

Tim Quincer

Regarding Testimony to the House Climate and Energy Finance and Policy Committee and House File 3895

March 5, 2024

My name is Tim Quincer. I am a Baxter resident, and have been a Crow Wing power Co-op member since 1999. I am also a member of the Crow Wing Power Accountability Group, a group of members dedicated towards a common goal of restoring transparency of management and accountability to member interests in our Co-op. Our group members come from all walks of life, including people who have served in the state and federal legislatures from both parties.

Problems with management transparency and accountability at our Co-op have been well documented in the news media. Our Co-op has had a habit of buying or creating subsidiary businesses and managing them as for-profit enterprises while denying members access to information about this management.

Our CEO and board members took over 2 million dollars of Co-op money for themselves after the sale of a subsidiary, and management retained royalty agreements in another subsidiary venture that could pay them millions over time— members only heard about this through investigative reporting by news media.

The latest controversy involves a partially owned subsidiary that management signed rights to purchase to another party without the legal ability to do so. Tens of millions of dollars of Co-op money are involved—our Co-op is now in breach of contract to one party and in danger of being sued by the other.

In talking to other Crow Wing Power members, we often find them assuming that what they are hearing about their Co-op can't possibly be real, that someone in government surely regulates Co-ops.

That of course is not the case.

When the legislature decided to end regulation of Co-ops in 1978, the decision was based on the belief that Co-ops were able to regulate themselves.

To do that, Co-op management must be transparent, member questions need to be answered, and if members aren't happy with what they hear, they need to have a reasonable chance of changing management through input at board meetings, through voting at annual meetings, and through election of board members.

To anyone suggesting Co-ops are already transparent and share management information with members that allows them to regulate themselves, Crow Wing Power:

- Board meeting minutes are extremely abbreviated, do not include attachments mentioned in the minutes, and do not include discussion or actions related to subsidiary business;

- Has refused to share a copy of an audit and tax return and redacted significant portions when a member viewed them at Co-op headquarters;
- Has refused member requests to share information about management of subsidiary businesses;
- Requires board members to sign restrictive and unusually broad non-disclosure agreements before being allowed access to subsidiary business discussions, and preventing them from discussing subsidiary business actions or decisions with Co-op members;
- Refused or limited board members requests to attend board meetings;
- Neglected to pass on member concerns to the board; and
- Refused to conduct a forensic audit despite members voting to request one at an annual meeting.

To anyone suggesting Crow Wing Power members could vote out or recall board members or request removal of officers, Crow Wing Power has:

- Refused multiple requests for access to member list information for use in reaching out to voters, including a request petition signed by over 100 members;
- Encouraged members favorable to continuing the status quo at the Co-op to run for the board and shared member information with them that is refused to others;
- (According to information we have obtained involving Co-op staff and board members) Sent out an expensive mailer to Co-op members under the name of a group very similar to our “Accountability” groups name (The “Actuality Group”), confusing voters into thinking they would be voting for change by voting for board members who would actually retain the status quo;
- Greatly increased the percentage of members required to call special meetings or take action against management executives or recall board members; and
- Retained its CEO despite members voting to have him ousted at an annual meeting.

When these problems have been brought to the state Public Utilities commission, we are told they can do nothing and to contact their legislator. We have brought information to the state attorney general and know there is an active investigation of Co-op management, but it’s not clear they can do anything due to the lack of regulation of Co-ops in this state.

Passing the requirements included in HF 3895 would help force co-ops to share information and shine light on management decisions that members need to regulate themselves.

Thank you for considering my testimony, and I hope it helps to outline the need for this legislation!