

ANNUAL REPORT

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CELEBRATING 75 YEARS

United  
Cooperative  
Services

LOOKING OUT FOR YOU!

MAKING A DIFFERENCE



**“When people gather together with a common purpose, demonstrating a common good, great things happen. To me that is what we are celebrating today—people working with people to make a difference in individual lives...”**

**RAY BEAVERS**  
CEO, UNITED COOPERATIVE SERVICES

I'm a firm believer that our God has a plan for us. If not, why were we born? I deeply believe that He opens doors for us to enter, expecting each one of us to be prepared to enter that door in the spirit of doing what He leads us to do.

God did that for me in March of 1977. I was preparing to graduate from Cameron University with a degree in business and economics. My academic advisor was leading me to the financial world but for some reason the appeal was not there. I was still deeply ingrained in the farm life I grew up in and the thought of just focusing on financial markets and dealing with money didn't excite me. I felt something bigger was out there for me that would mean more to me personally than merely what I could hope to earn as a salary. I interviewed with two banking institutions, a large brokerage firm and with a corporation. And after each interview, I honestly left with a rather empty feeling. To me, the values that each of these entities portrayed were just not in line with those I felt comfortable with. I eventually got a call from our local electric cooperative CEO, who asked me to come by and visit. After spending time with him, I went home to my wife and told her I thought my prayers were answered. Now, more than 36 years later, I thank God every day for what He led me to do.

I was raised in a family that knew what it was like to grow up without electricity, and I had heard for years how proud my parents were to be a part of their cooperative. I still remember seeing the linemen come to our home and the farm to do their work, and I can still recall how my folks would know them by their first names—which always resulted in a personal visit. When I visited with the CEO, he was adamant that the cooperative—all cooperatives—should be operated solely for the benefit of the members who owned it. He stressed integrity and honesty as the core values of the organization. At that point and time, my career began in the cooperative program. As I look back, I would do it all over again because what we do as employees of a cooperative is still just important today as it was that many years ago.

Even though I made my decision knowing it was the lowest compensation offer I had, it didn't matter. What was important to me was that every day I could feel like I was doing my part to make other people's lives better.

This year we are celebrating United's 75th anniversary in that aim to improve the lives and opportunities for people in the rural areas within our 14-county service territory. Yes, some the areas we serve are not as rural as they were, but just think, would we have the growth opportunities we've shared if people hadn't banded together back in 1936 and decided to work together to bring electricity to areas no other electric utility would even consider? Today United is one of the larger cooperatives in the country, but still the service values have not changed—the importance of meeting every cooperative member's needs and expectation is as significant today as it was in the beginning.

The employees of United are personally and professionally committed to meeting the needs of the membership, and they strive daily to ensure members are proud to be a part of this great organization. United's Board of Directors meets monthly. And as your elected representatives, every board member is dedicated to a governing process that ensures United's future course always stays focused as a member-owned organization; even through all of the challenges and changes the electric utility industry is going through. To stay in touch with our members, the cooperative regularly hosts community meetings, focus group meetings and the annual meeting. We also stay grounded in our service ethic through quarterly member satisfaction surveys. Each of these communication efforts are designed with one sincere aim—to hear your concerns and visit with you face-to-face to ensure we are properly representing your needs as an electric cooperative.

United publishes a monthly magazine, we speak at civic organizations, we are involved in community activities, our employees are on school boards, city councils and many other areas of service to make a difference in

people's lives. Through the cooperative, our members contribute through Operation RoundUp, which provides financial aid to help fellow members in need. Members who have lost their homes in fires and tornados were helped by United members. Members who have lost their jobs during the recession and needed help for their families were touched by these member contributions. Volunteer fire departments have been given assistance in protecting our members' lives and property through the program.

What I am saying is that United is a lot more than poles and wire. United is a major part of each and every one of our communities, and as a cooperative it demonstrates what people power can do and will always be able to do. Cooperatives are member-focused, so their primary goal is to do what is best for the membership rather than what is the most profitable. You are a part of something that is often taken for granted by those who view the cooperative as just another utility. I'm glad the majority of you don't hold the view, because as much change as there is coming down the pike due to new technologies, economic constraints and political and regulatory issues, someone needs to be looking out for the welfare of those who will be adversely affected. I strongly believe your electric cooperative will always be

a step ahead of the curve, informing you about issues that will affect the industry and its consumers. In that vein, I also believe your cooperative will always remain committed to its role to mitigate the impact of those evolving industry issues on the lives of its members.

