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The newsletter of Washington Electric Cooperative, Inc., East Montpelier, Vermont.

September/October 2003

# WEC Holds Local **Gatherings To Discuss Coventry, Other Issues**

ashington Electric Co-op members will soon have a big decision to make: Should they support the initiative WEC's Board of Directors and management have undertaken to develop and own a trash-toenergy electric-generation facility at the state's largest landfill, in Coventry?

WEC announced the \$6.34-million project in early September and has begun seeking the necessary approvals and permits. Eventually, however, the 9,400 consumers who own the Co-op will have their say on the matter. Plans are for the Coventry Clean Energy Project to be on the ballot for the May 2004 Annual Membership Meeting.

To provide members with information to make an informed decision, and to address questions or concerns people might have regarding Coventry and other WEC-related issues, the Board and management recently held two informal community dinner meetings. On Tuesday, September 9, WEC President Barry Bernstein and General Manager Avram Patt drove to the Corinth Town Hall in Cookville. Also attending were WEC directors Wendell Cilley (West

Topsham), Don Douglas (East Orange), Bud Haas (Bradford), Marion Milne (Washington) and Carla Payne (West Danville). Approximately 40 local Co-op members attended the dinner and meeting, which was hosted by the Valley Health Center.

On Thursday, September 11, Bernstein and Patt were joined by Board members Monique Hayden of Williamstown and Roger Fox of Walden at the Town Hall in Moretown, where about 20 people turned out. The Moretown event was hosted by the Volunteer Fire Department Auxiliary, which prepared dinner and, Fox reported, "a spectacular assortment of pies."

Dan Weston, WEC's director of operations and engineering, and Bill Powell, director of products and services, attended both events.

"I enjoyed them," said Weston. "We got to meet with some down-to-earth local people who really care where the Co-op is going. I think they enjoyed the meal and they enjoyed the reasons behind the meal - the Co-op's interest in developing its power supply."

Powell agreed. "We got to see and talk

### Inside

2003 Capital Credits program. It's time for WEC to distribute equity payments to Co-op members. Details of this year's program, and a request to help us contact former members, on page 4.

#### When the blackout

hit. True, Vermont was spared, but the Northeast experience gives us much to think about concerning "the grid" and what should and shouldn't be done to improve it. See Manager's Report, page 3.



WEC goes calling on Coventry. Co-op leaders went to visit a Northeast Kingdom town we may soon be wellacquainted with. Page 8

> The sign on the door says Vermont Electric Co-op. WEC's sister cooperative is going to make member/owners out of thousands more Vermont electricity consumers by purchasing another utility. Story on page 6.



with people we wouldn't otherwise be likely to meet, and there were some who just came for the meeting, not the dinner," he said. "People listened, and I don't think we were just singing to the choir because we ran into some very concerned members who raised

legitimate questions about the Coventry project."

The consensus among directors and staff was that General Manager Patt's Coventry presentation was well-received.

## **President's Report**

# Electricity 'State Of The Union': **Policy Makers Ignoring Needs Of Consumers**

#### By Barry Bernstein

y now, we hope, most of our members have read or heard about our planned landfill gas-toelectricity plant at the landfill in Coventry, Vermont. Your Board and management

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Washington Electric Cooperative

are very excited about the positive impact this project will have on our long- term power supply, providing our members with renewable, stable and economic energy for the next few decades. We have been working on the

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# Washir

Weston and Bill Powell.

WEC's community meetings in

Corinth and Montpelier attracted Co-op members of all ages. Photos by Dan

Patt explained that the primary goal of

the project was to provide a source of reliable baseload power for WEC's members at stable and affordable rates continued on page 8

## **President's Report**

#### continued from page 1

development of the Coventry project for nearly two years. Now that the agreements are signed with Casella Waste Systems Inc., the owner of the Coventry landfill, we have some hard work ahead of us if we are to complete our regulatory permitting process and be able to ask the WEC membership for approval of the project at our May 2004 annual meeting.

Our goal is to generate our first kilowatt hours from the Coventry project in early 2005.

As part of this effort we recently held two area dinner meetings with members, one in Corinth and one in Moretown, to discuss the Coventry project and answer any questions members wanted to raise. The combined meetings drew more than 60 members and represented a good cross section of our membership.

On behalf of the Co-op I want to thank the Moretown Fire Department Auxiliary and the Valley Health Center in East Corinth for hosting the suppers. We would like to try to have one more dinner meeting before the end of the year, and at least two more in 2005.

We also held a public meeting in Coventry to introduce WEC and our plans for the project to the folks in the Coventry/Irasburg and surrounding area.



## The Coventry Clean Energy Project is our next important step in our effort to secure a stable energy future for our membership

- WEC President Barry Bernstein

reduce "line loss" (the inefficient transport of electricity on the power lines). Our goal was to achieve the best return we could get on our members' equity.

The Coventry Clean Energy Project is our next important step in our effort to secure a stable energy future for our membership. WEC made the decision to invest in this project at a time when other utilities, in response to the national movement toward electricity deregulation (fortunately never fulfilled in Vermont), had decided to purchase power only through short-term contracts.

The Coventry project has significant potential for helping us stabilize our power costs, which represent 50 percent of our total costs. For the past several years the power market has been financially volatile. We believe that by owning a nearby, relatively low-cost generation facility WEC will lessen the impact of that volatility on our membership for years to come.

#### Energy policies amiss

However, as I reflect on the events of the past month (the Northeast blackout) and the last two years (deregulation, California, Enron, etc.), I am troubled by the logic and conclusions that seem to be drawn by energy policy makers at both the national and state level and the spokespersons for the investor-owned utilities in the national arena. Whether the call is for lower utility rates, the investment of billions of dollars in the national grid, or federal predominance over the siting of transmission lines, little attention is being paid to the cause of our current chaos. This problem was set in motion by the national policy makers in their push for deregulation a decade ago, without thought or concern for the consequences upon electricity consumers.

