation of rural electric cooperatives or not, there is *de facto* segregation, and it is wrong, and it adds up to discrimination. Many cooperatives seem to have simply hunkered down in the shadows, treating the cooperative as extra money for a private club of friends and family, making a farce all the lofty principles of cooperative enterprise. This is a stain that much of the South has been trying to wash away for 150 years, and the legacy of these remaining bastions of prejudice and inequality, are stunting the South.

But, more than a damage to the entire psyche, culture, and people of the South, there are concrete implications.

Federal money has built and developed this infrastructure, and though these are private, nonprofit membership corporations, they continue to be primary drivers of economic development and social services in rural American. The USDA funds them accordingly.

It strains the imagination to believe that where there is little diversity in leadership, governance, and representation, there is equality and diversity in the distribution of benefits in economic and social development to the community. Where people have no voice, their wishes are not heard, their interests are not met. Cora Tucker expressed this point clearly in the aftermath of the fight to win greater African-American representation in the Mecklenburg cooperative:

“People don’t understand what the board does.

The board decides who gets the grants and who gets the loans. If we could get someone elected at least we would know what’s going on. We’d know what money is available, and how we can apply for these funds. There’s a lot of things we could get done if we worked together.”

Besides loans and grants, add scholarships and even jobs. If the heart of rural economic development is creating long term sustainable enterprises that provide new jobs, who is getting those jobs? In the critical, informal networks of “who you know” and where they are connected to available work, an unrepresentative cooperative’s role in such economic development is going to almost inevitably lead to an unrepresentative workforce.

Rural electric cooperatives in and of themselves are big business in rural communities, often the biggest business around. Throughout the twelve-state South, they are a multi-billion dollar industry. Not only do they create jobs, but they also directly employ workers themselves in both field and office capacities throughout their service areas, and these are highly sought, well-paying jobs in areas, some among the poorest in the United States. Numerous economic development reports have detailed the number of jobs they indirectly create through services and suppliers, just as their larger economic development efforts do, and, needless to say, everyone needs to be on an even playing field in competing to gain these jobs.

Congressman Jim Cooper from Tennessee’s 5th District has argued in a paper prepared for the *Harvard Journal of Legislation* in 2008 that cooperatives are also retaining an excessive level of earnings, which he states as over \$30 billion and the former head of NRECA association in a Congressional hearing convened by Congressman Henry Waxman in 2009 agreed was at least higher than \$4 billion. Whether it is more than \$1000 per person that could – and should – be distributed to all consumer-members as Cooper argues or a lesser figure as the NCREA admits, all agree that electric cooperatives are retaining more money than needed or prudent. Cooperative leadership willing to distribute more in capital credits to members on an annual basis, thereby allowing them to benefit through lower utility costs and the benefits of better utility management, would also create substantially more citizen wealth for the membership.

It is also the lower-income segment of membership constituency that most needs basic programs, like “lifeline” utility rates, that assure that individual consumer-members are not subsidizing large users in the service base, and get the support to pay their bills and avoid shutoffs by the cooperative. They are also the people who stand to benefit the most from innovative energy efficient programs. The recent ISLR report made this clear in talking about on-bill financing through the USDA’s Rural Utility Service’s Energy Efficiency & Conservation Loan Program which “allows

rural utilities to borrow money at low rates – over 30 years at 3.3% -- for energy efficiency and renewable energy improvements at their facilities or properties owned by customer-members....” The repayment is connected to the meter, not the individual, which is a plus as well. They further argue powerfully that,

“The bill-based financing can be particularly powerful at reaching disproportionately low-income cooperative members because the financing can be secured by the projected energy

savings rather than a member asset (such as their home). It can also be provided without credit scoring that typically eliminates most low-income households from participation.”

In fact the poster-child cooperative for this new program in the South is Roanoke Electric Cooperative in North Carolina. ILSR states that,

“Roanoke Electric Cooperative has already proven that on-bill financing works well for its membership. Using \$6 million in financing from the U.S. Department of Agriculture, Roanoke Electric Cooperative’s Upgrade to Save program enables members to benefit from debt-free, on-bill financing for home upgrades. The program will assist 1000 member-owners over five years, generating savings for all participants and saving the cooperative more than \$2 million through reduced energy demand.”

