

Our Views: Self-dealing in utility co-ops

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High pay and perks at state electric cooperatives are rightly under fire from regulators at the Public Service Commission.

In response, several of the member-owned organizations are going through management shake-ups and renewed attention to rules that may not have been followed concerning perks of board members and staff.

In one case, a north Louisiana co-op serving a mostly poor and rural area had granted a salary of almost \$200,000 a year to its president.

The PSC members are rightly outraged at some of what has come to light during often-routine rate adjustment hearings.

As regulars in state politics know, no one does populist rhetoric better than PSC member Foster Campbell: "I'm not going to vote for anything else today until I've found out how much these board members are making. How much money are they spending? How many times do they go to Las Vegas? How many times do they go to Washington? ... Take their wives up there, eat big steaks, stay at fancy hotels."

Well, more than they should, certainly.

The state's 10 co-ops provide electricity to about 900,000 rural but also suburban member/customers. The cooperatives are supposed to be nonprofit.

PSC members heard testimony that some board members make as much as \$50,000 per year in per diem payments for attending meetings. Most received an array of benefits that included health, vision and life insurance.

The \$255,000 in perks for directors and executives of Pointe Coupee Electric Membership, in suburban Baton Rouge, account for almost two-thirds of the utility's \$400,000 "operating margin."

As the PSC members ultimately agreed, some rate hikes may be necessary, but in light of these revelations they are being much more careful about how the members' money is being spent.

Claiborne Electric Co-op., located in one of the nation's poorest counties, turned over the information requested by the PSC only under subpoena. The general manager's \$195,992 salary is roughly 15 times the average salary of people living in the four north Louisiana parishes covered, Campbell said. Board members receive \$250 each way to drive to Baton Rouge plus meals and hotel for an overnight stay.

The five elected PSC members get \$10,000 annually for travel and to attend conferences. That includes staff costs, too.

"We get paid for mileage?" PSC Commissioner Lambert Boissiere III asked to laughter.

"I have never, ever been paid a penny to be on any nonprofit board," said PSC Chairman Eric Skrmetta, of Metairie.

Also under the microscope was Dixie Electric Membership Corp. DEMCO serves more than 100,000 members in Ascension, Livingston and other Baton Rouge suburbs. The co-op reported the results of a monthslong internal audit.

The audit investigated allegations of improper perks between co-op vendors and board members and top executives and found a few instances of improper benefits, though in one case DEMCO officials contended it was unwitting and later paid back.

All this suggests that regulators ought to keep a close eye on these smaller utilities.