When people gather together with a common purpose, demonstrating a common good, great things happen. To me that is what we are celebrating today—people working with people to make a difference in individual lives, in our communities and our great state, as well as in the greatest country in the world. We still believe in the values that made all the great opportunities in our country come to life. Honesty, integrity, transparency, and more importantly, the value of service is ingrained in our culture. At our meetings we pray, we pledge allegiance to our flag and at the same time we are tolerant of those who may not agree with us. We also believe deeply that we need to do the right things for the right reasons, and with all of this in mind, our purpose is obvious.

I thank God for allowing me to see the goodness and the opportunities that can come from people power, and for the opportunity to experience a career where I have met some of the greatest people on earth. I also thank God for United Cooperative Services and I pray He will bless our organization for another 75 years of success.

## Financial Review

### Sales of Electricity

United fell slightly short of the record level of sales set in the two previous years when 2010 and 2011 each surpassed 2 billion kilowatt-hours sold (“kWh”). 2012 kWh sales decreased 5.4 percent from 2011 with residential sales comprising 52 percent of the total sales and commercial sales comprising the remaining 48 percent.

### Financial Performance

Margins for 2012 were \$14,923,317 with United's Times

Interest Earned Ratio (TIER) ending the year at 3.10 compared to a 2012 national average of 2.42 for electric distribution co-ops. TIER is an important ratio measuring United's ability to repay debt. United's lenders require that our TIER level not fall below 1.25 when averaging the two highest annual TIER results over the last three years. United reports an average TIER of 3.61 when using the two highest TIER results from the last three years.

Costs composed of distribution, consumer, and administrative expenses amounted to \$281 per meter in 2012 compared to a national average of \$345 for electric distribution co-ops of like size. United's five-year average for this ratio from 2008 through 2012 is \$269 versus \$326 for like-sized distribution co-ops during that same period.

### Plant Investment and Equity Position

In the past five years, United has invested in electric distribution plant for new construction and system improvements totaling over \$79 million. Funding for these improvements comes from both current operations and a large portion funded by long-term loans. Despite the loan funds, United has an equity ratio of 51 percent—the fourth-best equity ratio on a national level as compared to electric distribution co-ops of like-size. This allowed United to continue its strong member dividends program, and in 2012 the cooperative returned \$4.3 million of patronage capital in the form of member dividends.



# Working Together to Make a Difference

## Our Mission

To meet the electrical distribution needs of our diversified membership by providing safe, reliable and competitively priced electricity with excellent and progressive customer services, while also remaining committed to core cooperative principles and anticipating the challenges of the restructured electric market in Texas.

### 75 Years of Member Focus

The cooperative business model isn't limited solely to electric cooperatives like United. Thousands of co-ops across the nation were formed as businesses that sold produce, dairy products, feed crops, or provided financial services, housing and health care—the list goes on and on.

But while cooperatives have been shaping business markets across the world for more than 100 years, the dawn of electric cooperatives in the U.S. is attributed to the formation of the Rural Electrification Administration (REA) as a part of President Franklin D. Roosevelt's extensive New Deal reform package in 1935. REA was designed to stimulate the nation's rural economies by bringing them into the modern era—providing electric power to rural America as a means to an end in defeating the relentless cycle of labor and pain that had been endured by forgotten generations of rural Americans. Since then, rural electrification has been widely regarded as one of America's greatest 20th century social and economic achievements.

While this annual report presents a snapshot of your cooperative's fiscal strength and its work during the past year, United is also celebrating 2013 as the 75th anniversary of your cooperative, and a program of work and commitment that began in 1938 with the creation of Erath County Electric and Johnson County Electric, both of which provided many years of service reliability to North Texas families before they were consolidated in 2000 into what has become United Cooperative Services.

As much as anything, the storied history of those two smaller electric cooperatives, and their consolidation into a larger and therefore more efficient United Cooperative Services, is based on an adherence to founding cooperative principles. Chief among those principles was that a cooperative must be open for anyone to join. Every member retains one voice, one vote. Electric co-ops hold member business meetings annually (United's is held every October), allowing members to elect fellow members to

govern the co-op and have a say in the direction of the utility.

