

Cuivre River Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



2021

Youth Tour Program

Cooperative Principles/Values That Make A Difference In Our Communities

The Cooperative Defined

The Statement of Identity defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” While intentionally crafted as a minimal statement which could embrace the vast array of cooperative organizations throughout the world, the statement emphasizes some important characteristics of cooperative enterprise.

Cooperative Values

Traditionally, the cooperative movement has had deep ties to the wide array of the world’s religions and ideologies. It has consciously and continuously explored its own belief system and attempted to identify those personal ethics and social ideas, if any, that are shared by cooperators and motivate our future actions. The values statement also articulates values of personal and ethical behavior that cooperators actualize in their enterprises. They describe the kind of people we strive to be and the traits we hope to encourage through cooperation. **These are honesty, openness, social responsibility and caring for others.**

Why Cooperatives Are Special

Cooperative businesses are special because they are owned by the consumers they serve and because they are guided by a set of seven principles that reflect the best interests of those consumers. More than 100 million people are members of 47,000 U.S. cooperatives, enabling consumers to secure a wide array of goods and services such as health care, insurance, housing, food, heating fuel, hardware, credit unions, child care or utility service.

All cooperative businesses adhere to these seven guiding principles:

Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership. However, cooperatives may refuse to accept members whom they cannot physically accommodate. **For example, CREC must limit membership to the specified service area based on state and federal laws. The important idea here is that cooperatives do not discriminate against potential members based on their inherent characteristics (social, racial, political, religious or gender).**

Democratic Member Control

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. Members have equal voting rights - **one member, one vote**. Members have the right to participate, to be informed, to be heard and to be involved in making decisions.

This is one of the main features distinguishing a cooperative from firms controlled primarily in the interests of capital. The principle of democratic member control defines the way in which members will make decisions. It assumes that members will participate in setting policy and giving broad direction to cooperative activities in a way in which no member has no greater “voice” than any other member.

Decisions are made democratically by the members and are not controlled by capital or by government; Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them.

This principle, probably more than any other, insures the continuing cooperative character of an organization. It contrasts with the practice in capitalistic corporations of voting by shares, not by people, where the more shares a person owns, the more votes he/she has. An individual or small group can control an entire organization. The one-member-one-vote principle provides against control by a few, for the benefit of the few. Each member can exercise power equal to every other member, and decisions made democratically are much more likely to be supported by the membership. **Example: Cuivre River Electric Cooperative holds an Annual Business Meeting where members have the opportunity to vote for a Board of Directors and Bylaw changes. One member, one vote.**

Members' Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. Within the cooperative, rewards for active membership in the cooperative will be distributed equitably, be it through patronage dividends, allocations to capital reserves, increases in services or reductions in charges.

This principle deals directly with the very difficult problem of capital acquisition by cooperatives in amounts large enough to compete effectively with vast global industries. Cooperative activities are organized to meet member needs, not to accumulate capital in the hands of investors. In the past, the principle of capital as servant led to a belief that resources generated by profitable cooperative enterprises should be returned to labor, rather than concentrated in the hands of owners of capital, by strictly limiting returns to invested funds.

Like other businesses, cooperatives need capital to work with. Members invest money in their co-op to provide it with the capital it needs to serve their consumer needs effectively and to support an organization whose goals they believe in. The basic premise of this principle is that cooperatives are in business to provide services to their members. This contrasts with many capitalist businesses whose *raison d'être* is profit, the value of the products and services they provide being secondary. The purpose of limiting the interest on share capital is to avoid investment for the purpose of speculation.

In most businesses, "economic results" would be called "profit." Why don't we call it profit in co-ops? Because profit is a financial surplus which goes to shareholders in proportion to their share of the business' capital. Principle 3 says that it's fine to have a financial surplus, as long as it's only used in the following ways: to build the business of the co-op, to provide common services to co-op members, or paid as a patronage refund. **Example: Capital Credits. Cuiivre River Electric Cooperative returned over \$6.7 million in Capital Credits to members in 2020. More than \$100 million has been distributed since 1976.**

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. This principle emphasizes that cooperatives must be free of intervention from governments or other sources so that ultimately the members are able to control their own destiny.

Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

Education is a priority of the cooperative movement. Cooperative education is more than advertising product or distributing information. It is critical to the effective and informed participation of members which lies at the core of the cooperative definition. "It means engaging the minds of members, elected leaders, managers and employees to comprehend fully the complexity and richness of cooperative thought and action."

The principle also highlights the importance of educating the young and opinion leaders about the nature and benefits of cooperation. If cooperatives are to be part of the solution to many of the world's problems, people must be not only aware of the concept, they must appreciate it and be willing to participate in it. Such active involvement will not occur if people do not understand cooperative enterprise.