As this report has established of the 313 cooperative entities in the 12-state Southern region, Roanoke is the only minority-run cooperative, governed by elected African-American leadership from the membership. In fact, since African-Americans are the majority in that service area among the membership, it is probably more accurate to state that it may be the only truly majority-run cooperative, where the elected representation democratically reflects the full membership.

We would argue that the fact that this cooperative and this leadership would embark on an innovative project to serve all of their membership and save them money while also protecting the environment is not a coincidence, but flows directly from the top down, when the top reflects the base from the bottom up.

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And, That's Not All!

When it comes to recalibrating energy with a tilt towards the environment and climate change, cooperatives should also be the battleground on this front as well, especially in the South, but the same is true throughout the United States. Many estimates hold that 80% of electric generation utilized by rural electric cooperatives still comes from coal, compared to 50% for investor owned utilities. If anything this overdependence on coal may be more pronounced in the South, where substantial coal fields in the Appalachians are still a central issue in Kentucky, Tennessee, and parts of Virginia and Alabama.

Part of the problems that emerged from the scandals in recent years involving the nation's largest rural electric cooperative, Pedernales, in Texas also involved the iron grip that coal-based energy producers were exerting on the management and governing bodies through long-term, almost open-ended agreements and direct, financial inducements and prerequisites. A wide range of observers have cited the untenably long, even twenty-five (25) year, contracts that tend to dominate RECs relationships with coal-powered energy suppliers, even compared to municipal and investor owned utilities. Some have believed the cooperatives were simply over matched at the table and easy prey, while others have wondered if incentives and inducements were involved.

Coal and the new guidelines from the Obama Administration are an issue for Southern rural electric cooperatives. Among the generation and transmission cooperatives, several of whom, like Big Rivers and East Kentucky rank 1st and 7th nationally in the release of carbon dioxide emission rates for every megawatt-hour of electricity generated. Seminole Electric, based in Tampa, Florida is also among the top 30 carbon-intense utilities which also accounts now for three-quarters of its debt incurred from building and retrofitting just one coal-fired plant. Regardless, recent decisions, though often convoluted and contradictory by the Federal Energy Regulatory Commission (FERC), reported in "Re-membering" by ILSR provide important paths for RECs to take to dilute contractual obligations to preferentially purchase from renewable sources, largely because "the 1978 federal PURPA law supersedes the cooperative's contract."

Given the importance of both improving the climate and providing sustainable, electric power, such decisions point the path forward. They also establish that where there is a will, there is a way, but that is likely only true when the governing bodies truly reflect the will of the people they serve.

What Can Be Done?

We totally believe in membership-based nonprofits. We believe in cooperative and social enterprises. In both situations we believe that an *empowered* membership is able to develop and hold accountable representative leadership. We still believe that is the case, everything being equal. The problem, particularly in the South is that everything has never been equal, and it is not equal now.

In theory we believe that none of the issues that we have discussed in this report should be continuing concerns seventy-five (75) years after the organization of most of these rural electric cooperatives. In practice it is, so pretending differently ignores the preponderance of evidence to the contrary. In theory regulators, government officials and others might believe, as we normally would, that a membership would be able to hold elected officials accountable and that no further regulation, legislation, or requirements would be necessary.

The post-Depression founders of the rural electrification

movement implemented by the cooperatives saw their mission as moving electricity the "last mile" while investor owned utilities were whelping about cost and profit margins. In charting a path through the darkness, it was reasonable to assume that even a passive membership would raise the roof if the wires did not run far enough, the lights did not turn on, and prices were sky high. As long as the tasks of the early years of cooperative history were clear, they were right as far as it went. Even today, average rates per kilowatt hour provided by rural electric cooperatives are within pennies up and down of the rates available from other utility organizations.

Now the mission of RECs goes farther. More than 90% of them do more than simply distribute or generate electricity. They create – or retard – economic development. They create – or thwart – social service delivery. They offer – or withdraw – job opportunities, loans, scholarships, educational programs, and a range of other programs without any regulation or supervision. They are potentially at the forefront of the fight to protect the climate and develop renewal, alternative energy sources, but they are tethered to past practices and an old-boy network that is blind to their membership and the collective interest.