There also have to be real member benefits. For example, members of most electric co-ops often get money in the form of member dividends (also called "capital credits") when the co-op's in good financial shape. United has faithfully returned millions of dollars to its membership each year of its existence.

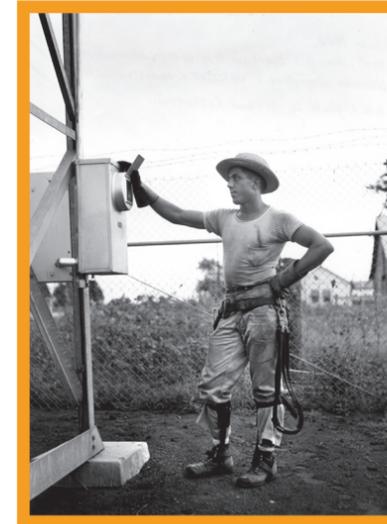
Education remains another guiding principle of electric cooperatives and is something United is considered a national leader in exemplifying. Whether its safety information, presentations in schools, sharing energy-saving ideas during the many home energy audits the cooperative conducts, or making sure elected officials and opinion leaders know about the co-op business model, United makes a concerted effort each day to provide useful information in the communities it serves.

Perhaps most important of all, co-ops like United are independent and community-focused, not tied to the purse strings of far-flung investors. United works to help drive local economic development, fund scholarships,

support local charities, and work to make life better in the areas we serve—a bundle of distinguishing characteristics that are demonstrative of the *cooperative difference*.

### Putting Safety at the Top

Employee and member safety is a priority at United, and the safety culture inherent in the cooperative's day-to-day business operations resulted in the achievement of an important milestone in 2012 when United employees reached 500,000 hours without a lost-time accident. Ensuring United's immense distribution system operates smoothly and reliably requires employees to regularly perform their jobs in some of the most hazardous environments imaginable when restoring power, or when simply performing routine maintenance. Nevertheless, United's safety program is built rigidly on the belief that any cooperative success can be realized only at the end of each day when every single employee returns home safely. Every other business consideration pales in comparison to safety.



## Innovating Wise Energy Use

For nearly eight years, United has endeavored to keep its members in the know regarding Texas electric generation capacity, including Energy Emergency Alerts issued by the state's grid operator (ERCOT). Fortunately, the cooperative's members have been stalwarts in their efforts to be active participants in Energy Innovation efforts, whether it's through their habitual conservation activities, energy efficiency measures, the implementation of distributed generation or their leadership in demand response. Through the creation of its Energy Innovation program several years ago, a platform adopted nationally by cooperatives, United adopted a program of work that was designed to address and effect positive change in the energy use practices of its membership in four categories:

- Conservation—changing behavior to reduce energy use
- Energy Efficiency—reducing energy use without changing behavior

store carries these energy-saving devices. Because they're easy to install quickly and because they use between 60%-75% less electricity than conventional incandescent bulbs, United has given away tens of thousands of these during free home energy audits.

■ **Water heater blanket distribution:** After heating and cooling, your water heater is the largest energy consumption appliance in the home. Accounting for as much as 20% of an electric bill, it made sense that United provide members who have electric water heaters in unconditioned areas with free insulated water heater blankets, an added benefit of having a free home energy audit.

■ **Low-flow shower heads and aerators:** Another way to save on water heating costs, and reduce water consumption, is to install low-flow shower heads and faucet aerators. During free energy audits, members obtain these resources at no charge.

# HONEST. TRANSPARENT. SERVICE. RELIABILITY.

- Demand Response—shifting energy use to different times
- Distributed Resources—generation on the distribution side rather than the supply side

Simply put, our members have bought into the philosophy that the existing and future energy landscape requires a partnership between utilities and consumers. United's support of that relationship with its members includes one of the most robust Energy Innovation solution depots in the nation.

## Rebate Program

For years, United has helped offset a portion of the costs for member energy innovation efforts with a well-funded rebate program that includes air- and ground-source heat pumps, attic insulation and new-home construction. However, the most popular rebate continues to be the HVAC tune-up in which the cooperative provides members up to \$100 for their annual system check-ups. In 2012, more than 1,000 members tuned up their systems to ensure they were running optimally and wasting less energy.

