Part Meeting, Part Festival
Come Celebrate and Learn At WEC’s 75th Annual Meeting

Washington Electric Cooperative has reached the 75-year milestone. A not-for-profit utility, owned in common by all of its customers and organized strictly to serve their needs rather than prospering from the sale of electricity, was a business model that many Americans doubted and distrusted in those days (the 1930s) when the world seemed starkly divided between capitalism and communism.

But it worked. Cheered on by their governor, George Aiken, rural people in central Vermont joined up, because it was clear that that was the only way they were going to get electricity. WEC started with a mere 150 connections in 1939, but members worked tirelessly to expand it to other electricity-deprived parts of the countryside, electing their leaders democratically from among their own ranks.

It’s a history worth celebrating. And celebrate it we will. But not in a meeting hall this year, and not on a weekend when working families often are unable to attend.

“We’re having our Annual Meeting on a Saturday morning, May 10,” General Manager Patty Richards announced. “We want to make this convenient and appealing, and hopefully attract a wide spectrum of our membership. We’ll start with breakfast, which is a new twist, and offer a variety of fun and interesting attractions, while still getting our business meeting completed by noon so that everyone will have the rest of the spring weekend ahead of them to enjoy.”

The site is different, too: WEC’s service center on Fassett Road, off Route 14 between Barre and East Montpelier, where the trucks and off-road vehicles are housed and maintained and the Co-op’s equipment is stored and prepared for use.

“We wanted to invite people to see their Co-op,” said Richards. “Simple as that. We’ll have bucket-truck rides, and we’ll pray for good weather (but put up a tent, just in case).”

For fun, there will be a bouncy house and a petting zoo. For interest and education, displays on solar water-heating from Sunward; the latest in energy-saving devices and guidance from Efficiency Vermont. The past will be represented by early photos depicting WEC’s rich history, and the future by an electric car. WEC’s “EnergyCoach” (Bill Powell) will help people learn about Smart Hub — an online way for them to monitor and control their use of electric power and time will be set aside to honor the Co-op’s founders, with certificates of appreciation presented to their descendants who still live among us.

“Rather than a guest speaker, we’ll have a panel discussion about the role of local agriculture and innovative small businesses in central Vermont’s economy,” said Richards. “There’s great stuff going on here; it’s part of who we are, and who we always have been. We’d like to explore it all.”

The moderator will be Will Mikell, from the UVM Extension Service (and WCAX’s “Across the Fence”). Participants will include Mateo Kehler of Jasper Hill Farm, Janet Steward of Greenfield Highland Beef, Amy Levine of the Cabot Cheese Cooperative, and Ellen Kehler of the Vermont Sustainable Jobs Fund.

The business meeting — always a lively and participatory discussion between Co-op members and their leadership — is scheduled from 10:45 to 11:30. Before wrapping up, the results of the election for Board members will be announced.

Washington Electric Cooperative’s 75th Annual Membership Meeting will be a great way to keep the vision of the founders alive — rural Vermonters looking after their common interests, in a spirit of innovation and community. An excellent way to spend a Saturday morning. 🌸
WEC’s Legacy of Overcoming Challenges

From Bringing Power to Rural Vermonters to Negotiating Net Metering and AMI, Your Co-op Has Kept It All for 75 Years

By Barry Bernstein

A s I am finish ing my message, spring has finally arrived, giving us all a sigh of relief as temperatures rise into the 40s and 50s. We still know it is early in the month, but the sight of patches of brown earth looks beautiful to our eyes and the sap is running strong.

2013 marked an unusual weather year, which may prove to become the norm, extending into the end of first quarter of 2014. WEC members experienced five major storms in 2013, the most in one year that can be remembered. (We were fortunate that none left as severe an impact as a couple that hit our sister co-op, Vermont Electric Cooperative, and Gaz Metro (GMP).) How many times in an early April did we find ourselves saying we had had enough cold weather, snow, ice, and winds? At the end of May, I drove along the County Road. There was a blaze of light. There was music everywhere – cows listening to records, housewives to radios. I stopped, found one friend happily running a new vacuum cleaner over an already immaculate rug. I hurried on to my own dark house and turned on the lights. I drove along the County Road. In houses, dark last year or with lamps dimly burning, every window was a blaze of light. There was music everywhere – cows listening to records, housewives to radios. I stopped, found one friend happily running a new vacuum cleaner over an already immaculate rug. I hurried on to my own dark house and turned on the lights. The miracle had come.

Well, even more reason for our members to come together on Saturday, May 10, to join in celebration of our Co-op’s 75 years of history! I extend an invitation to all our former Board directors and employees, along with our members and their families, to come, enjoy, and honor the Co-op’s extraordinary efforts over all those years, first to bring the lights to our members and then to keep the lights on.

It was on December 2, 1939, that Governor George Aiken “flipped the switch” to start the two 128-kilowatt diesel generators that would provide electricity to 150 farms for the first time. WEC was officially incorporated on July 29, 1939, by four people – two of whom were women. Starting a rural co-op wasn’t easy; the stringing of the first poles and wires was often done by the members themselves, and there was significant pressure from Green Mountain Power to keep the movement from gaining momentum. However, WEC is now almost 11,000 member households, farms, schools, and commercial businesses strong, part of nearly 1,000 electric co-op utilities nationwide. And that’s another great reason to come to the Annual Meeting celebration this year.

From a WEC owner/member’s diary: My diary for October 7th 1939 reads: “Autumn color splendid. Electricity booming. Stakes set where poles will be.” On October 12th, the first pole was set on the McKnight farm in East Montpelier. I remember it, well braced, standing black against a cold sky with bright leaves whirling in the wind and a man from Washington saying: “You folks don’t know what you’ve started. I wouldn’t be surprised if you had a thousand members some day.” The first hundred looked at each other in disbelief. No one imagined there would be more than three thousand in 1964.