This situation cannot continue to work this way, so what can be done to level the playing field so members can be empowered sufficiently to make their cooperatives work, and work fairly and representative the full service population?

Coal and the new guidelines from the Obama Administration are an issue for Southern rural electric cooperatives.

Organization

There are numerous stories of successful fights to win democratic control and reform of rural electric cooperatives all around the country. Our brother and sister organizations have fought valiant struggles against great odds and often with amazing results in state after state in Montana, Colorado, Kentucky, and elsewhere, but in the South, as we have discovered, power and the old ways are so entrenched that victories have been few and far between and often unsustainable and pulled back. The multi-year commitment to campaigns to win reform in difficult terrain are also challenges for any organizing campaign or organization. RECs in the South are too often the handmaidens of the rural power structure, posing even more obstacles. Organizations in the South can get the job done, but not without solid resources and support.

➤ **Private resources:** The SRC's Co-op Democracy Project was funded for years by the Ford Foundation and other private philanthropic interests. New local and regional resources need to be dedicated in multi-year grants to support such work, until the job is done, victories are won and secured.

➤ **Public resources:** USDA and other federal programs need to provide direct resources to organizations committed to creating membership engagement and democracy in rural electric cooperatives. REA and then RUS were departments under USDA and these problems rending the very fabric of democracy happened "on their watch," and they need to make the investment not in pennies, but in the millions to support "democratization" efforts in the rural South.

Compliance

As we pointed out in this report, only four (4) of the twelve (12) Southern states are regulated by state-based utility commissions, even marginally, while two-thirds are left to their own membership and devices. The regulation, where it exists, is on the issues of electricity pricing, costs, investments, transmission, and distribution, not on the issues of governance and representation. Part of the problem here is that no one is watching the hen house, and the members who could, are not allowed to do so.

➤ **The Rural Utilities Service / USDA:** Statutorily, RUS seems to have the authority to annually audit RECs and oversee management, including ordering their removal. They need to live up to the full limit of their authority and get the job done. If they are not funded adequately to do onsite inspections and audits, they need to require submissions of data adequate to make such determinations. Formerly annual data was kept on election participation and racial characteristics of RECs, and it continues to be the case that most

of them have nondiscrimination postings, though much of that addresses, nondiscrimination in service delivery, but such data requirements need to be re-established so that democratic and diverse participation can be more closely monitored.

➤ **RUS and USDA Loan Requirements:** 40% of RECs continue to receive federal supports.

Similar to the requirements against discrimination in home lending afforded by the Community Reinvestment Act 1978 and Home Mortgage Disclosure Act, no loans or grants should be available to RECs that cannot prove transparency, compliance with robust membership participation rules, and color-blind, nondiscriminatory practices in operations and elections.

• **The Internal Revenue Service:** The IRS receives 990s on activity, and needs to assure compliance to the letter, including regular and aggressive inspection of compliance with tax exemption requirements on education, social, and charitable practices. The Waxman hearing and Congressman Cooper have raised the issue of whether or not the level of retained membership money should be an issue warranting cancellation of the tax exempt privileges. An even brighter line is drawn at whether or not with more diverse business operations, cooperatives are still qualifying for a tax exemption through the provision of 85% of their revenue being derived from the public, historically through electric sales. The question of officer and director payments and self-dealing needs to be a part of IRS audits as well.

➤ **EEOC:** Provision of services and employment practices need to be reviewed and enforced on the basis of equal opportunity federal and state statutes.

➤ **State Human Relations Councils:** Need to review discrimination issues in election rules, procedures, and practices for RECs.

➤ **State Utilities Commissions:** Certainly in the states that have some jurisdiction or have elected commissioners, it is worth some effort to see if they can be moved to do more around these issues with local cooperatives, and, though it might be impossible, strategically such commissions are a potential forum to raise the demands for more accountability, even with only a marginal hope of success.