## Distributed Generation

With distributed generation (DG) being one of the four components of Energy Innovation, United has been a positive force within the industry in supporting members' interest in wind and solar generation installations. With 75 units (40 wind, 35 solar) interconnected with the cooperative's distribution system, United's members are leaders among Texas electric cooperatives in being on the forefront of adopting these energy solutions. To support this effort, the cooperative provides EnergySmarts Grants (up to \$500 for wind and up to \$1,000 for solar) for member installations.

## Energy Innovation Resources

■ **CFL distribution:** It's no secret that compact fluorescent light bulbs (CFLs) are the low-hanging fruit in energy efficiency. Virtually every hardware chain, big box retailer, even grocery

## In-Home Energy Use Display

United's leadership in helping members manage energy took a giant leap forward in 2012 as the cooperative deployed cutting edge technology that allows members to see how much electricity they consume anytime, any day and in near real-time from the comfort of their home. Members can utilize the new In Home Energy Use Display (IHD), a product developed by General Electric (GE), on a three-month rotation. The IHD provides members with information to help them make better energy decisions and behavioral changes with the objectives of wasting less energy and saving money. The energy display does this by communicating with United's advanced meter to show total energy consumption in kilowatt-hours as reported to the cooperative, or the approximate equivalent in dollars and cents.

## A Return on Investment

One of the most telling advantages of the cooperative business model and one that is celebrated every year by United members is the annual distribution of member dividends. Electric cooperatives presently have only one primary source of equity capital—that which is contributed by the members. Member equity is the essential tool for United to build, maintain and upgrade the facilities necessary in providing reliable, affordable electric service to the cooperative's membership.

**\$4.3  
Million**

The cooperative distributed \$4.3 million to its member-owners in 2012, marking the 29th consecutive year for returning member dividends. Since 2000, United has distributed more than \$40 million in patronage capital back to its members. These member dividends represent the member-owners' return on equity in United. Since members own the cooperative, they have an equity stake in the business and, thus, share in cooperative margins. After paying for all operating costs for the fiscal year, members may receive a portion of the excess revenue which comes in the form of member dividends.



# Working Together to Make a Difference



## An Honest Scorecard Validates Achievements

Despite continual price increases on consumer goods, gasoline and groceries, which continue to dent consumers' bottom lines, members of United Cooperative Services still recognize a good value when they see it and they made that clear in 2012 by giving the electric cooperative excellent customer satisfaction scores. In the independent third-party survey of the American Customer Satisfaction Index (ACSI), United obtained an average score of 89 out of a possible 100 points. By comparison, the for-profit, investor-owned utilities typically draw average scores in the 70-point range.

United measures satisfaction each quarter to ensure members continue to receive a level of service that's second to none. The ACSI, sponsored by the American Society for Quality and administered by the business school at the University of Michigan, tracks consumer satisfaction levels across 43 industries and more than 200 corporations.

Good service means going beyond what is expected of you and the year-round member satisfaction research allows the cooperative to stay on task. United employees receive confirma-

tion that they're meeting member expectations in certain areas while also learning where more emphasis should be focused.

Assessing member sentiments goes well beyond telephone surveys. Randomly selected United Cooperative Services members enjoyed the ultimate experience in having a voice in their electric cooperative during focus groups where they weighed in on a range of topics that will almost assuredly have an impact on United and its members. To ensure the cooperative obtains a cross section of members representative of the varied classes of membership, United held focus groups throughout its service territory to learn how to improve service, determine what's important for United's members when it comes to their electric power needs, and to inform the membership on challenges that must be addressed to ensure reliable electric delivery now and well into the future. Each participating member volunteered several hours of their personal time to offer feedback, opinions and recommendations on ways United can better serve its members. Topics ranged from energy conservation, industry challenges such as adequate generation supply, electric rates, service and several other items.

Focus group participants were quizzed on their level of knowledge and concern on topics such as:

- The current state of the industry with regards to generation supply
- The real costs of building new generation and how those costs will likely impact all Texas electricity consumers in the coming years
- Rate comparisons between United and the retail electric providers
- Whether or not they wish to conserve energy and steps taken to do so

This is the members' cooperative and through focus groups and the many community meetings United has and will continue to host, the membership's perspective is constantly reviewed and deeply ingrained in all of the cooperative's efforts to succeed and overcome tomorrow's challenges.