On a May night in 1940, for the first time since the lights were turned on, I drove along the County Road. It’s amazing to think that it has been 75 years since bringing the lights to our members.

75th Anniversary

Our 75th WEC Annual Meeting will be held on Saturday, May 10, 2014, at the Washington Electric Service Center just off of Route 14 S, between East Montpelier and Barre. There is much to celebrate: three quarters of a century of our Co-op providing electric service to thousands and thousands of members in the 41 towns we serve, and our employees and Board members who have dedicated themselves over those 75 years to assuring that our Co-op electricity could reach rural areas in Washington, Orange, Caledonia, and Orleans counties.

We chose a Saturday to mark this occasion, and a program with a lot of fun and interesting attractions to appeal to a wide spectrum of our members, and their families, too. It all begins at 9 a.m. for breakfast, and continues until noon, with the official business meeting scheduled for 10:45 a.m.

2013 Changing Of The Leadership

Our longtime General Manager, Avram Patt, retired at the end of June, after nearly 17 years at the helm of our Co-op and having previously served 12 years on the WEC Board of Directors. Working with the Board and staff, Avram helped guide WEC to the enviable position of a 100-percent renewable energy portfolio, including the building of our Coventry landfill gas-to-electric plant, and provided leadership on energy issues within the state and nationally.

We are fortunate to have found an excellent replacement for Avram. General Manager Patty Richards, who has been at the helm for almost a year, came to us with more than 20 years of experience in public power in Vermont and power on power issues. She stepped into a very busy 2013 – completing and submitting our Integrated Resource Plan (IRP) to the Vermont Public Service Board (PSB), participating in changes to the net metering law at the Legislature, and dealing with a number of major storm events and extremely cold weather, among other significant issues.

Vermont Yankee Announces Retirement

Entergy Inc. announced that it will shut down Vermont Yankee nuclear plant in Vermont at the end of 2014. Its operating license expired at the end of 2012 but Entergy continued running the plant past that date, leading to legal challenges and efforts in the Legislature, supported by WEC to terminate the plant’s operations. Now that its closure has been announced, after 42 years of operation, the discussion shifts to how long it will be before the plant is fully decommissioned. Unfortunately, high-level nuclear waste will be kept on site for many future decades.

Net Metering

Changes in Vermont’s net metering law were signed by Governor Shumlin on April 1. (A wonderful coincidence: the signing took place at the McKnight Farm in East Montpelier, where the first WEC pole was set in 1939!) The changes include raising the cap on power from net metering installations that each utility must take from 4 percent to 15 percent of that utility’s peak load.

The reforms also allow WEC to design our own net metering program, in recognition of your Co-op’s unique record of having reached 10 percent of our peak provided by net metered installations (usually solar) and our power portfolio being at least 90-percent renewable. WEC will file its new net metering tariff with the PSB

continued on page 8
Manager's Report

WEC’s Service Quality and Reliability Results for 2013

Plus: A Dual Accomplishment – Clean and Affordable Power

In addition to a clean power mix, WEC’s power costs are among the lowest in the state and region. That is an impressive accomplishment -- being committed to clean sources of power while keeping those costs low.

WEC’s 2013 Report Card - Service Quality and Reliability Results

Each year WEC must report how it did in terms of service and reliability to its members; something akin to a report card. WEC, like all Vermont utilities, is required by the Vermont Public Service Board to report its performance through what is known as a “Service Quality and Reliability Monitoring and Reporting Plan” (SQRP). The SQRP measures the quality of our service to members and our reliability in 12 separate categories. Also, we are required to report our performance to Co-op members each year at this time. There are measurements or targets established by regulators for each category, and WEC is assessed on its performance in each area. This allows WEC to measure service, track trends, focus decision making, provide public accountability, and compare our performance with other utilities.

WEC usually does well in meeting the targets, and we did again in 2013. We missed one of the outage targets (#11) by a fraction, but we met all the other measurements in 2013. Our system reliability and outage response time continues to improve. Please note that outage and reliability measures are affected by factors outside of our control; namely, weather. In all other areas, we either improved or maintained our performance compared to past years.

1. Calls not answered within 20 seconds. Our requirement is that no more than 15 percent of WEC’s incoming calls take more than 20 seconds to answer. Our Member Services Representatives answered approximately 20,600 calls last year, and 9.5 percent of those took longer than 20 seconds to answer.

2. Bills not rendered in seven days. Our target is that no more than 0.10 percent of bills (one in 1,000) be issued more than seven days after they were supposed to be. No bills were issued late in 2013.

3. Bills found inaccurate. No more than 0.10 percent of all bills sent should be found inaccurate. We met this target, with only 0.03 percent inaccurate bills.

4. Payment posting complaints. Our target was that no more than 0.05 percent of members (one in 2,000) have complaints about payments not promptly and accurately posted to their accounts. There were nine complaints last year which translates to 0.01 percent — well below the requirement.

5. Meter readings per month. Although there are situations where a meter can’t be read and we have to issue an estimated bill, this should be kept to a minimum of no more than 5 percent of bills (five in 100). There were 116 estimated reads last year, or 0.10 percent which is well below the requirement.

6. Requested work not completed on time. When we extend lines to new homes or perform work requested by members, we want to complete the work in a timely manner and according to the member’s timeline. Although schedules for a project may change, our engineering staff and line crews stay in touch with the member to complete the project in a timely manner. Our goal was that no more than 5 percent of requested jobs be completed later than expected. In 2013, as in past years, all jobs were on time (we had one project late).