Legislation

The bellwether state in enacting legislation to achieve more democratic and participatory norms for rural electric cooperatives has been Colorado. Even before 2010 they had required that cooperative members be allowed to vote by mail, but in HB1098 of 2010 they passed sweeping legislation [See Appendix. Copy of Bill 1098] requiring open minutes (also posted on websites), clear, public election policies and notices, availability of membership list to challengers as well as incumbents, accessible contact information on websites, postings of board meeting, time,

place, date, and agenda with proper notice and more. Proxy voting also has to be banned. The Colorado legislation still leaves the fight in the hands of the members, but at least levels the playing field. Straightforward state legislation might get the job done, though the record indicates that similar legislation to what was passed in Colorado was turned back in Texas, largely due to lobbying of the cooperative association and the state association. Federal legislation or an executive order could probably also get this done but the level of lobbying by the NRECA would be intense. The CEO of the NRCEA has usually been a former Congressperson in recent years. They have an active political action committee.

Litigation

There ought to be a law, and perhaps there are laws, that already conflict with the undemocratic and *de facto* discrimination practiced by many rural electric cooperatives. We are certainly looking. Join us!

Summary

It's time for a change. Let's make it happen.

Who We Are

Labor Neighbor Research and Training Center (www.laborneighbor.org) is a 501c3 nonprofit specializing in the support of community and labor organizations, particularly when they are working together in alliance, as well as supporting their work with research and analysis on issues and campaigns and engaging in organizing and leader training and development. LNR&T also houses the 46-year old quarterly journal, *Social Policy* (www.socialpolicy.org) and the Social Policy Press (www.socialpolicypress.org), which published most recently the e-book, *Kids and Guns* by Frank Strier, and *Building Power, Changing Lives: The Story of Virginia Organizing*. LNR&TC is also the home of the Organizers' Forum, which engages in international and other dialogues with labor and community organizers and the world, and the H. L. Mitchell Internship Fund, which encourages work for social change in the areas where legendary organizer H. L. Mitchell, organized the Southern Tenant Farmers Union in Arkansas, Mississippi, Louisiana, and Tennessee. The Rural Power Project (www.ruralpowerproject.org) is the most recent project organized by LNRTC.

For more information, contact:
director@laborneighbor.org or PO Box 3924
New Orleans 70177. 504-302-1238.

ACORN International (www.acorninternational.org) is a 501c3 nonprofit supporting the growth and development of membership-based community and labor organizations both domestically and around the world in the continuous tradition of ACORN organizing methodology since 1970. ACORN has affiliates in eighteen countries around the

world in North and South America, Europe, Africa, Asia, and India and over 150,000 dues-paying members.

For more information, contact
chieforganizer@acorninternational.org or 2221
St. Claude, New Orleans, LA 70117. 504-302-1238
x 2002.

Acknowledgments

The research was aided by a volunteer "army" without whom it would have been impossible to bring this phase of the project to completion. Antoine Claval, a native of France and a software and computer expert, helped build the data base and contributed mightily in the beginning from both Paris and New Orleans. Rachel Childs, recently from the University of Ottawa in Ontario, Canada, and Jesse Rafert in New Orleans, and formerly with Local 100 United Labor Unions and ACORN International pitched in on the racial data by counties throughout the South. Gillian Gayner, a currently graduating senior at Tulane University, was an ACORN International community service intern during the spring semester, 2016, and helped compile data and the distribution list among other hugely important services. Marie Hurt of Southern United Neighborhoods (SUN) assembled the final spreadsheet and website to complete the dataset and make it comprehensible.

The H. L. Mitchell Internship Fund provided assistance in smoothing the way to finally get this report done in 2016, having supported it from inception to completion. H. L. Mitchell was one of the founders of the Southern Tenant Farmers' Union more than one-hundred years ago in Tyronza, Arkansas, and later its chief organizer, and spent his life trying to organize and bring justice to people who lived and worked in the rural South. He would have been proud to see his legacy continue.

This project was directed, and the report was written and compiled by Wade Rathke.