## Upgrading Member Services

As another way to provide improved communications to members, United upgraded its data systems and its website in 2012 to improve member interface capabilities offered previously through United's online bill pay system. A new MyAccount portal was added that provides the benefit of enhanced navigation for members who utilize the website, in addition to easy-to-read and informative energy usage data charts to help members understand how certain conditions (namely weather) affect energy consumption.

Technology continues to be an integral component of United's member service effectiveness, and it's an area that received a major upgrade as a means to improve the cooperative's ability to respond to member needs and proactively address communication challenges before they can become problematic. In 2012, United modernized its CIS (customer information system), which provides member service representatives greater agility and speed when responding to member inquiries, outage response and service requests.

## Politically Active

United—its board of directors and all of the cooperative's employees—take an active role in state and national political arenas through their voluntary participation in Rural Friends/ACRE, a political action committee (PAC) that supports legislators who protect the interests of electric co-op members. Open to all people with an interest in preserving their local electric co-ops and promoting the progress and growth of co-ops and the communities they serve, United employees and members invest their own money in the PAC to help ensure the cooperative way of doing business continues to thrive for future generations. In 2012, United employees and members pledged \$7,750 to Rural Friends/ACRE. Contributions go to candidates

for state and federal office who have demonstrated support for electric cooperatives. Support is based on their voting records on legislation affecting electric cooperatives, their statements on cooperative issues and their historical stance on those issues.

## A Moral Obligation

United Cooperative Services adheres to the seven Rochdale cooperative principles, two of which focus on helping local community youths understand the importance of the cooperative business model. Yet, the cooperative's commitment in this area goes beyond principles—we consider it a moral obligation as a member-owned electric cooperative to demonstrate our commitment to the membership. In 2012, the cooperative again showed that it looks out for its young members' best interests through two valuable vehicles. United awarded \$50,000 in Energy Scholarship awards to local students who were either members or dependents of members of the cooperative. In the last 20-plus years, United has awarded more than a million dollars in Energy Scholarships to area students.

In addition, United sent two deserving young people to represent the cooperative in the nation's capital as part of the Electric Cooperative Youth Tour. The weeklong event is designed to help high school students learn how our democratic model works and to see what our flag stands for. The tour includes visits to the Washington Monument, the White House, the U.S. House and Senate Chambers, the Supreme Court, Arlington National Cemetery and a host of other national sites.

## Showing the UCS Way Worldwide

In the tiny village of Caracol in northern Haiti, the locals never had electricity, but United, as part of the National Rural



Electric Cooperative Association's International Foundation (NRECA International), showed what the cooperative spirit means and how compassionate cooperative employees can be. For several weeks during the summer of 2012, United Journeymen Linemen Mike "Frog" Ferguson and Joe Ponce gave the people in Caracol a glimmer of what the village's potential could be in the not-too-distant future. The two linemen volunteered to represent United to show the people in that village the same level of service and commitment that they provide every day to United members

here at home.

With local Haitian laborers stepping in to help dig holes, often by hand with old plates or pans, the United linemen set 43 poles over more than two miles of rough terrain in miserably hot, humid conditions. Additionally, the linemen trained three locals who will one day be charged with maintaining the system serving Caracol.

# Balance Sheets

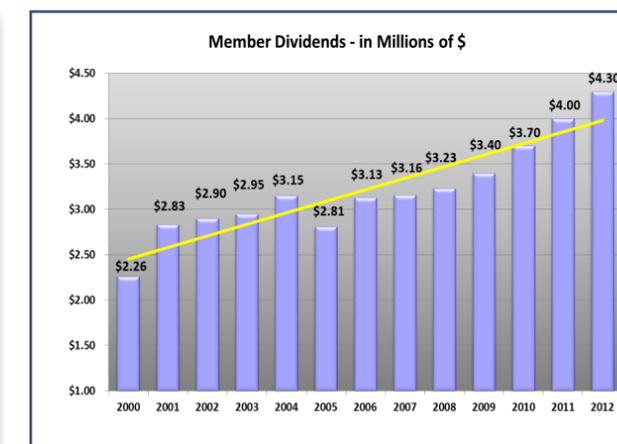
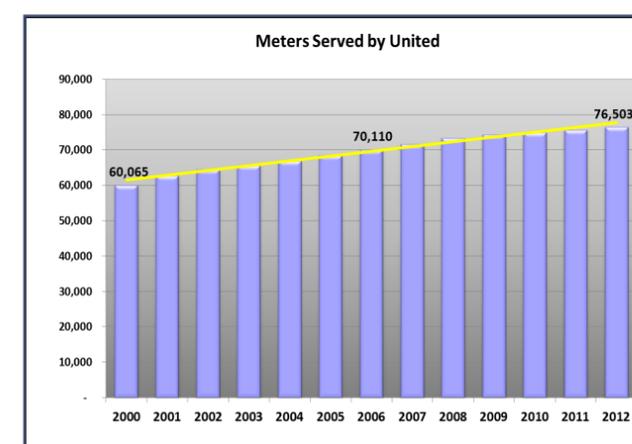
As of December 31, 2012 and 2011