We have seen a half-decade of illogical measures taken within our industry, and the worst may be yet to come. First, many utilities were required to sell off their generation assets, which was supposed to result in lower rates because of these new ownership structures. Notably, at that time we were promised that the transmission of power would remain a non-competitive, costbased public service. Next we saw those new owners manipulate the power markets for their own benefit, with billions of dollars in consumer losses yet hardly any change of course at the national level. The result was the bankruptcy of many of these gigantic corporations formed under deregulation, again with monumental losses to consumers, workers and shareholders.

Change course? No, under the current administration, the nation's energy policing agency, the Federal Energy Regulatory Commission (FERC), says what we need is MORE deregulation.

Now, on the heels of this summer's blackout, the policy makers at FERC and in Congress want to deregulate the transmission system, claiming that more financial incentives will solve our transmission problems – and proving once again that absurdity knows no bounds when the free-marketers control the nation's energy policies, rather than the consumers who must pay the bills.

#### New priorities needed

Where will it end? And when will a rationale dialogue take place that puts the people/consumers/ratepayers first, without draining consumers' pocketbooks?

We need a reliable transmission grid, one that remains a public service provided at cost, as it always has been. We need clean, reliable, economical and stable long-range generation sources, owned on behalf of the consumers themselves (through co-ops, public power entities, federal/state authorities) rather than the friends of the oil/energy conglomerates. And we need a long-term commitment to energy efficiency, focusing on the energy-intensive industrial processes that our workforce must rely upon if we are to remain competitive in this shrinking world economy.

All of these needs must be funded through the expanded availability of lowcost public financing. Most important, we need to restore people's trust that the rhetoric and actions of policy makers and politicians are in the consumers' longterm interests.

I believe this can only be achieved if we stop pretending that electricity is like any other commodity that we can throw into a "free market." We must acknowledge, as the blackout and Hurricane Isabel have amply demonstrated that electric service is a basic necessity which Americans cannot afford to be at risk either from major power outages or market manipulation.

WEC will try to do our part on behalf of our membership. But the major issues facing electricity consumers today – which means all of us – must be addressed on behalf of consumers' interest, and not on behalf only of the powerful.

Coventry: WEC's line of defense Your Co-op is a relatively small player in the utility field, but over the past 12 years your Board of Directors and management have attempted to set a course that would provide our

course that would provide our membership with a firm foundation for the future. We began the '90s by investing significantly in energy efficiency (contrary to conventional utility practice) in our members' homes and businesses. This has ensured us that our overall power requirements are at their lowest possible level, and that our consumers have done what they can to lower their electric bills. We significantly increased our expenditures on rebuilding and maintaining our lines, both to increase reliability and to

## **Co-op Currents**

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The Board of Directors' regularly scheduled meetings are on the last Wednesday of each month, in the evening. Members are welcome to attend. Members who wish to discuss a matter with the Board should contact the president through WEC's office. Meeting dates and times are subject to change. For information about times and/or agenda, or to receive a copy of the minutes of past meetings, contact Administrative Assistant Deborah Brown, 802-223-5245.

## **Manager's Report**

# Blackouts Or Blowdowns, Consumers Deserve Considered Response To Outages

#### By Avram Patt

hortly after 4:15 p.m. on August 14, I was alone in the building after the Co-op's office hours when I received a call from a *Burlington Free Press* reporter. Was Washington Electric Cooperative experiencing any of the massive blackouts and brownouts that had knocked out everything from New York City to Toronto?

I held the phone for a few seconds, looking at the lights above me and at my computer screen. They were on. I looked at my phone, where I can see which incoming lines are in use. No one was calling us.

*"What are you talking about?"* I asked him.

Just then, the first news bulletin arrived via the Internet.

That night I called my sister and brother-in-law in the Bronx. They and everyone in their apartment building seemed to be doing fine. I was a young teenager during the great East Coast Blackout of 1964, and I remember being sent by my parents to be with my sister, who was expecting her first child and was stuck home alone in her 11th-floor apartment when the blackout hit. I didn't have to go to school the next day.

As I write this on September 18, the eye of Hurricane Isabel has just hit Cape Hatteras in North Carolina, and 200,000 people have already lost power. (*Editor's note: Total outages related to Hurricane Isabel reached 5.5 million people before the storm subsided.*)

Although WEC has not had any huge disasters this year that knocked out big pieces of our system for extended periods, we have had enough smaller outages over the summer that some members really noticed it. We had three outages that affected whole substations and everyone served by them. Two of these were caused, not by problems on the Co-op's lines, but by problems on neighboring companies' transmission lines that supply our South Walden and Moretown substations. Our East Montpelier substation was the scene of the unfortunate demise of a great blue heron that knocked power out briefly in that area. We've also had our share of "the usual" problems - mostly weather-



related and caused by wind, trees, or moisture, and a local contractor who accidentally broke a pole of ours.

When the power goes out, be it an event of huge and historic size or a tree limb falling on a line up a back road that serves only one or two houses, it can be an inconvenience, or worse. Most people take it in stride, up to a point. But

when the power has been out for a while, whatever the cause, every one of us can start to get a little "crispy," as they say.

WEC has easy-to-understand information available about how to be

prepared for outages, and how our employees prioritize restoring power during major storms. This can be found on our website under "Electrical Safety" (which, we recognize, doesn't do you much good if you're already in the midst of an outage), or we will mail you a copy if you contact the office. Obviously, this is good information to have read before a hurricane or a blizzard blows through.

#### The 'grid'

When the cause

of an outage is local, like a storm or even a hurricane, most of us at least understand why it is occurring.