7. Average delay days after missed delivery date. Not applicable. If we had missed our timeline estimates in #6 above, we would have needed to report how long these delays actually were.

8. Customer satisfaction. WEC’s SQRP requires us to conduct a professional survey every five years that contains customer-satisfaction questions. We conducted a survey in late 2010 and got generally high marks. We reported the results in the July 2011 issue of Co-op Currents, which is available on our website.

9. Complaints to DPS/Consumer Affairs. Vermonters with complaints about their utility can report their concerns to the Consumer Affairs Division of the Department of Public Service (DPS). The Department then contacts the utility to get more information about the matter. In most cases, the issue is resolved by discussion, or the Department determines that there is no basis for the complaint. However, when the Department determines that a utility has not done something right and requires that it be corrected, this is recorded as an “escalation.” WEC’s SQRP requires that the number of escalations not exceed 0.07 percent of our membership (or about seven per year). In 2013, no escalations were reported.

10. Worker Safety Performance. We care greatly about the safety of all our employees, both for their own well-being and as an indicator of how safely we operate as a utility. As members may know, the work many of our employees do is of high risk and it is strenuous. Our target is that we have no more than six incidents that result in lost work time and that there be no more than 39 days of lost work among all employees in a year. In 2013, we had no incidents and therefore we had zero lost days. Therefore, we met the worker safety performance measurements.

11. Outage incidents. The System Average Interruption Frequency Index (SAIFI) measures the average number of outage incidents that occurred per member. Our target was no more than an average of 3.8 outages per member. We averaged 3.9 last year which caused us to just miss this statistic.

12. Outage duration. The “Customer Average Interruption Duration Index” (CAIDI) measures the average time it took to restore power when there was an outage. Our target was no more than 2.7 hours average duration. In 2013, our average interruption rate was 2.1 hours. Therefore, WEC met this statistic.

Advanced Metering Infrastructure (“AMI” or “Smart Meters”) Our AMI infrastructure and systems are up and running with new meters and equipment installed, house by house and substation by substation. In addition, the new equipment has been integrated with our billing, monitoring, and outage-management systems. We are using this new equipment to improve service and reliability to you, and to reduce our outage response time. We are now generating monthly bills using the new meter-reading systems. The AMI system is helping us to locate and respond to outages faster and increase our speed to restore power. Members can also make use of and access their own daily usage data through a secure web-based system we refer to as Smart Hub. With Smart Hub, daily electricity usage is available to members. Using your private, personal Smart Hub internet connection, you can see your power-usage patterns which will help you take action toward lowering your electric bill. If you need help getting started with Smart Hub, please call our Member Services staff and they will be happy to walk you through the steps to set it up.

Where We Get Our Power From Our sources of power for 2013 are reported annually and are shown as part of Treasurer Don Douglas’ report on page 6. Washington Electric Co-op’s elected Board of Directors has consistently supported renewable sources of power and a move toward low-carbon, clean, low-carbon energy sources.

WEC has often taken an active role in the statewide debate and we continue to move ahead with the promotion of renewable power to serve our members. In addition to a clean power mix, WEC’s power costs are one of the lowest in the state and region. Normally power-supply costs are between 50 percent and 75 percent of a utility’s total costs, but for WEC power is only a third of its costs. That is an impressive accomplishment -- to be committed to clean sources of power while doing it with care to our members and keeping those costs low.

In 2013, our generating facility in Coventry, which is fueled by landfill gas, provided 54 percent of WEC’s power. Hydro Quebec and New York Power Authority, both hydro sources, provided 19 percent and 10 percent, respectively. The Sheffield Wind project provided 9 percent of WEC’s energy, followed by contributions from WEC’s own Wrightsville hydro facility which provided 3 percent. The Ryegate power plant, which uses wood, and small independently owned power sources provided an additional 4 percent of WEC’s mix.

As with our own landfill gas plant in Coventry, the Co-op is presently selling the Renewable Energy Certificates associated with Sheffield’s generation.

Integrated Resource Plan Every three years, by order of the Vermont Public Service Board, WEC must complete a study that presents its outlook for the future relative to how it will serve its members’ energy needs in a safe, reliable, environmentally sensitive, and cost-effective way. The IRP process evaluates all aspects of a company’s present and projected energy needs and determines how, among the power-supply resources and options available, the company will meet and serve those needs. We completed the study and filed...
Position Statements of the 2014 Candidates for the Co-op Board of Directors

Candidate Profiles

Our candidates are seeking election to Washington Electric Cooperative’s Board of Directors in 2014. The Board of Directors makes leadership and policy decisions for the customer-owned, nonprofit electric utility, and works directly with senior staff.

Three seats are available on the nine-member board this year. All seats are for three-year terms. The 2014 candidates are Donald Douglas, Stephen Knowlton, David Magida, and Marion Milne. Douglas, Magida, and Milne are incumbent directors, whose seats are expiring this year, while Knowlton is running for the WEC Board for the first time. The WEC Committee on Candidates has verified that all the candidates have met the requirements of the election process as set out in the Cooperative’s bylaws, submitting timely petitions with the requisite number of member-signatures.

In ballots cast at the Annual Meeting on Saturday, May 10, and in mailed ballots returned to the Co-op by a deadline prior to the Annual Meeting (check your election materials for additional balloting and deadline information), members who can vote for any three of the candidates who appear on these pages. Ballots will also provide space for voters to write in the names of alternative candidates. People must be Co-op members to serve on the board.

To help inform members about the qualifications, backgrounds, and interests of the candidates, each candidate was asked to respond in writing to the following questions and requests developed by the Board of Directors.