# Statements of Revenue and Patronage Capital

For the Years Ended December 31, 2012 and 2011

	As of December 31,	
	2012	2011
<b>ASSETS</b>		
<b>UTILITY PLANT</b>		
Electric plant in service at cost	\$ 297,355,656	\$ 282,843,883
Construction work in progress	4,191,343	6,829,030
Total utility plant	\$ 301,546,999	\$ 289,672,913
Less accumulated provision for depreciation	84,502,246	85,223,513
Net utility plant	\$ 217,044,753	\$ 204,449,400
<b>OTHER PROPERTY AND INVESTMENTS AT COST</b>		
Investments in associated organizations	\$ 63,251,198	\$ 57,622,282
Total property and investments	\$ 63,251,198	\$ 57,622,282
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 49,866,258	\$ 51,584,921
Accounts receivable-less allowance for doubtful accounts: 2012 - \$2,182,844 and 2011 - \$2,222,320	15,148,630	14,601,413
Material and supplies (at average cost)	1,498,812	1,000,325
Other current and accrued assets	516,055	472,632
Total current assets	\$ 67,029,755	\$ 67,659,291
<b>DEFERRED DEBITS</b>		
	\$ 2,035,026	\$ 2,161,517
<b>TOTAL ASSETS</b>	\$ 349,360,732	\$ 331,892,490
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>EQUITIES AND MARGINS</b>		
Memberships	\$ 207,695	\$ 215,895
Patronage capital	176,294,917	165,672,168
Accumulated other comprehensive income	(206,408)	(260,290)
Other equities	1,469,024	1,434,349
Total equities and margins	\$ 177,765,228	\$ 167,062,122
<b>LONG-TERM DEBT</b>		
RUS mortgage notes	\$ 5,626,991	\$ 6,227,279
CFC mortgage notes	11,425,404	11,479,278
FFB mortgage notes	113,945,279	98,404,743
Economic development loan	335,126	335,126
Total long-term debt	\$ 131,332,800	\$ 116,446,426
<b>ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS</b>		
	\$ 5,308,832	\$ 5,595,031
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 5,479,000	\$ 7,841,000
Current portion of postretirement benefits	500,000	380,000
Accounts payable - purchased power	9,508,263	11,390,480
Accounts payable - other	940,408	2,040,777
Consumer deposits	3,360,232	3,362,890
Accrued taxes	2,221,921	2,451,015
Accrued interest	370,682	399,998
Other current and accrued liabilities	6,727,856	8,780,405
Total current liabilities	\$ 29,108,362	\$ 36,646,565
<b>DEFERRED CREDITS</b>		
	\$ 5,845,510	\$ 6,142,346
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 349,360,732	\$ 331,892,490