But the huge outage of August 14 remains a mystery to most people. It happened somewhere on "the grid" – out there on the huge transmission lines. Something went wrong in Ohio, and somehow a series of events was triggered that turned the lights off in Times Square, Toronto and everywhere in between.

At some point the investigators will make their report as to what caused the blackout, but for most people it will still be a mystery, something beyond their understanding or control. That's why it's easy for politicians and greedy people to stake out claims as to what we need to do to fix the electrical system, whether those fixes have anything to do with the problem or not.

Is there a problem? Yes, there is. In a growing number of regions of the country, "the grid" is not adequate to meet the needs of consumers in the coming years.

This is true even in Vermont, where the statewide transmission company, VELCO, has proposed major upgrades on the western side of the state. While the location of such lines can be sensitive or controversial, and the concerns of affected residents and communities must be recognized and dealt with, there is no question that northwestern Vermont is

increasingly vulnerable to reliability problems on a larger scale, problems that could in turn affect the rest of the state. On August 14, Vermont just barely missed being included in the disaster.

The existence of small-scale generation sources within Vermont (and the development of new ones such as the renewable energy projects that are being proposed by WEC and others,) help shield us, to some extent. from the kind of massive "cascading" grid shutdowns like the one on August 14.

We must also continue, and increase, our efforts to conserve and use energy efficiently, because that measurably limits how much the system's capacity needs to be upgraded.

Some of the strain on the major transmission grids is simply physical. As our population grows, so does demand. Comparing this to a highway, there's simply more traffic than the road was built for.

But some of it also has to do with the changes that have occurred in wholesale markets, the desire for these markets to be competitive and for power to be moved over greater distances and from region to region. The amount of transactions involved in supplying wholesale power has increased dramatically. This creates another kind of traffic problem. Comparing it to a highway again, it's not just the number of vehicles on the road, but the fact that they are also getting on and off more frequently and unpredictably, or changing direction. So it's not just a matter of adding more lanes to the highway, but also of needing more sophisticated controls, monitoring and safety systems.

#### Piling on

The grid does need to be improved and modernized. But in the aftermath of the August 14 blackout, some were quick to use that event to promote whatever energy-related agenda they could, whether it had anything to do with the problem or not. Even before all the lights came back on, some in Congress argued that the outage was all the more reason why we need to open up the Alaskan National Wildlife Refuge (ANWR) to oil drilling.

That kind of political talk should make all of us mad, whether we are against drilling in ANWR (as I am) or not. A shortage of oil did not make the lights go out for 50 million people that day. Drilling in ANWR or anywhere else has nothing to do with it.

And some large utility companies and their political allies argue that all we need to do is increase the allowable rate of return on investment for new transmission improvements. That would do the trick, they plead.

The rate of return allowed for transmission investments is a pretty dependable and profitable one right now. What they are saying is that if we would just let people earn as much money as they possibly can, as soon as they can, then "the markets" will see that all necessary improvements to the grid are made where we need them and when we need them.

After all that has happened in the utility business and elsewhere in the last few years, we should beware of greed as the motivating force to fix a problem or to plan for our long-term infrastructure needs. If investment is needed, then the investment needs to benefit all of us. People and companies who invest their money have a

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The blackout, as seen from a satellite image. Note the dark area covering much of the American Northeast.



After the August 14 blackout, some were quick to promote whatever energy-related agenda they could, whether it had anything to do with the problem or not.

# WEC 2003 Equity Distribution Plan Co-op Seeks Former Members For Capital Credit Refunds

ashington Electric Cooperative is preparing to issue capital credit refund checks to current and former members, as authorized by WEC's Board of Directors. Under the 2003 Equity Distribution Plan, capital credits will be returned to eligible people who bought power from the consumer-owned electric utility during the two years 1983 and 2002. Safeguarding the Co-op's financial stability, the Board of Directors, as in recent years, has capped the 2003 refund program at \$200,000.

Capital credits are returned to Co-op members (customers) for those years in which WEC's revenues exceed its operating expenses. Capital credits are a way of dividing those surplus revenues – called margins – among the member-owners. The amount of a members' refund is based on the size of the Co-op's margins in the years in question, and how much electricity the member purchased. Each co-op member has a capital credit account, which is a bookkeeping entry managed on an annual basis by the Cooperative in his/her name.

Half (\$100,000) of the money earmarked for the 2003 Equity Distribution Plan will go to members from the year 1983, when WEC's margins totaled \$208,284. The Coop began addressing 1983 in last year's equity distribution plan, retiring approximately half the margins from that year; the money appropriated for this year's distributions will enable WEC to complete capital credit payments for 1983. The remaining \$100,000 in the 2003 plan will address capital credits for 2002. WEC's margins last year totaled \$279,302; the money allocated for capital credit refunds amounts to 36 percent of that total. The Co-op will therefore refund 36 percent of the amount designated in each member's capital credit account; the rest will be payable in some future stage of WEC's refund program.

For former members no longer with the Co-op, refunds of \$20 or more will be paid by check. Current members who are eligible for refunds based on their 1983 and/or 2002 payments were given a choice in a notice sent with their August electric bill: They could receive a credit on their November electric bill in the amount of their anticipated refund, or they could authorize the Co-op to contribute the money instead to the Washington Electric Cooperative Community Fund, in which case they will receive – and pay – the full portion of their November electric bills. Members were asked to return the forms if they wished to contribute. (For more information on the Community Fund refer to *Co-op Currents*, June/July 2003, still available from WEC's office or at www.washingtonelectric.coop.)

Earlier this summer WEC sent out notices of the 2003 Equity Distribution Plan to eligible former members, using the person's last-known address. Listed below are the names of people whose notices were returned as undeliverable. WEC is asking friends, acquaintances and relatives of the people listed here to contact those potential recipients or their rightful heirs, and have the former member or beneficiary contact Washington Electric Cooperative directly at 802-223-5245, or toll-free at 1-800-932-5245.