The Questions

1. Please introduce yourself.
   • Where do you live and how long have you lived there?
2. Please briefly describe your background – for example, your education, occupation and/or other experiences that you would like members to know about.
3. Why are you seeking a position on the Co-op Board? Why would you make a good director?
4. What do you think are the most important issues that the Cooperative must face in the next few years? What should WEC do about those issues?
5. Is there anything else you would like to tell the members?

Report of the 2014 Committee On Candidates

The 2014 Committee on Candidates convened a teleconference on Tuesday, March 18, at 7:00 p.m. to review the petitions and qualifications of those members who have submitted their names as candidates for the Board of Directors. There are three (3) positions to be filled. Four (4) members of the Washington Electric Cooperative, Inc. submitted their names as candidates for the three (3) Board positions to be filled. The Committee on Candidates hereby affirms:

• that each candidate submitted a valid petition in accordance with Article III, Section 3A of the Bylaws;
• that each has signed a statement of affirmation indicating that they:
  1. have been a member of the Co-op in good standing for at least six months;
  2. are residents of Vermont;
  3. are not employees of the Cooperative;
  4. do not have a conflict of interest as defined in Article III, Section 2 of the Bylaws; and
  5. have received and understand the responsibilities and time commitments required of a director.

Therefore, the Committee determines all of the candidates to be qualified for the position of director in accordance with the Cooperative's Bylaws, and hereby presents the following official listing of candidates for the Washington Electric Cooperative 2014 election of Directors:

Donald Douglas
Stephen Knowlton
David Magida
Marion Milne

2014 Committee on Candidates:
Dale Bartlett
Carol Brown
Ralph Fried
John (Jack) Hoffman
Carla Payne
Polly Snyder
Carolyn Wells
*Did not participate in the conference call.

Report of the 2014 Committee On Candidates

Donald Douglas
1. I Live in East Orange at 21 Douglas Road. I bought this house in 1980 but have been a Co-op member since 1978. I can be reached at home at 439-5364, or via e-mail at donndoug@gmail.com. (Please note that my e-mail address is missing the s from my last name.) I am always happy to talk about energy issues in general or specific issues about our Co-op.

2. I grew up in East Tennessee but my family relocated to Indiana in my senior year of high school, so I can also claim to be a Hoosier. I went to college in St. Louis, Missouri, and then graduate school at the University of Texas at Austin. I traveled extensively in South America and moved to Vershire, Vermont, from Cochabamba, Bolivia. I have been delivering mail since 1979. My 90-mile route serves mostly Co-op members, which gives me the opportunity to answer members' questions and listen to their concerns. I have served on the Board since 1999 and have been Treasurer of the Board since 2000.

3. I am seeking another term because I enjoy the challenge of helping to chart the course for the future of our Cooperative. I have the time and interest necessary to serve on the Co-op board.

4. We were able to avoid rate increases for a decade at the Co-op, until our increase took effect in 2011. We face the same economic conditions the Co-op has always faced: We serve a very rural territory with few members per mile of line, and we sell almost entirely to residential members. Our revenue per mile of line served is the lowest in the state of Vermont and among the lowest in the country. We have a stable source of power at a reasonable price from our Coventry gas-to-energy plant, but we need to continue to find ways to deliver service of the highest quality at the lowest price possible, in order to control our rates. Smart meters and other technology can help us control some of our costs. We continue to believe that wise use of energy is the best path for our members and for the Co-op.

Stephen Knowlton
1. I live in the White Pine Co-housing community in East Montpelier. I have lived there since 2012, and I have been a member of Washington Electric Cooperative since 2001. Members may contact me by mail at 160 White Rock Dr. #2, Montpelier, VT 05602, by e-mail at knowl@auburn.edu, or by phone at 223-2230.

2. Raised as an armbrat, I have lived in different places around the country and world. I graduated from Middlebury College, and received a PhD in physics from MIT in 1984. I have spent my working life as a researcher in the science of alternative energy, both domestically and abroad, and a physics professor. I recently retired from Auburn University, where I taught full-time at all levels, from introductory physics to graduate courses. Furthermore, I led a federally supported experimental fusion energy research laboratory composed of students, post-docs, technicians, and staff scientists. Presently, I am working with a student in U-32's Branching Out program, and occasionally assist at a local small hydro plant.

As a faculty member, I served on and chaired many committees involving research, hiring, campus life, and faculty governance. I have been active in scientific outreach activities, including the annual Science Olympiad and local science fairs and open houses. In my professional service, I served on numerous scientific program reviews and advisory panels at the request of the U.S. Department of Energy. For eight years, I played a leadership role in the University Fusion Association in which I frequently visited U.S. Congressional offices, subcommittees, and Executive branch agencies to inform them on the nature of the research and scientific priorities of federally supported fusion energy research. [As a disclaimer, let me state that if elected to the board, I would not advocate fusion energy to be a part of WEC's portfolio unless I prove to be exceptionally long-lived] I am currently completing my three-year term on the Executive Committee of the American Physical Society, Division of Plasma Physics.

3. I am not an inveterate joiner of organizations, and I do not seek to join the WEC Board as just one of a number of possible means of serving
my community. I am interested in the concrete issues of energy production and consumption and how they change in our changing times. I am drawn to volunteer my service and support to an organization that is doing such a great job as a cooperative rural utility. I am also very interested with its portfolio of renewable energy sources and its long-term efforts that have enabled WEC to achieve this while keeping its rates reasonable. If elected to the Board of WEC, I would endeavor to maintain this momentum through our changing times.

