



# WHAT MAKES COOPERATIVES DIFFERENT?

## SEVEN COOPERATIVE PRINCIPLES

Cooperatives provide at-cost electric service to their member-owners. In contrast, investor-owned utilities exist to maximize profit for the shareholders. A co-op's net margin above expenses and reserves does not belong to the utility; it belongs to the individual consumer-owners of the co-op. Margins must be used either to improve or maintain operations or be distributed to the co-op's member-owners.

Electric cooperatives operate under the seven cooperative principles.

1. **Voluntary and Open Membership** -- Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. **Democratic Member Control** -- Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.
3. **Members' Economic Participation** -- Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
4. **Autonomy and Independence** -- Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
5. **Education, Training, and Information** -- Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

6. **Cooperation Among Cooperatives** -- Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
7. **Concern for Community** -- While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Co-ops set high standards to ensure their members receive reliable, world-class service. Electric cooperative employees live in the communities they serve. Many volunteer their time and money in regional programs and civic organizations that work to improve the quality of life for everyone.