

## Electrifying Transparency: The Role of Open Communication in Board Meetings

Marcy Leasum Orwig, Ph.D.  
University of Wisconsin-Eau Claire, USA  
[orwigml@uwec.edu](mailto:orwigml@uwec.edu)

### Author:

Marcy Leasum Orwig, Ph.D. is an Associate Professor in the College of Business at the University of Wisconsin-Eau Claire. She teaches courses in business writing, business presentations, and technology for business; as well as an MBA-level course in communication. Her research focuses on case studies surrounding professional genres in the workplace. The journals publishing her work include *Business and Professional Communication Quarterly*, *Journal of Communication Inquiry*, and *Kairos: A Journal of Rhetoric, Technology, and Pedagogy*. Most recently, she contributed an invited chapter to an edited collection that won the Association for Business Communication's 2019 Distinguished Book Award.

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[ORWIGML@uwec.edu](mailto:ORWIGML@uwec.edu)

### Sparking Change

“Aaaannnnndddd the Tri-County customers have seized the mic and started their own meeting,” tweeted *The State* reporter Avery Wilks on July 19, 2018. The most vocal of these customers, or members, was Barbara Weston. “That’s our money,” she shouted. “It is not fair. It is not right, and we are not trusting them with any more of our money or our time.” Weston was referring to the abuse and corruption emerging out of the local energy cooperative, Tri-County Electric, based in Saint Matthews, South Carolina.

### Tri-County Electric Co-op

A co-op is an organization owned and run jointly by its members, who share the profits or benefits. Tri-County Electric certainly fit that description. The co-op was founded in 1940 when people joined together to “build their own electric system because private power companies did not serve the rural areas.” By neighbors working together, the much-needed resource of electricity was brought to the community.

Since that time, though, the board pay doubled, and some reports stated that board members were being paid an average of \$55,000 a year for a part-time job. Others were being paid as much as \$79,800 a year to attend board meetings. Additionally, some board members were able to spend money on travel to national conferences. Even more outrageous to cooperative members, like Weston, was the practice of giving board directors a funded retirement and insurance plan.

Further, some board members held their seats for decades by enacting rules that made it difficult for members to challenge co-op directors. When there were changes, these board members were replaced by immediate relatives in at least four cases since the early 2000s. Since the members of the nominating committee were picked by the sitting board, those board members could control the election process.

As the outrage over the corruption and abuse spread that July, members circulated a petition calling for a special vote on whether to oust the entire Tri-County board. That August, enough

signatures were collected and more than 1,500 cooperative members packed a Saturday board meeting. During that meeting, the cooperative members overwhelmingly voted to fire the board.

### **Proposed Changes**

In the eighty-year history of South Carolina's electric cooperatives, it was the first instance of members taking such action against a board. "This has rocked electric cooperatives, the Tri-County experience," Electric Cooperatives of South Carolina Chief Executive Mike Couick told a panel of state lawmakers.

As a result, he recommended a series of proposals to state lawmakers, headed by State Representative Russell Ott, to fix the abuse and corruption at utilities co-ops. The series of proposals recommended included the following:

- Change the current rules to ensure incumbent board members, who were elected to three-year terms, could not influence their own elections
- End the practice of filling board vacancies with the relatives of directors.
- Offer their customer-owners more time to vote in board elections, as well as opportunities for early voting.
- Post meeting records and more details about board and executive pay for review online.
- Change monthly board meetings so they did not occur during weekdays so more working-class customers could attend them.

While these changes were a step in the right direction for lawmakers, some representatives, like Ott, thought there should be no delay in legislation to enforce them. "We've allowed them [co-ops] to set up their own rules, and they've operated under them for 80-plus years, and look at what we have with Tri-County," he stated.

As a result, Ott introduced legislation on December 18, 2018 to add government oversight to the electric cooperative system in South Carolina. Eventually, the bill made its way through the State Legislature and was approved when Governor Henry McMaster signed it into law. He is quoted, "We're very proud of our people, proud of this state and proud of this legislation. It took some doing. It answers a lot of questions—accountability, openness, transparency—and it'll make things better for everyone."

### **Electrifying Transparency**

Back at Tri-County Electric, members elected an entirely new board in November 2018, which included Weston. While speaking during the first meeting the next month in December, she addressed the importance of working for those cooperative members. "I know that they're paying attention. They call. They meet you in the street. They meet you in the store," Weston said. "We can look into ways of saving them money. We're going to look at this as if it were our own money because, in essence, it is."

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