I feel the utility is best served by having a Board representing diverse skill sets. Even those of us who have not previously served on the board of a utility, what I would contribute to the Board is the questioning outlook of a scientific background, the familiarity with many aspects of high power electric distribution, and the ability to work well with others on professional committees. If elected, I am confident that I will be able to assist with the interlinked financial, social, political, and technological issues with the board and staff of WEC deal with.

4. The coming years will offer interesting challenges and opportunities for our cooperative. Vermont’s Comprehensive Energy Plan defines a policy for 80 percent renewable energy generation in the state within the next 36 years, which will clearly affect all Vermont utilities and their customers. President Bernstein’s statement in the March 2014 issue of Co-op Currents summarizes the discussions of net metering, so there is no need to repeat them here except to reiterate that the state’s Public Service Board will be very active in rethinking a sustainable net metering program over the next two years, and WEC must be too. I am a supporter of net metering; I also believe that the resulting rate structure should be equivalent for all WEC members, particularly since WEC’s power portfolio is already drawn from renewable sources. Since the Comprehensive Energy Plan is a state policy, the resolution of possible rate inequity should also be a statewide issue. The Comprehensive Plan and the state regulations that accompany it are likely to impact the cooperative’s strategic planning in many ways, and our utility must be active in working with the appropriate state agencies, keeping in mind that what is best for WEC and its members may not be the same as for other utilities.

The Coventry methane combustion plant has provided a major fraction of WEC’s power over the last decade. However, the phasing-in of Act 148 (Universal Recycling) will ultimately curtail electricity production by landfill gas under current regulations. Long-term planning for this eventually should be carried forward.

The most efficient use of energy is to not use it if you don’t have to. In that vein, I applaud WEC’s efforts to promote home weatherization, which conserves energy while improving comfort. I would like to see this program continued. The resulting reduction in electric usage nonetheless highlights a dilemma: Will reduced revenue lead to increased rates? The future of rates is an ongoing concern for WEC. I would hope to see WEC’s sales and revenues increase as usage of electricity expands in other sectors of energy consumption, e.g., transportation, as well as increased numbers of users. I believe the Board, with an eye to the state’s Comprehensive Energy Plan, can be proactive in anticipating the changing energy mix in the coming decades.

5. I have the time, energy, and relevant background to understand the utility business. Living as I do now in a cooperative residential community provides a useful context for service on a co-op board. I would take Board membership as a commitment to my fellow members to provide oversight of service, operations, and all other important issues to all members.

My last bit of personal information is that I unfortunately cannot attend this year’s annual WEC meeting because of my uncle’s 100th birthday celebration that weekend in Virginia! At least I will be attending the celebration with another WEC member, my cousin Lisa Locke of Waiters River, daughter of said uncle. I will miss being at the annual meeting, and plan to be at the next ones.

1. I have lived on the Center Road in Middlesex, and been an owner-member of WEC, since July 1986. My co-op membership is listed in Middlesex. I am completing my second term as a member of the WEC Board of Directors. I serve on both the Finance Committee and the Editorial Board. Members are welcomed to call me at 223-8672 or contact me by email at vtmagida@aol.com.

2. I graduated from Middlebury College in 1979 with a degree in Environmental Economics. My interest in energy systems and conservation started as an undergraduate. Since graduation, my professional life has focused on management of larger operations in higher education. I have been the Assistant Administrative Officer at Norwich University for the last 21 years. In this capacity, I am responsible for many of the support services. I am responsible for long-term planning of capital budgeting that total tens of millions of dollars a year.

3. I have been a member of the WEC Board of Directors for six years. I believe that my professional experiences that have proven to be most beneficial to WEC are in the areas of energy management/conservation, budget management, and in construction/renovation. Since 1979 I have been involved in energy management and conservation at large college and university campuses. These experiences include facility analysis, generation, procurement, transmission, end-use control, and regulatory compliance. The team at Norwich has made it the northern campus one of the most energy efficient campuses in the country. Our efforts include the installation of two electricity-generating systems, an ambitious conservation program, and a biomass plant that opened last October. In addition, I have been responsible for several dozen major construction and renovation projects that have totaled over $250 million in value. Every project has been brought in on time and on budget.

4. There are several important issues facing WEC. All of them have an impact on the cost paid by owners-members:

- Economy: the state of the local, regional, and national economy. WEC has, of course, had significant impacts on WEC. For example, the gyrations in the value of Renewable Energy Credits (RECs) sold as a result of our efforts at our Coventry plant, makes long-term planning difficult but more important. WEC Board must keep a close eye on state of the economy and monitor the impact that is having on WEC and its members. I see this as being particularly critical over the next three to five years.
- Power sources: The Coventry plant is a vital, long-term, base contract. However, it is critically important that WEC not be too reliant on any one source of power in order to ensure system-wide reliability. WEC has and should continue to evaluate opportunities similar to Coventry that provide environmentally sound, reliable, and cost-effective sources of electricity. While it is likely that we will always have to purchase some amount of power on the open market, we need to secure base sources of power that will protect WEC from the vagaries of the fossil fuel market.

We need to be realistic and understand that the long-term trend shows increasing electricity prices. We need to keep WEC’s increases, over the long term, as low as possible. Continued innovation is required to secure attractive power sources.

- Reliability: the dedicated WEC team has made terrific strides in improving the system reliability. New technologies and forthwith will provide means of enhancing system reliability. However, I am confident that WEC can work to keep its rates reasonable. If elected, I am confident that WEC can work to keep its rates reasonable. If elected, I am confident that WEC can work to keep its rates reasonable.

5. WEC is entering a very important time in its history. WEC is faced with an uncertain economy, a changing market for RECs, significant changes to regional electric rates and costs that are mostly set by the much larger external marketplace. However, I believe that WEC is well positioned to make long-term planning difficult but more important. WEC Board must keep a close eye on state of the economy and monitor the impact that is having on WEC and its members. I see this as being particularly critical over the next three to five years.

