

Eye-popping pay, perks at Louisiana electric co-ops sparks investigation

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Angered at extravagant trips, insurance benefits, plus lucrative per diem pay for board members and executives, Louisiana's utility regulators Wednesday shutdown two requests to increase monthly electric bills and ordered a sweeping investigation into the compensation and perks at all Louisiana's rural electric cooperatives.

"I'm not going to vote for anything else today until I found out how much these board members are making," Public Service Commissioner Foster Campbell said. "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."

The state's 10 co-ops provide electricity to about 900,000 rural members. What traditional corporate utilities call customers, co-ops call members. The board jobs are supposed to be part-time, and the cooperatives are supposed to be nonprofit.

But the regulatory commission 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."

The PSC, nevertheless, agreed to increase monthly rates by \$1.32 for each 1,000-kilowatt hours bought from Pointe Coupee Electric. The price in August for that amount of electricity was \$110.34.

The regulators had delayed the rate increase requests of two other co-ops — Beauregard Electric and Concordia Electric cooperatives — because they had failed to provide adequate information about board and executive compensation. Pointe Coupee did.

Claiborne Electric Co-op., located in one of the nation's poorest parishes or counties, turned over the

information 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. He drives to Baton Rouge from New Orleans at least two times a week to conduct business at the PSC.

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

Claiborne’s General Manager Mark Brown countered that the nine members of Claiborne Electric’s Board of Directors helped shape policy and contributed 4,836 hours of work in 2017 for the co-op 26,000 members.

Claiborne Electric had been seeking commission approval for a more than \$80 million loan to start a broadband internet service. Campbell and co-op officials have previously clashed over the concept and the need for a feasibility study to vet the plan’s finances.

Cooperatives were created during the Roosevelt administration as a way to get electricity into rural areas. Unlike the big shareholder owned utility companies, like Entergy, which include a profit in their rates, coops are nonprofits and instead of profits are allowed “operating margins” or money left over for expenses after the electricity is bought and paid.

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 an months-long 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 an improper benefits, though in one case DEMCO officials contended it was unwitting and later paid back.

In addition to the broad ranging inquiries, the PSC also held out the possibility that it could conduct its own probe into DEMCO’s finances and operations.

PSC Chairman Skrmetta asked DEMCO officials to provide a copy of the audit to agency staff. “And if they see anything that we see was not covered, they may ask to either expand that audit or create our own, so we’ll let the staff make that decision,” Skrmetta said.

The commission learned that DEMCO board members collected between \$6,000 and \$34,000 per year. The \$34,000 in pay included per diem, contributions to a health savings account, medical and vision policies, staffers told the commission.

"Boy, boy, boy, there y'all go again," Campbell said.

Employees used vendor's condo; company paid for private repairs, DEMCO audit finds

A much-anticipated internal audit of Dixie Electric Membership Corp. has found that at least two employees were given use of a Gulf Coast cond...

Auditors working for DEMCO reviewed 70,000 documents and conducted interviews with vendors, board members and employees and uncovered instances of some perks to employees and one board member that violated DEMCO's own ethics rules.

On Wednesday, DEMCO CEO Randy Pierce didn't get into the audit's specifics in the public meeting Wednesday, but he has previously described the top-line findings.

In one, two employees then working for DEMCO used a Gulf Coast condominium owned by one of the co-op's vendors. In another, board member Richard "Dickie" Sitman had nearly \$870 in repairs done on his personal radio tower near Greensburg in 2016. Sitman, who was board president then, wasn't informed of the repairs at the time but has since paid back the cost and resigned as board chairman.

DEMCO customer, businessman starts campaign to force sale of utility amid pending audit

A Baton Rouge businessman said Wednesday he is starting a petition drive to allow DEMCO customers to decide whether to sell the nonprofit rura...

"In response to these findings, DEMCO has begun an aggressive plan to enforce all the existing policies that we have," Pierce said.