WEC will issue this year's capital credit refunds in November 2003.

Absher, Thomas Adams, Paul Adcock, Larry & Melinda A. Boone Adsit, Suzanne Aja, Ramon & Marion Alban, Billie T. Alden, George P. Aldrich, Byron W. & Roberta Aldrich, Georgia Aldrighetti, Louis J. Alexander, Rhoda Tiplett Allee, Robert E. Anders, Irvina Anderson, Julia Andrews, Kathleen Apolito, Sandra & John Ashford, Arnold R. & Andy Roux Atkinson, Elliott R. Atkinson, Polly Atwater, Bonnie F. & Thomas V. Averill Theresa D Avers. Charles E. Bador, Clayton F. & Elsie M. Bahlkow, Kathy W. Baird, Donald P. Baldwin. Ian Ballaschneider, George & Gregg Ballschneider, George & Irene Ballschneider. Irene Balzanelli, Richard & Jeanne Barbieri, Nichola Barden, Norman L. Barker, James Barker, Walter Barnaby, James & Kimberly Barnett, Harold C. Barnhart, Katherine L. Barnocky, Stephen W. Bartlett, Russell G Bassage. Anne

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Haynes, Robert E. Jr. Hayward, Andrew P. & Tracv Hazelton, Brian & Valerie A. Heath, Robin Hegg, Lee Ann Heise, Bernard Henderson, Donna Henry, Randy & Raymond Rancourt Henry, Tom Herron, Davis Hersev, Lee C Heuser, Karl F. Hibbert, Robert & Sue Higgins, Andrew Hill, Charlotte Hill, David C. Hilliar, B. H. Hiltz, Frank & Brenda Hoar, Charles E. & Ethel M. Hoar, Raymond B. Hodakins, John R. Sr. Hoffman, Mark R. & Janet Miller Hoffman, Robert G. Hoffmann, Alfred R. & Carol-Rae Hoiska, Bentti O. Holloway, Leith Holmstrom, Raymond & Robert G. Lister Hooper, C. Jay & Jacquelyn Hoover, Karen S. Hopkins, Flora B. & Stephen Sr. Hopkins, Leota C. & Ralph A. Howard, Harold F. Howland, Susan Estate of Hubbard, Eugene C. Hubbell, Jane S Hurwitch, David & Terry

Hutchins, Clyde H. & Cecile С Hyde, Jack Ickovic, Thomas Ilsley, Sandra Ingalls, Glendon W. Jr. & Judith Irving, Marion R. Isham, E. Joyce Jackson, Muriel L. Janeway, Charles Jaroch, Eugene R. Jr. Jedinak, Gary N. Jerome, Edward A. Jerome, Kathlee Jerry, Stephen F. Johns, Peter J. Johnson, Charles B. Johnson, John E. Jr. Jones, Clifton H. Jones, Donald Jones, Robert W. Jones, William B. Joslyn, Sharon Joyal, Pearl Judd, Leland A. Jurkiewicz, A. & Helene Justice, Marjorie Kalinowski, Franklin A. Kampmann, Phebe Kappler, Peter H. & Jane A. Karon, Marshal & Rosemarie Kaufman, Nancy Kaula, Joan Kelbaugh, Jayson Kent, Mary Anne Kerachsky, David Kessler, Rodger Kindestin, Joann F. Kingsbury, L. Kittredge, Roy Knapp, James E. & Marilyn M. Knowles, Richard Knowles, Winston Knox, Gordon Jr. Kornblith, Polly Kulp, Charles M. Kumpf, Milton F. Ladd, John P. Ladd, Thurman LaFrancis, Bernice Lakatos, Peter Lamb, Jonathan A. Sr. Lamberton, Lila Lamson, Douglas L. Landino, Henry A. Landry, Alex Landry, William B. Langmaid, Stephan Lanning, Stephen A. Largey, Richard & Elizabeth Larivee, Roland Larkin, Dexter Larow, Gary Larsson, Denis & Janisse Lavalette, Zelma Lavalley, Francis L. Laware, Barry M. Lawless, Rowena J & Morehouse, Lawrence Lawliss, G. C. Lawliss, Harold Lawrence, Irving W. Sr. & Gladys W. Lawton, Mary B. Leach, Robert W. LeClerc, Alain & Donna Lefevre, Paul H. Leifschutz, Alexandra Leland. Luise G. Lemay, George E Lemnah, Herbert

Lerch, Carol A. Lerner, Earl Leroyer, Charles P.& Maria G. Salvaggio Lever, Roger L. Levy, Paul Lewis, Joyce A. Lewis, Wavne R. Lightfoot, William F. Lillie, Frank Lipski, Jed Lisle, Scott & Consuelo P. Loefflath-Ehl, Victor & Ilka Longley, Brenda Lopresti, Lynne V. Lord, Marian B. Louis, Linda L. Lovell. Horace Lubold, P. R. & Camille Luce. Cecelia Lund, Percy O MaCauley, James MacDonald, Gregory C. Macek, Lester Machell's Radio Supply Mack, George L. MacKay, Norman R. Sr. MacLaurin, Richard N. MacLeod, Kenneth J. Mangino, Albert Sr. Manney, Laurance Manning, Gregory A. & Chervl A. Manseau, Paul Maple Corner Store, Inc.--H. B. Siegrist Maple Corner Waters--E. Holliday Kane Marcotte, John A. Mardin, Donna B. Marineau, Maruice H. Jr. & Sandra L. Marsh, Marvlou Martell, Emeline Martin, Curtis C. Martin, Jeanie B. Mason, Judy Mattegat, Otto J. Matthew, Thomas M. & Susan W. Matz, Joseph D. & Carol A. Mayer, Joseph Mavhew, Wanda McCabe, Arthur J. McCarty, Charles McCormish, John McCracken, Joann McCurdy, Stanley G. McDonald, Deborah McFarland, Stephen McGaughey, Alan McGonagle, Lucy A. McHone, Susan McIntyre, John McKenzie, Greg McLaughlin, Harold & Dona Τ. Mears, Edgar Meech, George Meehan, Edward E. Menard, Robert W. Merrill, Howard A. & A. Evelyn Merrill, Kathleen Merritt, Barry D. Messer, Richard K Messier, Mary E. Messier, Walter & Dorothy Mikishka, Sophie Miles, Dale M & Jeannette Miller, Douglas M. Miller, Frank Miller, Iva Miller, Jane R. Miller, Mary & Joyce Lehman