Plans

LNRTC and ACORN International are planning to issue several additional reports that will look at all available information on the following topics for the same list of 313 rural electric cooperatives in the South:

- Alignment of cooperatives with the requirements of state law for meetings, notices, tax exemption, minutes, and elections.
- Comparison of election rules and notices
- Completeness of filings for IRS 990s
- Directors and Managers' Compensation from IRS 990s
- Available data on the level of employment diversity

These topics, we believe, are intertwined with the issues of governance and representation that we have seen in this report, and we intend to complete further reports to fully investigate and present this information.

Partners

In various Southern states we have shared this report with partners in order to pursue campaigns and accountability on the local level. These partners and allies include:

- Local 100, United Labor Unions (Arkansas, Louisiana and Texas)
- A Community Voice (Louisiana)
- Action NC (North Carolina)
- Greater Birmingham Ministries (Alabama)
- Virginia Organizing (Virginia)
- Florida Public Service Union, SEIU (Florida)
- Arkansas Community Organizations (Arkansas)
- Jim Hightower (Texas)

Appendix 1: Methodology

In compiling the information, researchers gathered information in the following ways.

Researchers reviewed the websites of all 313 cooperatives in the South. From this source we were able to identify board members for virtually all of the cooperatives. From the names we were unambiguously able to identify gender. Where there were photographs of individual board members, identifiable groups with named members, or other verifiable sources available, like the 2013 Louisiana suppliers 75th anniversary ad-book, we were able to so as documented in the snapshots, we were able to identify race.

Researchers accessed US Census data to identify the racial distribution in both the twelve (12) states and the specific counties extracted in the snapshots. Following the usual protocol of the Census Bureau, Hispanics, though listed separately, were also identified as “whites.”

Researchers were able to access the most current IRS Form 990s for all but seventeen (17) of the cooperatives. In many cases this was the 990 from 2014, which was the most current and timely filing. In some cases these were the 990s from 2013.

Wherever rural electric cooperatives posted copies of their current bylaws, researchers also noted, filed, and reviewed the bylaws. The bylaws and websites were used to determine annual meetings and regular meetings.

A letter was sent to 288 of the cooperatives for additional information by U.S. Postal Service and received no replies.

Appendix 2: Letter to Cooperatives

June 20, 2014

Dear Sirs,

Though we are a small nonprofit, we believe that rural electric cooperatives are a vital and underappreciated resource in job creation and economic development in non-urban areas in the southern United States. We have combed through the available websites for cooperatives in the 10-state area to try to get a better analysis of the economic range and capacity of cooperatives both individually and collectively.

Many of the websites are exhaustive but others are thin in delivering the kind of information we are seeking and hoping to pull into a report in future months, and it is for that reason that we are writing to ask for your assistance, if possible. We are trying to gather the following from all 288 cooperatives in the southern states into a comprehensive database in order to be able to speak with confidence of the economic capacity represented by cooperatives.

If you could assist us with the following, it would be much appreciated:

- Copy of bylaws
- Usual date and time of annual meeting
- Most recent financial report
- Name of Manager and Names of Board of Directors
- Number of customers
- Generating Capacity in Wattage and/or Facilities
- Number of employees
- Miles of electric lines
- Counties / Parish served (We realize you overlap various political jurisdictions, so if is possible to get any kind of geographical description or GPS coordinates that help us fully appreciate your range, that would be most helpful!)

If this information is available on your website, and we have missed it for some reason, if we could trouble you for the link in order to fill out our picture of your cooperative, we would appreciate the assistance.

We appreciate that a research request from outside of your jurisdiction is probably seen as a pain-in-the-neck, but this won't take but a couple of minutes in all likelihood, saves time on the phone for both of us if we have to call and beg for the information, and can be sent to us we expect as simple attachments to an email to either the principal researcher Antoine Claval at research@ruralpowerproject.org or to me, Wade Rathke at director@ruralpowerproject.org. (In order to reduce mail fee, waste of paper and your time, we prefer to communicate through e-mail and will always prefer electronic documents to printed ones.)

Thanks in advance!
Sincerely,

Wade Rathke, Director
Labor Neighbor Research and Training Center, Inc.
PO Box 3924 New Orleans, LA 70177

Appendix 3: Colorado 2010 HB 1098 2194 Public Utilities Ch. 424 CHAPTER 424

Public Utilities

HOUSE BILL 10-1098

BY REPRESENTATIVE(S) Levy, Fischer, Hullinghorst,
Labuda, Pommer, McFadyen;

also SENATOR(S) Hodge, Schwartz.

