
The December Storm, and Beyond
2015 Annual Meeting Looks At
The World We’re Living In

May you live in interesting times.” The origin of that phrase is obscure. Some attribute it to the ancient Chinese, but claim that in its original version it was a curse, “interesting times” being a poor translation of symbols closer to “times of war and strife.” Others dispute that derivation. But by the time Robert F. Kennedy used the phrase in a 1966 speech in Cape Town, South Africa, it had taken on more positive connotations, which Kennedy enhanced by telling an audience struggling against apartheid: “Like it or not, we live in interesting times. They are times of danger and uncertainty; but they are also more open to the creative energy of men than any other time in history.”

In the 21st century, we are living in interesting, uncertain, and perhaps dangerous times. Questions concerning energy — how it is produced, the implications of those choices on war, poverty, and an environment that envelops us all — are as critical as any other. When the members of Washington Electric Cooperative come together on Wednesday, May 6, for their Co-op’s 76th Annual Membership Meeting, those uncertainties will be part of the discussion.

But so will the second part of Kennedy’s message, that these times are “more open to the creative energy of men [and women] than any other time in history.”

One of the interesting phenomena confronting WEC members, and all Vermonters, is the frequency of weather events that would once have been called 50-year or 100-year storms. People like Dan Weston, Washington Electric’s Director of Engineering & Operations, put aside politically fraught phrases like “climate change” and deal strictly with realities. And Weston, who has worked for Vermont utilities for 28 years, says the reality is that storms causing widespread outages and damages to utility infrastructures are happening every year. Consider the May 2011 flood that wrecked WEC’s office in East Montpelier; Tropical Storm Irene in 2012; the December 2013 ice storm that mostly spared WEC’s service territory but was a disaster in northern Vermont; and the December 2014 snowstorm that caused the worst damage in WEC’s history.

At WEC, and in Vermont, however, the response to these realities has been an abundance of what Kennedy called “creative energy.” WEC has entirely divested itself of fossil fuel-generated power, and Weston is leading WEC’s campaign to “harden the system” to better withstand such events. In Montpelier, the state has adopted perhaps the most ambitious renewable energy plan in the U.S., and the 2015 Legislature is poised to enact a new law that, among other things, expands the scope of electric utilities to assist their member/customers with energy-saving systems beyond just electricity.

This is some of the territory WEC will explore with its members at the annual meeting, with a particular focus on the December 2014 storm and the lessons drawn from that experience. The guest speaker will be Roger Hill, a Washington Electric Co-op member whose weather-consulting business, Weathering Heights, serves state agencies, utilities (including WEC), and other customers around Vermont. The meeting will be held at the Canadian Club on Route 14 in Barre (see agenda on this page). Make your plans to come, and don’t forget the dinner reservation form on page 8. It’s bound to be an interesting meeting this year, because we are indeed living in interesting times.

Washington Electric Cooperative, Inc.
Wednesday, May 6, 2015

76th Annual Membership Meeting

Canadian Club

Agenda

5:00 p.m. Registration—Ballot Boxes Declared Open
5:30 p.m. Dinner Served—Choice of Entrée (Reservations required—see form on Page 8)
6:30 p.m. Business Meeting Called to Order (Ballot boxes open 5:00 - 6:30 p.m.)
Employee Recognition
Officers Reports
Voting Results
Question/Answer Session

7:15 p.m. Roger Hill, Meteorologist: “What’s Up with the Weather?”
8:00 p.m. Tentative Adjournment

Door prizes to be drawn at the end of the evening. (must be present to win)

Official Notice and Annual Report

There’ll be no lambs at this year’s annual meeting, as there were last year (above). But make your plans to join your fellow WEC members at the Canadian Club on May 6th.
Of People and Their Dedication

The Constant for WEC Through 76 Years of Challenge and Change

By Barry Bernstein

Reflections 2014

D
daylight savings has allowed us extra light at the end of the day. Hopefully, April will bring us welcome relief from a brutally cold winter and we will be able to begin thinking of spring. All the predictions of this winter being milder than last year’s very long, cold winter came to naught, in the Northeast and much of the country. I’ve heard a rumor that Vermont’s ski areas are pulling up stakes and moving to Boston – ski lifts, mountains, and all!

Storms

I won’t say much more about the December 9th storm, except that WEC, our sister co-op VEC, and several municipal utilities have qualified for Federal Disaster Relief funds, which, if received, will cover a significant portion of our storm costs. The federal aid, along with a Public Service Board’s ruling allowing us to spread the costs over more than one year, will lessen the impact of the storm on our rates. A big thank you goes out to our staff who worked with FEMA representatives documenting storm costs and working through the extensive reporting and filing requirements. Our Director of Finance & Administration Cheryl Willette and the accounting staff, as well as Dan Weston, Director of Engineering & Operations, and his staff, and our General Manager Patty Richards, all deserve recognition for their hard work and vigilance working through the FEMA process.