Milne, George E. Milne, John A. & Catherine D. Milnes, Mark & Gingah Monsarrat, Nicholas Monteith, Joseph Montgomery, Milton Monty, Charles E. Jr. & Susan H. Moore, Thomas E. & Sharon R. Mori, Donald F. Morigerato, Susan Morse, David C. Morse, Stanley L. Moshinskie, Alfred & Helen Moulton, Raymond C. Murphy, Daniel Murphy, James Murray, Marna Murray, Terrence M. Muzzy, Donald & Tena Myers, Charles Nelson, John A. Nergaard, Paul Nevens, Virginia New England Telephone Co. Newton, Grant Nicely, John W. Nielsen, Anna M. Nielsen, Karl Nolan, Howard Noll, John C.& Barbara A. Nye, Karl O'Brien, William R. Olson. Steig O'Neill, Patrick Ordway, Kelvin E. Oriol. Jack O'Riordan, Kevin Ortiz, Angel J. Ortiz, Richard & Melanie Osgood, Bryce N. Oszajca, David P & Beverly Otto, Carl Otto, Conrad H. Pacilio, Vincent Paige, June S. Palmer, Roger A. Palmer, Stacy Palumbo, Marsha Pape, Phil E. Parker, Bruce W. Parker, James A. Paronto, Jeffrey Parry, John G. Sr. Paskus, Charles & Kathleen Paul, Harry Paul. Winifred Pearson, Q. A. Pecor, Robin A. Pelkey, Walter Pendleton, Ruth E. Perkins, Howard E. Perreault, Lawrence Perrin, William Perrinez, Peter & Ruth Perry, Courtland Jr. Perry, Ron & Evangeline H. Persons. Mason Peters, Ralph C. Peterson, Diane W. Pfeiffer, Gerhard & Lucy Philbin, Harold Philbin, James B. Philbrick, D. J. Phillips, Kenneth A. Piccicuto, Richard M. Piche, Louise H. Pieper, Thomas P. & Laurie Α Pierce. Beverlee Pierce, Walter C. & Louise D.

Levin

Pierce, Winston A. & Gwendolvn K. Pilbin, James B. Pilbin, Ronald W. Pitkin. Royce S. Pitz, Ronald & Eleanor Platt. Howard Pollander, Beatrice Pollitt, Thomas F. & Lauren G. Porembski, Alice Posey, Buford W. Potrzeba, Robert J. & Elizabeth Potter, Fletcher Prall, Bob & Nancy Lee Pratt, Rebecca & Bruce R. Preble, W. J. Pregent, Alice Prosperi, Robert Proudfoot, Eric G. Prue, Arthur Pryce, Steve Purvis, Stuart D. Quaker-Empire Const. C. Quenneville, Kimberly & Kirk Lewis Rainville, Dennis M. Randall, John H. Randall, Raymond Rausch, Edward Rechsteiner, Catherine Rennier, Al Retchless, Robert Rider, John Riendeau, Richard Rivard, Robert Roberts, Jay C. & Maureen M. Roberts, Wayne Robinson, Gerald & Mary Robinson, John L. Roddy, Roger W. Jr. Rogers, David A. & Lynne Ζ. Rogers, John M. III Romero, Jose L. Jr. Rooney, Walter Rossignal, Boyd Rostosky, Peter Rouhan, James & Pauline Rouleau, Raymond Roux, Cynthia Rowell, Francis E. Jr. Rubin, Ronald L Rugg, W. D. Ruiz, Floreal Russell, John Ruttner, Michael & Donna Rvan. Dona Rylander, Alf T. & Judith S. Saglio, Domenic Sahlman, Frank Sr. & Margaret K. Sahlman, Peggy Jo Salomaa, Grace Saltimbocca, N. V. Saman, Peter Sanborn, Kendall A. Sanders, George W. Jr. Sare, Ronald L. Sargent, Charles A. Sargent, Linda Saunders, Gary Saunders, Robert & Roberta Savidge, George S. & Dorothy B. Schile, G. J. & E. H. Schlosser, Frank Estate of Schmidt, Trudi & David Kessler Schorger, Ann B. Schulenburg, Deborah L.;