In conclusion, I would like to see WEC implement an aggressive demand-side management program. WEC has started to implement such a program and I look forward to seeing it used to its full capabilities.

Opportunities to Act: Like all organizations, WEC faces an increasing burden of operating costs for things such as health care, insurance, employee benefits, etc. I have had decades of experience helping organizations control these operating costs while not negatively impacting employees or operations. Controlling these costs will control rates charged by WEC.

Marion Milne

1. I live with my husband Donald in the Town of Washington. We have been...
2013 Revenues Remain Flat, But REC Sales Provide Needed Margins
Rate Increase Was Avoided Throughout the Year

By Don Douglas
Treasurer

In looking back at WEC’s financial situation for 2013, we were very happy to get through the year without needing to raise rates. We were able to maintain status quo for our rates, but financial pressures are building. Retail sales of electricity were relatively flat for the year despite colder temperatures which normally cause sales to rise. Unfortunately, expenses such as transmission and our power-supply costs continue to grow, while our sales revenues in 2013 remained flat compared to prior years. While we were able to absorb these added expenses, it may be a challenge to continue this trend.

Washington Electric Cooperative continued to have positive margins for 2013. (Margins are revenues WEC collects above expenses.) WEC reports margins in two categories: net and operating. Operating margins come from those revenues and expenses directly related to providing electricity to our members. Non-operating margins come from interest on investments and other items that are not directly attributed to keeping the lights on. It is important to note that while net margins increased $161,960 over 2012, most of the increase came from non-operating activities. Our operating margins actually decreased by $14,690 from 2012.

Operating Revenue
Washington Electric has grown to a nearly $16,000,000 company. We ended the year with $15,970,553 in total revenue. Most of the increase in operating revenue came from the sale of Renewable Energy Certificates (RECs). Of the $602,827 increase in revenues, $574,681 was REC sales. Retail sales revenue only contributed $21,378 to that increase.

Cost of Purchased Power and Operating Expenses
Our costs for Purchased Power and Operating Expenses continue to grow. In 2013, cost for Purchased Power increased $253,360 over 2012. Most of this increase was due to higher transmission fees. Having our own generation facilities in Coventry and Wrightsville helped WEC offset some of this cost by not needing to purchase power on the wholesale market. Coventry provided roughly 54 percent of WEC’s power supply for the year. Other Operating Expenses increased $441,487 over 2012. Part of this increase was a shift in where property taxes were accounted for in 2013. Please note that under the Fixed Expense section, Tax Expense – Property is zero for 2013. These are taxes associated with our generation facilities at both Wrightsville and Coventry and have been moved to the Cost of Generated Power line in section one for 2013. The remaining increase is due to increased costs to maintain system integrity as well as increased costs associated with the many large storms we experienced in 2013. Weather was a very big issue for all Vermont utilities. While we experienced increased costs due to these storms, we were much less affected by the weather than our sister cooperative, VEC, which had very significant damage. It is difficult to budget with the weather being such a potentially large and yet unknown expense each year.

Capital Credits
In 2013, WEC reported $1,055,253 in margins. These margins belong to the members and are returned to Co-op members through a system known as capital credits. Margins are allocated to members based upon their use of power in a given year. The Board of Directors has been returning capital credits to the members for more than 10 years. So far we have returned $4,213,420 to members, both current and former. In 2013, we returned $274,949. Of that amount, $75,000 was returned to current members. We have chosen to retire some credits to current members but most of the retirement of capital credits goes to paying down our obligations from earlier years. The Board of Directors reviews the financial situation each year and then decides how much can be retired.

WEC Community Fund
In 2003, WEC began what we call the WEC Community Fund. The money for this fund does not come from our member revenues. It is voluntarily donated from members through the use of their capital credit distribution. Last year 1,238 of our current and former members donated their capital credits. This fund is used to provide donations and respond to funding requests from small nonprofits that are providing valuable community services in the towns we serve. Last year 53 different organizations received donations from WEC.

Please contact a Washington Electric member services representative if you are interested in contributing to this fund. Many members opt to donate their capital credits on an ongoing basis (meaning they donate capital credits until they inform WEC they would like to stop). You can also choose to do a one-time donation.

On behalf of the Board of Directors, I want to thank the entire Finance Department for their attention to detail and hard work this past year. Copies of our audit are available at the Coop.

Manager’s Report
continued from page 3

with the Public Service Board in early December, and welcome input from members to review this important planning document. The IRP addresses power-supply decisions, plans for infrastructure improvements, and other programs to improve electric service to you. You can read the report by going to WEC’s website.

Net Metering
WEC worked very hard in the past several months to come up with changes to the program design that would allow us to continue offering net metering to our members while minimizing its potential impacts upon non-net metered members. WEC has far exceeded the current statutory cap requiring utilities to accept net metering systems until they reach 4 percent of the company’s peak demand (WEC is the only utility in Vermont to be at 10 percent of its peak). While WEC does not currently have a need for new sources of power (our power-supply mix is already diversified, and filled with renewable sources of power), we seek to continue offering net metering to members who want to pursue this popular program. We wish to do this in a way that is fair to all members. We worked with lawmakers to change the net metering law so that WEC can roll out a new program design in the near future. Creating a fair and equitable program is an important goal that WEC will strive to achieve. With the law in effect, WEC will file its new design with regulators for approval. We hope that this effort will move swiftly and efficiently through the review process so we can move ahead with net metering.

Please contact me if you have any questions about your Co-op.

