



# COOPERATIVE BOARD CASE

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You are a board member of an electric cooperative that serves 22,000 members and your monthly board meeting is in progress. One board member says that many co-op members in the community have been asking him why the co-op didn't consider the possibility of providing gas to their members. Currently, the co-op provides several additional services to the membership such as selling Internet access, cellular phones, small appliances, and home security systems. The co-op also provides numerous free services to its members like home energy audits.

The board discussed this issue for a few minutes. Another board member suggested that they may be able to incorporate the gas service with the electric service and offer the commodity at a lower cost. A third board member pointed out that the cooperative was in business to provide electric to members, and that gas was already being provided by another company. He also noted that the co-op may not be in a position to fund the initial costs associated with providing gas to the members. The third board member made reference to the financial statement and quoted that the net margins last year were \$2,500,000.00 and he is concerned that the stability of the co-op may be harmed if they begin to provide another service in addition to electric.

**What direction should your board take on this issue?**

## **SOME ITEMS TO CONSIDER..**

1. Do your members have a need for this additional service? How do you base your findings?
2. Will the co-op be able to provide gas service at a lower cost than the competitor charges? Why?
3. How do your members perceive their existing services? Will the majority welcome the proposed new service? How will the price of gas be determined?





4. Will the addition of gas services increase the electric costs?
  
5. What is your cooperative mission statement?

**These comments are strictly for thought.**

**They do not necessarily have to be incorporated into your board resolutions.**