Seaman, John F. Seel, Bruce & Linda Short Seel, Bruce H. Senecal, Kenneth E. Severance, W. John Shaw, John P. & Christina Sheean, Michael & Debra Tulskv Sheehan, Michael Sheehan, Robert Sherlock, Wallace J. Sherman, Linda Shuttle, Donald Sicely, Robert E. Sidusky, John Siegle, Andrew P. Silman, Jeffrey Simard, Michael & Jeanette Simmons Cable TV of Barre Simonds, Robert S. Simone, John Sjolund, Kenneth E. Sleeper, Alfred Sleeper, Maurice & Juanita Smigelski, Charles Jr. Smith, David J. & Barbara J. Smith, Margaret Smith, Peter Smith, Richard M. & Tammy Smith, Sharon Smith. Trent & Heidi Smith. Wyman Snyder, John & Sue Spencer, Lawrence A. Spitzer, Janet Sporbert, Everett Sportsmen, Jordan C L PD Squire, Elizabeth Squires, Jeffrey St. Cyr, Joanne & Vincent Stamper, Scott Stanaway, Susan D. Starrett. Corinne Stephenson, Robert . Stohr, Rose Stolzman, Lynda J. Story, Helen B. Straw, Avis Stridsberg, Lawrence Stryker, Jon Stuart. Richard Stuart, Virginia Subasic Joe Sweet, George R. & Terrie 1 Szulc, Alfred V. & Lynda Taber, Ronald Taylor, Theophilos Tellier, Raymond R. Tenney, Carlton E. Teuber, Leslye H. Thomas, James H. Thompson, Jason Thompson, Jeffrey & Cvnthia Thresher, John S. Thurston, Roberto W. & Diane Tillberg, Harlan Tillotson, Evelyn Tillou, Daniel W. & Jean B. Titus, Charles & Dorothy Tomasello, Joseph Townsend, Glenn & Mary Beth Kearney Townsend, James & Zada Trainor, Walter Jr. & Jean Travis, Brian T. Travis, James Trepto, Raymond E. Jr. Tripp, Peter C. & Roxanna Trombly, Gregory A. Trombly, Lewis A. Trottier, Charles A. Jr.

True, Gerald Turcott, F. M. Turgeon, Lawrence J. Turner, Bruce B. Turner, Cecil E. Turner, Emma M. Tuz, Charles L. Ulrich, Charles Urcan, James Utt, Timothy & Sally Vanderpot, John W. & Becky M.

Vanorman, Philip G. & Sandra F. Vatnick, Itzick & Susan Vinton, Burnell Violette, Joseph

Wald, Benjamin Wallace, Barry L Ward, David & Barbara Ward, Diane Warshaw, Thayer Wassell, Eleanor P. Watkin, T. S. & William Watson. Ethel L. Watson, Harold Watts, Kathleen E. Weart, Richard C. & Theresa Weed, Jennifer Weil, Florenc Weintraub, Dorothy Weissman, G. B. Welch, Austin A. & Dorothy E Welch, Ferdinand Wells, Jan P. Whaley, Robert P. Wheeler, Herbert J. Jr. & Gloria Wheeler, Spencer Whitcomb, Jeanne White, Bernice White, Edward Whittemore, Charles L. Wilder, Allen M. & Eleanor Willett, Donald E. Willey, Douglas & Diane LaFerriere Willey, Edythe Willey, Irma Willey, Nelson Willey, Nelson Jr. Williams, Douglas & Mary Jane Williams, Harold H. Williams, William J. Jr. Williamstown Tree Farm Williss, Ann Wilson, Robert J. Wilson, Teresa Witham, Wendell Withers, Madelyn S. Woodcock, Dwight Woodworth, Clayton E. & Shelly E. Wooters, H. Fred Works, Vaughn Workspace, Inc. Wright, Jeffrey F. & Susan Wright, Virginia Wu, James Wyskoczka, William & Florence Young, Edward Jr. Young, J. Peter Young, Wayne E.

Zalkind'schur, Margot Zuckerman, Anne Zulla, J. Wayne & Carol R.

Douglas & Jennifer

# Vermont Electric Co-op To Buy Out 'Citizens Utilities'

Purchase Nearly Doubles Co-op Membership In Vermont

n April 16, 2003, Vermont Electric Cooperative, a consumer-owned rural electric co-op headquartered in Johnson, reached agreement with Citizens Communications (formerly Citizens Utilities Co.) to purchase Citizens' electric distribution assets – its lines, poles, substations and equipment – for \$18 million.

The purchase represents a significant change in the profile of electric cooperatives in Vermont. When the sale is complete some 21,000 homes, farms, offices and businesses, from the Northeast Kingdom to the Champlain Islands, will join the ranks of co-op members. Washington Electric's sister cooperative will take over Citizens' entire service territory, which is spread over an area that includes parts of 43 northern Vermont towns. Presently Vermont Electric Cooperative (VEC) serves about 16,350 members, who live in parts of 60 Vermont towns and three northern Massachusetts towns.

VEC's membership will more than double with the acquisition of Citizens' territory.

"With 37,000 member/customers we will be the third largest utility in Vermont," said Robert Northrop, president of VEC's Board of Directors. "Counting Washington Electric Co-op's 9,000-plus members, we soon will be approaching 50,000 co-op utility members in the state of Vermont. One in seven utility customers in Vermont will be co-op members."

The growth and economic stability that this transaction signifies is especially gratifying for VEC because over the past six years the Johnson-based cooperative has survived both a bankruptcy and a buyout attempt.

In 1996 VEC filed for bankruptcy after defaulting on some \$100 million in federal loans stemming from investments it had made in Seabrook and two other nuclear plants in the 1980s. The co-op began recovering under new leadership, but in 1998 its federal lender, the Rural Utilities Service, announced that it would accept an offer from three municipal utilities to buy VEC's assets. The following year, however, the state Public Service Board (PSB) rejected the plan and Vermont Electric survived as a member-owned, democratically governed cooperative.

VEC's \$18 million purchase of Citizens Communications' Vermont Electric Division (VED) will be financed with low-



VEC President Robert Northrup and General Manager Kelly Enright.

interest bonds through the National Rural Utilities Cooperative Finance Corp. Citizens, a national company with interests in a variety of regulated industries, is withdrawing from electric service to concentrate on telecommunications.

#### **Services improved**

Technically, the purchase of VED is an acquisition, but both groups view the arrangement as the combining of two utilities to create a stronger, more costeffective and technologically up-to-date company. Of special importance to the

 Other Utilities
 Citizens Utilities

 Other Utilities
 Vermont Electric Co-op

 Washington Electric Co-op

37,000 consumers affected by the acquisition are rate stabilization and more reliable service. The contiguous nature of their service territories (see map) makes the new relationship particularly advantageous, especially in Orleans and Franklin counties.