AN ACT CONCERNING INCREASED
TRANSPARENCY IN THE GOVERNANCE OF
COOPERATIVE ELECTRIC
ASSOCIATIONS.

Be it enacted by the General Assembly of the State of
Colorado:

SECTION 1. 40-9.5-108 (2), Colorado Revised Statutes, is
amended to read:

40-9.5-108. Public meetings. (2) (a) Prior to the time
BEFORE the board of directors convenes in executive
session, the board shall announce the general topic
of the executive session.

(b) AT EVERY REGULAR MEETING OF THE BOARD
OF DIRECTORS, MEMBERS OF THE
ASSOCIATION SHALL BE GIVEN AN
OPPORTUNITY TO ADDRESS THE BOARD ON
ANY MATTER CONCERNING THE POLICIES AND
BUSINESS OF THE ASSOCIATION. THE
BOARD MAY PLACE REASONABLE, VIEWPOINT-
NEUTRAL RESTRICTIONS ON THE
AMOUNT AND DURATION OF PUBLIC
COMMENT.

(c) WRITTEN MINUTES SHALL BE MADE OF ALL
MEETINGS OF THE BOARD OF
DIRECTORS. THE MINUTES SHALL BE POSTED
ON THE WEB SITE OF THE ASSOCIATION
AS SOON AS THEY HAVE BEEN APPROVED AND
SHALL REMAIN POSTED UNTIL AT
LEAST SIX MONTHS AFTER THE DATE OF THE
MEETING. UPON REQUEST BY A MEMBER
OF THE BOARD, THAT MEMBER'S OWN VOTE ON
ANY ISSUE SHALL BE NOTED IN THE
MINUTES.

SECTION 2. Article 9.5 of title 40, Colorado Revised
Statutes, is amended BY THE ADDITION OF A NEW
SECTION to read:

40-9.5-109.5. Election policy - adoption - publication -
contents. (1) THE BOARD OF DIRECTORS OF EACH
COOPERATIVE ELECTRIC ASSOCIATION SHALL
ADOPT

**Capital letters indicate new material added to existing
statutes; dashes through words indicate deletions
from existing statutes and such material not part of act.**

Ch. 424 Public Utilities 2195

A WRITTEN POLICY GOVERNING THE
ELECTION OF DIRECTORS. THE ELECTION
POLICY SHALL BE POSTED ON THE

ASSOCIATION'S WEB SITE. THE ELECTION
POLICY SHALL CONTAIN TRUE AND COMPLETE
INFORMATION ON THE FOLLOWING SUBJECTS:

(a) THE PROCEDURE AND TIMING FOR A
MEMBER TO BECOME A CANDIDATE FOR
THE BOARD OF DIRECTORS AND THE PROCESS
BY WHICH ELECTIONS FOR THE BOARD
OF DIRECTORS ARE HELD;

(b) THE QUALIFICATIONS FOR CANDIDATES
AND REQUIREMENTS FOR APPEARING ON THE
BALLOT;

(c) THE DATE OF THE ELECTION, WHICH SHALL
BE FIXED, POSTED ON THE ASSOCIATION'S WEB
SITE, AND OTHERWISE PUBLICIZED NO LESS
THAN SIX MONTHS BEFORE THE ELECTION.

(2) IN ADDITION TO THE POSTING REQUIRED IN
SUBSECTION (1) OF THIS SECTION,
INFORMATION ON HOW TO BECOME A
CANDIDATE AND THE SCHEDULE FOR
ELECTIONS SHALL BE COMMUNICATED TO
EACH MEMBER IN A MAILING AND ON THE
ASSOCIATION'S WEB SITE NO LESS THAN TWO
MONTHS BEFORE PETITIONS TO BECOME
A CANDIDATE ARE DUE.

(3) THE BALLOT MAILING DEADLINE SHALL BE
POSTED ON THE WEB SITE AT LEAST
THREE MONTHS BEFORE THE DEADLINE AND
SHALL REMAIN SO POSTED UNTIL AFTER
THE ELECTION.