To call the Co-op, dial: weekdays 7:30 a.m. – 5 p.m., 223-5245; toll-free for reporting outages & emergencies, 1-800-WEC-5245.
Notice

Members may vote at the Annual Meeting on May 10 or by ballots accompanying this issue of Co-op Currents. Mailed ballots must be received at the Barre Post Office no later than 3 p.m. on Friday, May 9. Members mailing their ballots from out of state are advised to mail them several days before the deadline to be sure that their ballots will qualify. Local members, too, are encouraged to allow a few days for postal delivery. Ballots hand delivered to WEC’s office will be treated as spoiled ballots. Anyone with questions about voting or deadlines can call Debbie Brown at the Co-op.

Balance Sheet

Assets and Other Debts

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual 12/31/12</th>
<th>Actual 12/31/13</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Plant</td>
<td>$70,025,431</td>
<td>$72,294,337</td>
<td>$2,268,906</td>
</tr>
<tr>
<td>Construction Work in Progress</td>
<td>1,072,809</td>
<td>394,739</td>
<td>(678,070)</td>
</tr>
<tr>
<td>Total Utility Plant</td>
<td>71,098,240</td>
<td>72,689,076</td>
<td>1,590,836</td>
</tr>
<tr>
<td>Net Utility Plant</td>
<td>$48,607,544</td>
<td>$49,038,180</td>
<td>$430,636</td>
</tr>
</tbody>
</table>

Other Property and Investment - At Cost

| Invest. in Assoc. Org. - Patronage Capital | 205,943 | 234,902 | 28,959 |
| Invest. in Assoc. Org. - Other | 454,531 | 451,708 | (2,823) |
| Other Investments | 5,206,633 | 5,625,333 | 419,700 |
| Total Other Property and Investments | $5,901,731 | $6,311,943 | $410,212 |

Current Assets

| Cash - General Funds | 711,228 | 448,463 | (262,765) |
| Temporary Investments | 0 | 0 | 0 |
| Notes Receivable - Net | 99 | 99 | 0 |
| Accounts Receivable - Net | 3,113,538 | 3,098,471 | (15,067) |
| Materials and Supplies | 265,649 | 273,770 | 8,121 |
| Prepayments | 100,648 | 155,666 | 55,018 |
| Total Current and Accrued Assets | 4,191,160 | 3,946,469 | (244,691) |
| Deferred Debts | 478,447 | 1,028,882 | 1,448,435 |
| Total Assets and Other Debts | $59,178,882 | $61,223,474 | $2,044,592 |

Number of Consumers

| 10,660 | 10,796 | 136 |
| KWh Sold | 68,992,272 | 69,489,322 | 491,120 |

Statement of Operations

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual 12/31/12</th>
<th>Actual 12/31/13</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$15,367,726</td>
<td>$15,970,553</td>
<td>$602,827</td>
</tr>
<tr>
<td>Cost of Purchased Power</td>
<td>3,713,419</td>
<td>3,966,779</td>
<td>$253,360</td>
</tr>
<tr>
<td>Cost of Generated Power - Wrightsville &amp; Coventry</td>
<td>1,527,930</td>
<td>1,796,866</td>
<td>$268,936</td>
</tr>
<tr>
<td>Cost of Purchased Power</td>
<td>3,713,419</td>
<td>3,966,779</td>
<td>$253,360</td>
</tr>
<tr>
<td>Cost of Power</td>
<td>$15,014,792</td>
<td>$15,632,309</td>
<td>$617,517</td>
</tr>
<tr>
<td>Total Fixed Expenses</td>
<td>$4,007,644</td>
<td>$3,661,378</td>
<td>$(346,266)</td>
</tr>
<tr>
<td>Operating Margins</td>
<td>352,934</td>
<td>338,244</td>
<td>(14,690)</td>
</tr>
<tr>
<td>Operating Margins - Current Year</td>
<td>352,935</td>
<td>338,244</td>
<td>(14,691)</td>
</tr>
<tr>
<td>Operating Margins - Non-Operating</td>
<td>540,358</td>
<td>717,059</td>
<td>176,651</td>
</tr>
<tr>
<td>Other Margins and Equities</td>
<td>263,950</td>
<td>271,730</td>
<td>7,780</td>
</tr>
<tr>
<td>Total Margins and Equities</td>
<td>$119,823,126</td>
<td>$120,620,923</td>
<td>$797,797</td>
</tr>
</tbody>
</table>

Liabilities and Other Credits

| Membership | $120,080 | $124,020 | $3,960 |
| Patronage Capital Credits | 8,242,189 | 8,887,145 | 644,956 |
| Contributions-in-Aid-of-Construction | 10,303,634 | 10,288,772 | (14,862) |
| Operating Margins - Current Year | 352,935 | 338,244 | (14,691) |
| Non-Operating Margins | 540,358 | 717,059 | 176,651 |
| Total Long-Term Debt | 5,265,209 | 5,332,192 | $66,983 |
| Long-Term Debt - Other | 30,522,491 | 32,355,306 | 1,832,815 |
| Total Net Margins | $119,823,126 | $120,620,923 | $797,797 |

Other Property and Investment - At Cost

| Invest. in Assoc. Org. - Other | 454,531 | 451,708 | (2,823) |
| Other Investments | 5,206,633 | 5,625,333 | 419,700 |
| Total Other Property and Investments | $5,901,731 | $6,311,943 | $410,212 |

Current Liabilities

| Accounts Payable | 852,268 | 1,077,079 | 224,811 |
| Consumer Deposits | 215,696 | 204,007 | (11,689) |
| Other Current and Accrued Liabilities | 641,834 | 660,068 | 18,234 |
| Total Current and Accrued Liabilities | $2,262,928 | $2,325,004 | (62,076) |
| Deferred Credits | 157,619 | 155,357 | (2,262) |
| Total Liabilities and Other Credits | $59,178,882 | $61,223,474 | $2,044,592 |

