

## **EXECUTIVE SUMMARY OF GLENN ENGLISH TESTIMONY BEFORE THE HOUSE OVERSIGHT COMMITTEE**

As member-owned, not-for profit organizations, electric cooperatives have an obligation to provide a reliable supply of power to all consumers in our service areas at the lowest possible price. In addition, electric cooperatives are motivated not by profit, but by meeting their members' needs.

From Alaska to Florida, electric cooperatives serve more than 41 million consumers in 47 states. The median-sized cooperative serves approximately 12,000 member-owners. Co-ops serve an average of seven customers per mile of line. By contrast, investor-owned utilities average 35 customers per mile of line and municipal utilities serve 46 consumers per mile.

### **Electric Cooperatives are Democratic and Transparent**

- In recent years, more than 3,000 new directors (out of 7,400) have been elected to electric co-op boards. This dramatic turnover illustrates an active, engaged membership that participates in the local process.
- Cooperative director compensation is considerably below the norm when compared to director compensation in the for-profit arena, despite having the same corporate fiduciary responsibilities.

Most electric cooperatives are exempt from federal income taxation and file IRS Form 990. This form requires increased disclosures of compensation for directors, employees, former directors, and former employees.

- These requirements exceed the disclosure requirements of the Securities and Exchange Commission form filed by publicly traded companies.
- Additional regulation is afforded by the Rural Utilities Service (RUS), a federal agency that administers electric and telecommunications loans. Co-ops in 44 states are also subject to some form of state regulation.

### **Electric Cooperatives Have Returned \$8 Billion to Member-Owners in Capital Credits**

- Surveys reveal that 95 percent of electric cooperatives have paid or plan to pay capital credits.
- In 2007, electric distribution cooperatives retired more than \$500 million in capital credits to their members, and have cumulatively paid out \$8 billion in capital credits.

## **Electric Cooperatives: Leaders in Customer Satisfaction, Energy Efficiency and Renewable Energy**

- Electric co-ops enjoy the highest average customer satisfaction rating in the electric industry, according to the University of Michigan's American Customer Satisfaction Index (April 2008).
- The Federal Energy Regulatory Commission recognized electric cooperatives as industry leaders in the deployment of smart meters.
- 90 percent of electric cooperatives provide their members with energy efficiency education.
- In 2007, co-ops received 11 percent of their power from renewable sources, compared to 9 percent for the entire utility sector.

## **Electric Cooperatives are Engines for Economic Development**

- Co-ops employ 65,000 people and create economic opportunity across the nation. A recent survey showed that Iowa's electric cooperatives added about \$900 million in output to their local communities.

## **Electric Cooperatives Receive Less Federal Assistance than Other Utility Sectors:** All electric utilities in the United States receive federal assistance, or subsidies.

- Calculations based on federal government financial reports show that rural electric cooperatives receive the *least* amount of subsidy per customer: \$3 compared to \$36 for investor-owned utilities and \$55 for city-owned utilities.

**Local Control Works for Electric Cooperatives:** The cooperative business model and local control provides the checks and balances to correct situations like Pedernales. It's unfortunate that with all the fine things electric cooperatives are doing for this nation, only one cooperative was invited to testify before the Committee.