SECTION 3. 40-9.5-110, Colorado Revised Statutes, is
amended to read:

40-9.5-110. Board of directors of cooperative electric
associations - nomination - elections. (1) (a) A nomination
for director on the board of directors of a cooperative
electric association may be made by written petition signed
by at least fifteen members of such association, and filed
with the board of directors of such association no later than
forty-five days prior to the date of the election. Any petition
so filed shall designate the name of the nominee and the
term for which nominated. The name of a nominee shall
appear on the ballot if the nominating petition is in apparent
conformity with this section as determined by the secretary
of the board. Nomination and election of directors by
districts, if provided for in the bylaws of the association, shall
be permitted.

(b) CANDIDATES FOR POSITIONS ON THE BOARD
OF DIRECTORS SHALL BE ENTITLED
TO RECEIVE MEMBERSHIP LISTS, IN A USABLE
FORMAT, ON THE SAME BASIS AND AT
THE SAME TIME AS SUCH LISTS ARE MADE
AVAILABLE TO INCUMBENT DIRECTORS
RUNNING FOR REELECTION. CANDIDATES
SHALL USE SUCH LISTS ONLY FOR
PURPOSES OF THE ELECTION AND SHALL
RETURN OR DESTROY THEM IMMEDIATELY
AFTER THE ELECTION.

(c) ALL BOARD MEMBERS SHALL MAKE
AVAILABLE TO ASSOCIATION MEMBERS
SOME MEANS FOR DIRECT CONTACT, WHETHER

BY TELEPHONE, ELECTRONIC MAIL, OR REGULAR MAIL. INFORMATION ON HOW TO CONTACT EACH BOARD MEMBER BY ONE OR MORE OF THESE METHODS SHALL BE AVAILABLE ON THE ASSOCIATION WEB SITE.

2196 Public Utilities Ch. 424

(2) (a) (I) Each member of the association shall be entitled to vote in the election of directors on the board of directors either at a meeting held for such purpose or by mail, BUT NOT BOTH. A MEMBER WHO HAS VOTED BY MAIL SHALL NOT BE ENTITLED TO VOTE AT THE MEETING.

(II) Mail voting shall be in writing on ballots provided by the association. The mail ballot shall be voted by the member, placed in a special envelope provided for the purpose so as to conceal the marking on the ballot, deposited in a return envelope which must be signed by the voting member, and mailed back to the association. Envelopes containing mail ballots shall remain sealed and uncounted until the meeting held for the purpose of electing the board of directors. The presence of a member at such meeting shall revoke a mail vote theretofore executed by such member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if such member had not voted by mail.

(b) THE ORDER OF NAMES ON THE BALLOT SHALL BE DETERMINED RANDOMLY IN A MANNER THAT DOES NOT AUTOMATICALLY ASSIGN THE TOP LINE TO THE INCUMBENT.

(c) THE BOARD OF DIRECTORS SHALL, WHEN PRACTICABLE, ARRANGE FOR AN INDEPENDENT THIRD PARTY TO OVERSEE THE STORAGE AND COUNTING OF BALLOTS. IF THIS IS NOT PRACTICABLE, THEN BALLOTS SHALL BE COLLECTED AND STORED IN A MANNER THAT PROTECTS THE PRIVACY OF THEIR CONTENT. ALL CANDIDATES FOR THE BOARD OF DIRECTORS SHALL BE GIVEN THE OPPORTUNITY TO BE PRESENT TO OBSERVE THEIR TABULATION.

(3) Voting for directors on the board of directors by proxy or cumulative voting shall be IS prohibited.

(4) NEITHER THE ASSOCIATION NOR THE BOARD OF DIRECTORS SHALL ENDORSE OR OPPOSE THE CANDIDACY OF AN INCUMBENT BOARD MEMBER OR OTHER CANDIDATE FOR A POSITION ON THE BOARD. DURING THE TWO MONTHS IMMEDIATELY PRECEDING THE ELECTION, BOARD MEMBERS SHALL NOT SEND INDIVIDUAL NEWSLETTERS USING THE ASSOCIATION'S RESOURCES.