Where the Dollars Went

<table>
<thead>
<tr>
<th>Item</th>
<th>2013 Sources and Costs of Power</th>
<th>2013 Energy Resource Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Maintenance</td>
<td>22.99%</td>
<td>34.54%</td>
</tr>
<tr>
<td>Other Margins and Equities</td>
<td>0.13%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>12.52%</td>
<td>34.54%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>8.42%</td>
<td>0.20%</td>
</tr>
<tr>
<td>Customer Accounting &amp; Education</td>
<td>5.01%</td>
<td>34.54%</td>
</tr>
</tbody>
</table>

2013 Sources and Costs of Power

<table>
<thead>
<tr>
<th>Item</th>
<th>2013 Sources and Costs of Power</th>
<th>2013 Energy Resource Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Margins</td>
<td>6.32%</td>
<td>Clouds: 0%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>8.42%</td>
<td>Wind: 0%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>12.52%</td>
<td>Solar: 0%</td>
</tr>
<tr>
<td>Customer Accounting &amp; Education</td>
<td>5.01%</td>
<td>17.32%</td>
</tr>
<tr>
<td>Total Margins and Equities</td>
<td>$119,823,126</td>
<td>$120,620,923</td>
</tr>
</tbody>
</table>

2013 Energy Resource Allocation

<table>
<thead>
<tr>
<th>Item</th>
<th>2013 Sources and Costs of Power</th>
<th>2013 Energy Resource Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Power Producers</td>
<td>1.88%</td>
<td>12.31¢/kwh</td>
</tr>
<tr>
<td>Ryegate: 2.07%</td>
<td>12.31¢/kwh</td>
<td></td>
</tr>
<tr>
<td>GMP (Jones Brook): 3.57¢/kwh</td>
<td>12.31¢/kwh</td>
<td></td>
</tr>
<tr>
<td>WEC Surplus Power</td>
<td>17.32%</td>
<td>7.12¢/kwh</td>
</tr>
<tr>
<td>Wrightsville: 3.33%</td>
<td>7.12¢/kwh</td>
<td></td>
</tr>
<tr>
<td>Coventry: 54.07%</td>
<td>7.12¢/kwh</td>
<td></td>
</tr>
<tr>
<td>Hydro-Quebec: 19.14%</td>
<td>7.12¢/kwh</td>
<td></td>
</tr>
</tbody>
</table>

Serving more than 10,800 member/owners in central Vermont. A rural electric cooperative since 1939.
To call the Co-op, dial: weekdays 7:30 a.m. – 5 p.m., 223-5245; toll-free for reporting outages & emergencies, 1-800-WEC-5245.

Right of Way (ROW): During the late 1970s and 1980s our Co-op spent very little money on Right of Way clearing along our distribution and transmission lines, due to very tight finances and double-digit rate increases. Beginning in the early 1990s, ROW clearing was increased gradually each year. WEC now spends close to $1 million annually on ROW maintenance, danger tree removal, and pole inspection/treatment programs with the objective of maintaining reliability. Significantly, WEC has stepped up its ROW re-cycling to every eight years for each section of our distribution lines and every seven years for our transmission lines, down from what was formerly a 15-year cycle.

Distribution/Transmission Upgrades: In the past 15 years, spanning four CWEs, WEC has totally rebuilt five of our eight substations and completely refurbished the equipment on the other three, providing each with a backup transformer. In addition, we have installed 4,000 protective line devices; replaced 100 percent of the AB Chance “cutouts” (the cause of significant outages for WEC) with more reliable porcelain ones; instituted mechanisms to reduce line losses; reconstructed 142 miles of old power lines, moving many of these sections from wooded areas (once farm fields) so they can be serviced more easily; and, most recently, installed 11,000 smart meters in place of outdated mechanical meters as part of the system-wide installation of our advanced metering infrastructure (AMI).

These are just some of the highlights of the work accomplished on your Co-op’s electric system to ensure greater reliability to decrease the duration of outages during storms. This work was done almost completely by our own Co-op crews. The Board also adopted a strict environmental policy which guides our construction work, taking into account and respecting old field vegetation (which guides our construction work), reconvened five of our eight substations and transmission facilities (so they can be serviced more easily); and, most recently, installed 142 miles of old power lines, moving many of these sections from wooded areas (once farm fields) so they can be serviced more easily.

Spearheaded by the PSB – with input from interested members.

For more information, please contact the Co-op at:

To call the Co-op, dial: weekdays 7:30 a.m. – 5 p.m. 223-5245; toll-free for reporting outages & emergencies, 1-800-WEC-5245.

Breakfast Reservation
WEC’s 75th Annual Meeting • May 10, 2014
To make your reservation, return this coupon no later than Thursday, May 1.

Scrambled Eggs • Bacon, Sausage, Ham • Roasted Baby Red Potatoes Waffles, Pancakes & French Toast • Assorted Juices, Milk, Tea & Coffee

Member Guest Child/Age

Name: ____________________________ (Please print clearly)

Name: ____________________________ (Please print clearly)

Name: ____________________________ (Please print clearly)

Map/Account # ____________________ Tele. # ________________________________ Amount enclosed: __________________


Make checks payable to WEC and return to P.O. Box 8, East Montpelier, VT 05651 by May 1.

(Do not return in ballot envelope.)

To the Co-op, dial: weekdays 7:30 a.m. – 5 p.m., 223-5245; toll-free for reporting outages & emergencies, 1-800-WEC-5245.