	For the Years Ended December 31,	
	2012	2011
<b>NET SALES</b>	\$ 158,004,027	\$ 184,784,070
<b>OPERATING EXPENSES</b>		
Purchased power	\$ 113,586,154	\$ 138,535,512
Distribution expense - operations	5,160,871	4,976,826
Distribution expense - maintenance	6,799,189	6,458,846
Consumer accounts	3,774,812	3,705,714
Customer service and information	1,837,556	1,653,283
Administrative and general	3,926,257	3,851,680
Depreciation and amortization	9,557,255	9,026,438
Taxes	1,020,475	1,120,877
Interest on long-term debt	7,122,289	7,267,372
Other interest and deductions	193,022	208,909
Total operating expenses	\$ 152,977,880	\$ 176,805,457
Net operating margins	\$ 5,026,147	\$ 7,978,613
<b>NONOPERATING MARGINS</b>		
Interest income	\$ 3,343,632	\$ 4,031,593
Other	90,318	322,398
Total nonoperating margins	\$ 3,433,950	\$ 4,353,991
Generation and transmission cooperative and other capital credits	\$ 6,463,220	\$ 8,430,623
NET MARGINS FOR YEAR	\$ 14,923,317	\$ 20,763,227
Patronage capital - beginning of year	165,672,168	148,909,324
Transfers from (to) other equities	(568)	(383)
Retirement of capital credits	(4,300,000)	(4,000,000)
PATRONAGE CAPITAL - END OF YEAR	\$ 176,294,917	\$ 165,672,168



## Independent Auditor's Report

Board of Directors  
United Cooperative Services, Inc.  
Cleburne, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of United Cooperative Services as of December 31, 2012 and 2011, and the related statements of revenue and patronage capital, comprehensive income and cash flows for the years then ended and in our report dated April 12, 2013, we

expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it was derived.

The complete audit report as described above is on file at the Cooperative's headquarters office.

**Briscoe, Burke & Grigsby LLP, Certified Public Accountants**

April 12, 2013  
Tulsa, Oklahoma



**CLIFFORD DEAL**  
President  
District 4



**LARRY BAYS**  
Vice President  
District 7



**PATSY DUMAS**  
Sec/Treas.  
District 2



**JOHN JONES**  
District 5



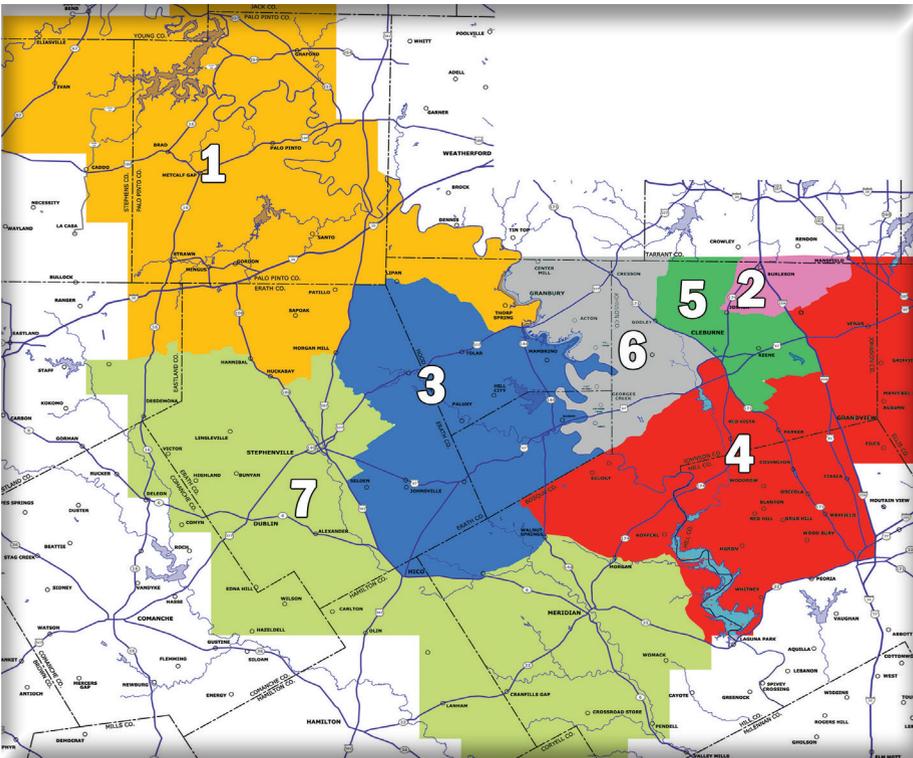
**TOMMY CANTRELL**  
District 3



**JOHNNIE ROLLINS**  
District 6



**HARRY THOMPSON**  
District 1



The United Cooperative Services Board of Directors consists of United members and business professionals elected from seven service territory districts by the United membership to actively participate in setting cooperative policies and provide oversight of all cooperative business.