

Testimony of Craig Mathies
Choptank Electric Cooperative Board of Directors
In Support of HB 999 – the Member-Regulated Cooperatives
(Rural Broadband for the Eastern Shore Act of 2020)

Thank you, Mr. Chairman (or Mr. Madame Vice Chair), for considering this very important proposal for our members on the Eastern Shore. I am **Craig Mathies, Member of the Choptank Electric Cooperative Board of Directors**. I represent Somerset County on the Board and will stand for re-election by the members at the Annual Meeting in April.

I have lived in Somerset County for over 50 years. I am President of the Somerset County Commissioners; and I am the Pastor of Zion Baptist Church in Cambridge. There are over 12,000 residents in Somerset County with no internet – or service that does not meet the minimum standards of the Federal Communications Commission.

In January, I hosted a listening session at the Somerset County Technical High School to discuss broadband with my community. Turnout was remarkable. The need for broadband service was made clear. And members supported our plan.

As a Choptank Electric Board member who takes my obligation to the members of the Cooperative very seriously, I want you to know that I support this bill and am proud of our plan to provide broadband access to members.

There are **three** points I would like to make in support of HB 999:

1. The bill includes **significant ratepayer interaction and protection**.
During any future rate increase or decrease we must:
 - a. Provide **advanced notice** of proposed rate changes. This would likely be done through bill stuffers, newsletter notices and electronic notification.
 - b. Give members the **opportunity to comment** on the proposed rate. This would be through live community meetings and written comment options.
 - c. Assure members the **opportunity to be present** or observe the Board of Directors during a vote on rates.

Outside of a ratemaking process, members are also protected under the bill as it requires the Board adopt procedures to “hear, decide and resolve, in a prompt and fair manner, complaints from members.” The process must include:

- a. The **Right to present a complaint** in writing.
- b. The **Right to have a complaint heard by the CEO** or designee.
- c. The **Right to a written response** that states the reasons for the decision.
- d. The **Right to have the complaint reviewed the Board of Directors**.
- e. The **Right to reject the decision** and pursue any other remedy authorized by law.
- f. And the bill **binds the Cooperative to honor a decision** made under a formal or informal complaint process.

Our fellow electric cooperative on the Delmarva peninsula – **Delaware Electric Cooperative** – has been operating as a member-regulated entity since 2005. Over these 15-years, they have observed that the consumer protection provisions they use – the ones we are implementing with this bill – have resulted in member/consumer satisfaction across the spectrum of issues that come before the Cooperative.

2. Our **Board of Directors sets the course for governance** for the Cooperative. We review the actions of the CEO and the professional staff to ensure they comply with the policies of the Board in the best interest of cooperative members.

Under HB 999, we will continue to conduct a comprehensive review of rate actions proposed by staff. Our goal will continue to be balanced protection of rates and electric reliability. An electric rate action would take into consideration:

- a. A **Cost of Service Study** from an outside consultant who is an expert in the field. (This is the same study we commission now for any proposal we send to the PSC for approval.)
- b. The **revenue requirements for the future**, based on our Modified Debt Service Coverage Ratio, calculated by the consultant.
- c. Rates would be set based on the cost of service to distribute electricity to members, with a high standard of reliability in mind.
- d. Cooperative member input will always be considered.

Because we are a cooperative, we have no incentive to raise rates above the cost of distribution and maintenance. Any excess collected through rates are always credited back to members annually.

3. Our Board is **elected by our members**. Our terms are 3-years each, with 1/3 of the Board up for election annually.

There are 10 members of the Board. One from each of the 9 counties on the Eastern Shore and 1 from Ocean Pines.

The seats are competitive. In 2019, we had 5 highly qualified contenders for an open seat in Caroline County.

Members have the ultimate authority to provide direction through our democratically elected Board.

Please vote to approve H.B. 999.