All cooperative societies should make provision for the education of their members, officers and employees and members of the general public in the principles and techniques of co-operation, both economic and democratic.

The cooperative form of ownership is different from the prevailing forms of business ownership, and assumptions about how businesses operate are not always appropriate to cooperatives. In most businesses, ownership is separate from participation in the business; control is not democratic, but based on the amount of invested, at-risk capital; and the financial return, like the control, goes to the owner of capital.

Capitalization is not the only area in which co-ops are different, and co-op education important. Co-ops frequently hire as managers or elect to their board of directors, people with good business training but no co-op experience. A retail consumer food co-op needs good merchandising, for example, but must make sure a person hired for the position understand the importance of consumer education in a co-op.

When a co-op is honest and informative about the products it sells, it provides a valuable service to its members and at the same time establishes its own credibility as their buying agent. Another reason that co-op education is important is that co-ops are democratic organizations. If there aren't enough members who know how the co-op works, its underlying philosophy and where it's going, then the members can't provide the appropriate leadership to run the co-op well.

Co-op education is also important to build more cooperatives and to foster co-operation between co-ops. Consumer education is often met by the excellent magazines, newspapers and newsletters offered by co-ops, as well as social media pages. Attempts at consumer product protection, food advocacy, and education about the whole cooperative movement are just a way in which Cooperative Principle 5 is acted on by co-ops. **Examples: Cuivre River Electric Cooperative provides the following educational programs Electrical Safety Demonstration (fourth grade), Cooperative Youth Conference & Leadership Experience (CYCLE Program, 10th grade) and Youth Tour Contest (11th grade) in schools within our service area.**

Cuivre River Electric Cooperative provides energy efficiency education to our 68,000 members through educational workshops hosted at our Cuivre River offices, information booths at the Annual Business Meeting, articles printed in the Current Times, our member's monthly newsletter.

Rebate information, forms and assistance are provided to Cuivre River Electric Cooperative members in an effort to educate and upgrade their home appliances, heating and cooling systems with ENERGY STAR high efficiency models to save energy and money. Cuivre River has issued thousands of rebates totaling more than \$4.4 million since the program began in 2008.

Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Cooperatives are based on the assumption that there is strength in mutual self-help and that the cooperative has a collective responsibility for the well-being of its members. Further, individual cooperatives strive to create a united cooperative movement, by working with other cooperatives to improve collective well-being.

All cooperative organizations, in order to best serve the interest of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national, and international levels. Reflects the need for cooperatives to coordinate their actions in order to be effective in an economy dominated by large-scale corporations. Implicit in this principle is a vision of unified cooperative sector in the world economy.

Local co-ops often form cooperative links with one another, forming buying agreements or information networks. Newsletter editors share articles, regional gatherings are held for fun and education, and cooperative growers have been encouraged to market together. Worker cooperatives, housing cooperatives, food cooperatives, health cooperatives, energy cooperatives, credit unions, and other types of cooperatives all seem to go their separate ways, often totally unaware of each other. **Example: Cuivre River Electric Cooperative sends workers, equipment and supplies to provide assistance to electric cooperatives who are experiencing a major outage due to a natural disaster or severe weather. In 2020 linemen assisted in Louisiana following Hurricane Laura and Hurricane Delta.**

Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Grounded in the values of social responsibility and caring for others, this principle gives articulation to the cooperative interest in making contributions to a better society at large. By taking ownership over portions of the economy, cooperative members are saying, in effect, we can meet our needs and the needs of others better than they are currently being met. Because the effort is a mutual one, cooperative members understand that to provide for any member is to provide for all members.

Although not included in the principle, the background paper to the Statement of Identity articulates the cooperative responsibility to participate in the environmental protection of their communities. The principle presumably carries an implied imperative included in working for sustainable development of communities. **Example: Cuivre River Electric Cooperative provides each member with access to the Co-op Connections® program. Co-op Connections® provides discounts to local and national business partners including pharmacies. Cuivre River members have saved nearly \$800,000 on prescriptions since the Co-op Connections® program began in 2008.**

Operation Round Up is a community outreach program funded by Cuivre River Electric Cooperative members. Their small change adds up to big changes in their communities. The goal of Operation Round Up is to help individuals, families and communities address unmet needs in the areas of health, education, home weatherization, youth, community and emergency services. More than \$6 million in assistance has been awarded to applicants since the Operation Round Up program began in 1997.



Cuivre River Electric Cooperative Youth Tour Contest applications and information are available online at www.cuivre.com or by calling (800) 392-3709, ext. 4837.