



Foster L. Campbell
Commissioner

Louisiana Public Service Commission

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21 January 2019

Hon. Mike Francis, Chairman
Louisiana Public Service Commission
222 No. Parkerson
Crowley LA 70526

Dear Mike:

I met last week in Baton Rouge with co-op managers and directors about co-op reform. Brandon Frey and Kathryn Bowman attended from our staff. I came away with the feeling that, by and large, we can agree with the co-ops on term limits for board members and a reasonable per diem.

Transparency concerning co-op finances and health insurance for directors are other matters. I am confident that the 900,000 co-op members in Louisiana were – and remain – largely unaware, as were we, about directors receiving costly health insurance. I made it clear in our meeting that I will not support health insurance for directors. This is the most expensive benefit enjoyed by these part-time directors, and in my view any reform proposal must include this restriction. Were it not for the dispute with Claiborne Electric we would remain in the dark about this expensive perk today.

What is troubling to me is that I got the impression these co-op leaders believe they have the votes at the PSC to retain this benefit. If so, we would be perpetrating a sham on 900,000 co-op members to benefit 100 directors. It is absolutely wrong to equate part-time directors of a non-profit who meet in a boardroom once a month with employees who work 40 hours a week, often in hazardous conditions. In this regard I am joined by the National Rural Electric Cooperative Association, whose task force on governance reached this conclusion just last year.

These directors are asking us to help them keep this lavish benefit even though they don't disclose it to their members. I want nothing to do with this hypocrisy. If the members knew their directors were receiving health insurance costing \$30,000 per year, they would be outraged.

The national co-op association recommends against directors receiving health insurance. We should do likewise. To do anything less would make a mockery of our reform.

Sincerely,

FOSTER CAMPBELL
Public Service Commissioner

FC/br

C: Commissioners
Brandon Frey
Kathryn Bowman