SECTION 4. 40-9.5-111, Colorado Revised Statutes, is amended to read: 40-9.5-111. Notice of meeting - agenda.

(1) Notice of the time and place of a meeting of the board of directors and a copy of the agenda for such meeting shall be posted in every service office maintained by the

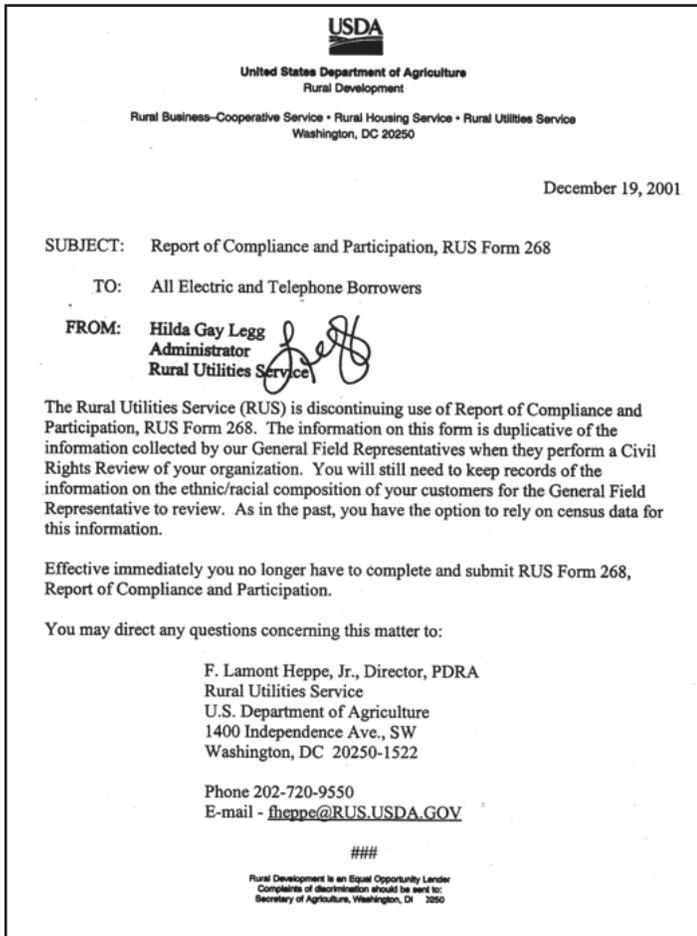
association at least ten days before the meeting. The agenda shall specifically designate the issues or questions to be discussed, or the actions to be taken, at the meeting. Copies of said THE agenda shall be available at each service office for members and consumers.

(2) THE DATE, TIME, LOCATION, AND AGENDA OF EVERY MEETING OF THE BOARD OF DIRECTORS SHALL BE POSTED ON THE ASSOCIATION'S WEB SITE NO LESS THAN TEN DAYS BEFORE THE MEETING IN THE CASE OF REGULAR MEETINGS AND AS SOON AS THE MEETING IS SCHEDULED IN THE CASE OF SPECIAL MEETINGS. IF A MEETING IS POSTPONED OR CANCELLED, NOTICE OF THE POSTPONEMENT OR CANCELLATION SHALL IMMEDIATELY BE POSTED ON THE WEB SITE. Ch. 424 Public Utilities 2197

SECTION 5. 40-9.5-112, Colorado Revised Statutes, is amended to read: 40-9.5-112. Provisions applicable to cooperative electric associations. Except as otherwise provided in this part 1, the provisions of article 55 of title 7, C.R.S., shall apply to cooperative electric associations. IN THE CASE OF ANY IRRECONCILABLE CONFLICT BETWEEN SAID ARTICLE AND THIS PART 1, THIS PART 1 SHALL CONTROL. Section 40-4-105 shall apply to cooperative electric associations with respect to crossing of railroad rights-of-way.

SECTION 6. Act subject to petition - effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part shall not take effect unless approved by the people at the general election to be held in November 2010 and shall take effect on the date of the official declaration of the vote thereon by the governor. Approved: June 11, 2010

Appendix 4: USDA 1991 Letter On Civil Rights Data



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