Each company brings technologies to the union that will modernize services to the combined membership. VEC's line crews work from highly accurate GPS (Global Positioning System) maps; Citizens' 24-hour in-house dispatch center will in time be expanded to cover VEC. Further, Citizens' system is tied together by fiber optic data cables, which help a utility monitor its system remotely. If that technology can be extended into VEC's current territory "we would know where outages are before our members call them in," said VEC Operations Chief David Hallquist.

VEC General Manager Kelly Enright pointed out another important benefit to Co-op members: Citizens' direct tie to the statewide transmission system owned and operated by the Vermont Electric Power Company (VELCO). Like Washington Electric, VEC must rely on contracts with other utilities to bridge the gap between VELCO's transmission lines and the co-op's substations. Direct connections to VELCO will reduce transmission expenses and improve reliability.

The layout of VEC's service territory is unusual. While it is concentrated most heavily in north-central Vermont – in towns like Belivedere, Eden, Cambridge and Lowell – it also includes rural residents in Halifax, Guilford, Whitingham and Readsboro in the extreme southern end of the state. This stems from VEC's purchase, in 1970, of the financially struggling Halifax Electric Cooperative.

When the new transaction is complete, VEC will serve population centers like Newport and Derby Line, as well as extremely rural, sparsely populated towns like Lewis, Averill and Ferdinand, and Warren Gore.

VEC must secure permission from the Vermont Public Service Board (PSB) to acquire Citizens' distribution assets, and Citizens must gain PSB approval to quit service to its customers.

#### Jobs retained

Discussions of how best to unite the two electric systems and groups of

employees have begun. It will be a big project, requiring the integration of electric service and maintenance, finances, line

#### The contiguous nature of their service territories makes the new relationship particularly advantageous, especially in Orleans and Franklin counties.

clearing, engineering, billing and all the other activities of an electric utility.

No employees will lose their jobs, VEC President Northrop explained, although a workforce reduction will occur as employees retire or voluntarily leave. Also in the works are plans to devise a new structure for the Co-op's Board of Directors to represent all 37,000 members. Unlike Washington Electric Coop, where board members serve at-large, VEC members elect directors on the basis of geographic and numerical constituencies.

VEC Manager Kelly Enright first raised the idea of purchasing Citizens' electric assets just two months after she was hired in 1997, when VEC was still in bankruptcy and the concept seemed a stretch for the struggling Co-op.

"We began to look at the two systems together, and saw the strengths on both sides," she said. "When you put those strengths together, it is a match made in heaven. We need to grow to assure more reliable service and stable rates for a bf their es the ularly hlly in unties. Bringing these two utilities together will accomplish this. We believe it is good for both systems and good for the state of

long time to come.

Vermont." VEC President Northrop praised Enright for her vision and perseverance in pursuing the plan. VEC was outbid in a previous attempt to acquire Citizens' assets, but when that deal fell through she resumed her efforts on the part of the Co-op.

"In the five-and-a-half years that Kelly Enright has been the Co-op's manager, she has brought a contagious kind of enthusiasm, dedication and expertise to her job," said Northrop, who hailed the deal as "one of the most important days in our 65-year history. I also believe that it is an historic day for the 21,000 (Citizens) customers who will be able to participate as owners in an enlarged, democraticallyrun cooperative utility."

The acquisition eased the minds of Citizens employees, according to manager Gary Kellogg.

"It's always difficult when your company is up for sale. Employees wonder what's going to happen to them and to their jobs. The Northeast Kingdom has a fairly high unemployment rate, which has been a real concern. So people here are excited. We are all going to be employed and it's by a Vermont company. Our employees feel they are needed and that these good, viable jobs will be there for them."

The addition of Citizens' service area to the state's co-op territory won praise from Barry Bernstein, president of Washington Electric Cooperative.

"I congratulate you on your efforts," Bernstein said. "It took a lot of

## Manager's Report

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right to a return, but when greed takes over, we will all pay unnecessarily for that.

#### **Keeping on**

One of these days or months the public will officially be told what caused the August 14 outage. I will guess now that it had more to do with human error, design, planning, controls and monitoring, than it did with how big the "highway" is. It will be hard for most people to understand the faraway and highly technical problems on the mysterious "grid" that caused their lights to go out.

Meanwhile, it should be obvious to anyone at the center of Hurricane Isabel

perseverance to see this through and we hope you are successful. This is an agreement that will be good for all co-op members in the state."

Those ranks will swell quite soon. Said VEC Manager Enright, "We anticipate closing by December 31, and (Citizens' customers) will become co-op members on day one."

Adapted from an article by Nancy Crowe in Co-op Life, Vermont Electric Cooperative's membership publication.

why their lights went out.

And on the back roads of our Co-op's territory, when a windstorm knocks a tree down, when someone drives off the road and crashes into a pole, when a large bird makes contact with high-voltage equipment, most WEC members understand that these things will happen. We keep working on our system to lessen the likelihood, or the duration, of outages. And when they do occur, your Co-op's employees are out there doing whatever it takes to get the lights back on.

It's a big job, at WEC locally or out there on the big grid. First and foremost, it's a job that should always be undertaken with the consumers' and the public's interest in mind.



#### **Community Meetings** continued from page 1

for the next 30 years. Because methane, produced naturally at landfills, is a greenhouse gas, using it to generate electricity rather than flaring it (as otherwise required by law) is environmentally advantageous and contributes to WEC's goal of adding more power from renewable resources.

"The Coventry project needs to be approved by the membership," said Director Roger Fox, "so we want to find out early on whether there are likely to be significant concerns. So far, the reading is that people are comfortable with it."

#### Moretown

At the Moretown gathering a member asked whether the \$6.34 million project would necessitate a rate increase.

