

HomeWorks Returns to Member Regulation

As a cooperative, owned by and operated for the benefit of those we serve, HomeWorks Tri-County Electric is regulated by a seven-member board of directors, who are voted into office by their neighbors.

Since 1965, though, we have had a double layer of regulation, because the Michigan Public Service Commission also reviewed and approved any decisions made by the board of directors in the areas of rates and charges, billing practices, and accounting standards. This added time and distance to any operating decision the board made, as the final decisions were made in Lansing and could be delayed due to the Commission's large regulatory workload.

A unanimous vote to remove one level of bureaucracy

"Our member-owners could always come directly to their board of directors – their neighbors – with their concerns," says HomeWorks chairman Carl Morton of Eagle. "With our unanimous vote, we have removed that required extra level of bureaucracy that sent them to a hearing room in Lansing rather than to our local offices in Portland and Blanchard."

A 7-0 vote at a special meeting January 6 returned HomeWorks Tri-County Electric Cooperative to member regulation, allowing member-owners to control the cooperative's operations through the elected board of directors. The vote followed two months of open comment from members, including time for comment at the special meeting.

HomeWorks Tri-County Electric becomes the third of Michigan's nine distribution (retail) cooperatives to remove itself from state regulation for rates, billing practices and service rules. The Michigan Public Service Commission took over full regulation of the cooperatives in 1969, after territorial issues with other utilities raised concerns over duplication of services and costs.

Most electric cooperatives across the U.S. are member-regulated

Member regulation is not new to electric utilities – municipal electric utilities in Michigan and cooperatives in 34 other states are also regulated by the people they serve.

The state legislature unanimously passed Public Act 167 in 2008, giving Michigan electric cooperatives the option to remove regulate their own rates, billing practices and service rules.

Cooperatives remain regulated by the MPSC for territory, reliability and safety issues.

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Notice to Members of HomeWorks Tri-County Electric Cooperative

The HomeWorks Tri-County board will take action on the proposal to become member-regulated in accordance with P.A. 167 of 2008, at its meeting on December 21, 2009, to be held at the cooperative office at 7973 E. Grand River Avenue, Portland, MI. The meeting will start at 9 a.m. Members will have an opportunity to address the board on the proposal prior to board action.

The following is the proposal to be considered:

Proposal to Become a Member-Regulated Cooperative in Accordance with Public Act 167 of 2008

On June 26, 2008, Public Act 167 of 2008 (P.A. 167) became law.

P.A. 167 states that an electric cooperative, owned by the members it serves, is regulated by its members acting through its democratically elected board of directors.

P.A. 167 further states that member-regulation by a cooperative in the areas of rates, charges, accounting standards, billing practices, and terms and conditions of service may be more efficient and cost-effective than regulation by the Michigan Public Service Commission.

P.A. 167 allows the board of directors of an electric cooperative to adopt member-regulation for rates, charges, accounting standards, billing practices, and terms and conditions of service by following the process set forth in the act.

That process requires the following:

- (a) A proposal by a director of the cooperative to become member-regulated, when such proposal

is made at a properly convened board meeting.

- (b) Action on the proposal taken no earlier than 90 days have passed from the date the proposal was made.
- (c) Action on the proposal taken at a meeting of the board for which written notice is given and the meeting is open to all members of the cooperative.
- (d) At the meeting, members of the cooperative shall have reasonable time to address the board prior to its acting upon the proposal.
- (e) Following member comments, a roll call vote of the board of directors shall be taken.
- (f) For the proposal to be adopted, 2/3 of the members of the board must vote in favor of becoming member-regulated.

This proposal seeks that HomeWorks Tri-County become member-regulated in accordance with P.A. 167. Further, that the proposal to become member-regulated be acted on at a board meeting to take place 90 days from today, or as soon thereafter as practical. Notice of the board meeting shall be sent to all members, as required by P.A. 167, by publication in *Michigan Country Lines*.

Participation: Any interested member may attend and participate. The location of the board meeting site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact HomeWorks Tri-County Electric at 800-562-8232 a week in advance to request mobility, visual, hearing or other assistance.

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