

# Frequently Asked Questions REA Cooperative Business Model

Prepared by Alberta Federation of  
Rural Electrification Associations (AFREA)

*Supporting the REA Cooperative Spirit.*

## Q. Why is the REA considered a cooperative?

*An REA is a jointly owned, not for profit enterprise that is democratically controlled by its members. That makes it a cooperative, and cooperatives are all about the members.*

- *Every member is an owner.*
- *Every member has one vote.*
- *Members elect representatives from the membership to govern the REA.*
- *Members enjoy the economic benefits of a not for profit. Surplus funds are re-invested to upgrade infrastructure and maintain reasonable rates.*

## Q. How does an REA cooperative differ from an investor owned utility?

<u>REA Cooperative</u>	<u>Investor Owned Utility</u>
Not for profit	For Profit
Locally owned by members in the community	Owned by shareholders around the world
Reinvests surplus to benefit members in the community	Pays surplus out as dividends to shareholders
Exists to serve a need in the community	Exists to provide product or service that creates a return for shareholders
Democratically run – each member has one vote	Shareholders may hold more than one vote



## Message from the AFREA

To: REA Member-owners

The AFREA believes in the value REA cooperatives bring to their members and to the communities they serve.

We are here to support you in sustaining the REA way of life in rural Alberta.

For more information on REAs, contact our office at:

1-877-717-3496

[www.afrea.ab.ca](http://www.afrea.ab.ca)

## REAs are unique because they are....

- ◆ Locally owned, controlled, and governed
- ◆ Not for profit
- ◆ Community driven not bottom line driven
- ◆ Independent and autonomous
- ◆ Involved in and invested in the local community & economy
- ◆ **In Canada – only found in Alberta!**



Cooperatives around the world are businesses based on the following values outlined by the International Cooperative Association:

### **SELF-HELP & SELF-RESPONSIBILITY**

The original founders of REAs saw a need in their community and took responsibility to address it. Today, REA members continue to operate cooperatives that meet the needs of their rural community.

### **DEMOCRACY**

Every member is an owner with a vote. Elected representatives from the membership govern REAs.

### **EQUALITY & EQUITY**

Every member holds one vote, with equal opportunity and equal rights. Each member holds the same membership interest and is given the same consideration as any other member.

### **SOLIDARITY**

REA members share a common interest with each other in continuing to own and operate their electricity distribution utility under a cooperative model. They support other cooperative enterprises in their local communities and give back to the community they are part of.

### **Source:**

*International Cooperative Alliance. 2016. What is a cooperative? Cooperative identity, values, and principles. Retrieved from <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>*