"We were able to say that we had just prepared an Integrated Resource Plan (IRP), which is required periodically by the Public Service Board," said Powell. "An IRP looks at a utility's future power supply and costs. The process confirmed that the Coventry project is consistent with the Public Service Board's principle of least-cost planning."

Engineering & Operations Director Weston attended the Moretown meeting with a little trepidation. WEC members in the Mad River Valley towns have experienced more than their share of power interruptions lately, most of them brief and most of them attributable to faulty "cutouts" (a fuse-and-housing assembly) that failed in record numbers because of the unusually wet weather this summer. For some reason, the valley towns have been affected more than most areas lately.

These problems were compounded by a two-hour outage on August 24 (9:30 a.m.-11:35 a.m.) due to a downed Green Mountain Power transmission line which supplies WEC's Moretown substation. More than 1,000 Co-op members dependent on the Moretown substation lost their electricity.

"It's easy for people to assume the problem is with the Co-op rather than with our supplier," admitted Weston, "especially since we're already having a lot of problems there due to the cutouts."

To his surprise, no one raised the subject during the meeting.

"One person spoke with me privately afterward who was concerned about the number of outages on the Moretown Commons," Weston said. "She was very polite but she felt strongly that we're having too much difficulty this summer. She's right. I arranged to meet with her and show her where the problems are and what we're trying to do about it."

WEC Director Roger Fox said members who spoke to him had read about the failing cutouts in *Co-op Currents.* 

"It's frustrating for them," said Fox. "On the other hand, it's encouraging that they

# **WEC Introduces Itself To Coventry**

o-op leaders recently held community meetings for members in the Corinth and Moretown areas to discuss WEC's newly announced trash-to-energy project, but they had another important stop to make. That was Coventry, Vermont, the small town (population 1,014 in Year 2000 census) in Orleans County that hosts the state's largest landfill.

On Monday, September 15, WEC President Barry Bernstein, General Manager Avram Patt and Operations Director Dan Weston visited the Coventry Town Hall for a warned meeting of the select board. Also representing the project were Larry Lackey and Ted Reeves, executives with Casella Waste Systems Inc., which owns and operates the landfill, and landfill manager Len Wing. Casella is in the process of procuring permits to expand the lined landfill; expansion will increase the resources that produce methane gas. WEC will build an electricgeneration station beside one of the vast, grass-covered



had gotten the information we've put out. We all wish that it wasn't happening."

Conversation covered more than outages and the Coventry project.

"We encouraged people to speak up if they had reservations or opinions about wind power," said Fox. "As an electric utility responsible for providing power to our members, we have a significant interest in defining our alternatives, and we have a \$1 million federal grant (received through U.S. Rep. Bernard Sanders in 2001) for developing a wind generation facility. Recently there has been public concern about the aesthetic impact of wind-power generators."

Fox didn't hear such reservations from the Moretown crowd.

"To the extent that people had opinions about wind power, they generally seemed supportive."

#### Corinth

WEC Board member Bud Haas was encouraged by the large and diverse turnout for the community meeting in Corinth. At that meeting alone there were about a third of the number of people who usually attend the Co-op's annual meeting in May.

"There were folks there that you'd consider old-time, traditional Vermonters, other people that you might think of as progressives, people of different ages," said Haas. "I was very happy how it turned out. It was the right-sized crowd for that kind of meeting.

"Avram gave an excellent presentation of the Coventry project, and there were some good questions from the audience. The report was received in a very positive way."

Co-op member Virginia Barlow of Corinth – co-publisher of *Northern Woodlands* magazine – challenged WEC about predicating its fuel supply for electric generation on an arguably wasteful waste-disposal system.

"I thought that the Co-op should put some effort into reducing solid waste as an indication that even though we were getting power from solid waste it didn't mean we're endorsing the waste stream," Barlow said later. "The Co-op has been dedicated to reducing energy consumption; this would be philosoph-

hills of buried trash.

WEC and Casella were there to explain the project to local leaders and citizens. Besides the select board, the meeting attracted other town officials, a representative of the Northern Vermont Development Association, State Sen. James Greenwood, State Rep. David Bolduc, and three reporters.

"Our presentation focused more on what the project would be like locally, for them, and less on why this was a good deal for WEC, although we did talk about that," said Patt. "The meeting went very well and we are not sensing any opposition or significant issues."

Patt said that local officials and residents probably would be more concerned about the electric lines and right-of-way that will carry the methane-produced power to a nearby VELCO substation – where it will feed into Vermont's statewide transmission system – than about the proposed generation station at the landfill. However, it will

be a plain-looking, single-pole line, and as long as local leaders and citizens are kept informed WEC is not anticipating opposition.

"One thing I've learned," Patt said, "is that Coventry generally has a good relationship with the landfill. In addition to the landfill being professionally operated, the tipping fees from the landfill are a very significant source of revenue and help keep property taxes there low."

Washington Electric will pay local taxes on Co-op property and equipment, including the generation facility and the poles and wires transporting power to the VELCO substation.

An independent trash hauler dumps his load at Casella Waste Systems' Coventry landfill.

ically along the same lines."

Barlow's concerns struck a chord with Haas.

"I asked the same questions early on in the project," he said. "I became convinced that since the trash is there we might as well make electricity out of it, but I think it would be a good idea for the Coop to formally encourage recycling and composting. What makes methane gas at the landfill? It's not cans and bottles and plastics. It's organic materials. There's no excuse for anybody in Washington Electric Cooperative's rural service area not to have a compost heap."

The Co-op directors and administrators who engaged in the Moretown and Corinth community meetings went home convinced they were a productive way to bring the Co-op and its members together, in informal settings, and discuss issues important to the utility and the rural people it serves. There has been talk of organizing another meeting, somewhere, before snow flies. Watch *Co-op Currents*, and the "bulletin" section of your electric bills, to learn when and where that might happen.