



# CEO's Memo

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## A Look at the Many Hats Worn by WH Directors

*(And why each of them is so important!)*

As Wright-Hennepin (WH) members, we may not often think about the critical role played by WH Directors, beyond when we receive an election ballot or a capital credit check. But the role is worth considering further because Directors are the unsung heroes of electric cooperatives like WH.

After all, it is Directors who ensure members remain in firm control of their electric cooperative. In fact, the principle of Democratic Member Control is central to the identity of electric cooperatives because it ensures Directors are chosen from among members, by members, to represent their interests and values on the Board. In stark contrast, Directors of Investor-Owned Utilities (IOUs) like Xcel are not elected by consumers but appointed to serve the interests of shareholders.

**The critical role of the Director:** Once elected, Directors have a legal obligation to act in a manner consistent with certain fiduciary responsibilities, including the Duty of Obedience, the Duty of Loyalty and the Duty of Care.

Simply put, the Duty of Obedience means acting to ensure the cooperative complies with its mission, governing documents,



Back, from left to right: Audrey Britton, District 7; Duane "Butch" Lindenfelser, District 2; Timothy Young, District 1; Chair Erick Heinz, District 9; Pat Bakeberg, District 3; Chris Lantto, District 5. Front from left to right: Richard Dehmer, District 4; Secretary/Treasurer Michael Tieva, District 6; Vice Chair Mark Skinner, District 8.

and applicable laws. The Duty of Loyalty means acting in the best long-term interests of the cooperative while avoiding conflicts of interest. The Duty of Care means acting with reasonable care and prudence and avoiding foreseeable harm to others. As you can imagine, the weight of these responsibilities is not inconsiderable for an organization that generates \$135 million in annual revenue and delivers an essential service to more than 100,000 people every day. But the Director's role extends well beyond these duties. They must:

**Make a substantial time commitment:** The role of the Cooperative Director is not for the faint of heart. WH board books typically run to 150 pages or more of material. Monthly board meetings often run eight hours and cover a dozen or more topics. In addition, WH Directors participate actively in the governance of other cooperatives, including those that provide power generation and transmission services, insurance, software solutions, financing, state and federal government affairs and marketing support. Similarly, Directors typically receive dozens of hours of ongoing education and training each year. In short, filling the Cooperative Director role effectively means signing up for a part-time job.

**Master a wide range of issues:** The electric utility business is complex, capital-intensive and high-stakes. Making good decisions in this setting requires deep understanding of challenging, meaty subjects ranging from power supply to electric rates to energy policy to risk management, to name just a few. As you might expect, the electric utility industry introduces a new director to dozens of unfamiliar and confusing acronyms, ranging from kWh (Kilowatt Hours) to CFC (Cooperative Finance Corporation) to MISO (Midcontinent Independent System Operator) to NERC (North American Electric Reliability Corporation). A recently-elected WH Director received a glossary of terms that ran to 178 pages!

**Make a wide range of important decisions:** Ultimately, the Director's role comes down to making decisions on behalf of the membership. And those decisions are incredibly varied and complex. How much should WH invest in its electric grid this year? How much should WH give back in capital credits? Should WH fund operations using debt, rates or both? Should WH extend its transmission service contract for another ten years? Should WH change its off-peak programs or its monthly basic charge? Should WH consider updating its line extension policy? Making decisions on these issues — and dozens more like them — represents the essential practical work of the Board of Directors.

**Engage actively in discussion, debate and deliberation:** As with any good decision, the process by which it is reached is important too. WH Directors come from different districts. They hail from different walks of life. They bring unique and varied life experiences and offer diverse opinions. In the end, consensus is reached after robust discussion, deliberation and, occasionally, even lively debate. Like other democratic organizations, the success of cooperatives depends on the quality of mutual exchange and give-and-take among the decision-makers.

So, the next time you receive your Hotline Newsletter, remember: The WH Board of Directors isn't just the body through which the cooperative is governed. The Board, chosen by our members, is an essential way WH delivers the Cooperative Advantage to you, your family and the communities we serve.

As always, thank you for your business.