While the December storm remains in our minds, our Co-op had a number of other events in 2014 that caused a significant number of our members, on two occasions, to lose their power. Both were on clear blue-sky days. The first occurred in January, with 4,500 members out, and was caused by an equipment failure at the Comerford hydroelectric station in New Hampshire, which is owned by National Grid. The event had a cascading effect on Gaz Metro GMP sub-transmission lines on the eastern border of Vermont, which feed WEC substations in that area. The second was in November, and this outage again was caused by GMP-related transmission issues which were beyond WEC’s control.

2015

The effects of global climate change will continue to impact WEC and our customers as we go forward. The state has set a goal of 90-percent renewables, by mid-century, to meet our electric, transportation and thermal (heat) energy usages. I personally believe that if we are going to truly impact global climate change we must continue to support conservation first, energy efficiency next, and then look toward new sources of power provided by renewable sources. We must reduce our individual and community carbon footprint – weatherizing and tightening our homes, reducing and eliminating unnecessary electrical and fossil fuel usage, and with those accomplished appropriately sizing both net metering and any replacement of thermal load and electric usage to that tighter footprint.

We remain firm believers that the most environmentally responsible kwh is one that is not used. We must also remember that a kwh not used may also be the cheapest way to serve our energy needs. As always, we must attempt to use our limited capital as effectively and efficiently as possible. It is important not only to reduce our fossil fuel load but also make thoughtful decisions about our total energy usage.

WEC is part of the alliance working to advance and support the principles of cooperatives in Vermont.

Co-op Currents

Co-op Currents (Publication No. USPS 711-210 and ISSN No. 0746-8784) is published monthly except February, May, August, and November by Washington Electric Cooperative, Inc., Route 14, P.O. Box 8, East Montpelier, Vermont 05651. The cost of this publication is $4.8, which is included in the basic monthly charge to each member. Periodical postage rates paid at East Montpelier and at additional offices. Postmaster: Send address changes to Co-op Currents, P.O. Box 8, East Montpelier, Vermont 05651.

Board of Directors

President
BARNEY BERNSTEIN
1257 Bliss Road, Mansfield, VT 05658
456-8483
(2015)
Barbndayfairpoint.net

Vice President
ROGER FOX
2067 Bayley-Hazen Rd., East Hardwick, VT 05045
563-2321
rfrojd@prod.net
(2015)

Treasurer
DONALD DOUGLAS
21 Douglas Rd., East Orange, VT 05086
439-0364
donkong@gmail.com
(2015)

Secretary
ANNE REED
561 Hollister Hill Rd., Marshfield, VT 05678
454-1324
annereed48@gmail.com
(2015)

Editor
TIM NEWCOMB
P.O. Box 412, Knightdale, VT 05601
223-7123
mikler@sover.net
(2015)

Editorial Committee

Patty Richards
General Manager
pattyrichards@washinglelectric.coop

Will Lindner
Editor
Will@sover.net

Patty Richards
Don Donald Douglas
David Magida
Anne Reed
Will Lindner

President’s Message

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.

www.washingtonelectric.coop

The Board of Directors’ regularly scheduled meetings are held on the last Wednesday of each month. 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, 802-223-6245.

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9262 to request the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at intake@usda.gov.

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.
WEC’s Service Quality and Reliability Results for 2014

Plus: A Year of Technological Advancements, and a Brutal Dec. Storm

By Patty Richards

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 electric 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 2014, meeting all requirements. In many categories WEC performed significantly better than required. Our system reliability and outage response time continue to improve.

Please note that outage and reliability measures are affected by factors outside 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 22,264 calls last year, and 8.7 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 WEC’s electric bills are not rendered within 20 seconds. Last year, 0.01 percent of all bills were not rendered within 20 seconds.

3. Bills found inaccurate. No more than 0.00 percent of all bills sent should be found inaccurate. We met our target, with only 0.02 percent inaccurate bills.

4. Payment posting complaints. Our target was that no more than 0.05 percent of payments not promptly and accurately posted to our accounts. There were two 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 all bills (five in 100). There were 152 estimated reads last year, or 0.48 percent which is well below the requirement.

6. Requested work not done 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 2014, as in past years, jobs were on time (we had no late projects).

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. The five-year cycle calls for a new satisfaction survey to be performed in 2015 and we look forward to finding out our members’ thoughts through this effort.

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 DPS then contacts the utility to get more information about the matter. In most cases, issues are resolved by discussion, or the DPS determines that there is no basis for the complaint. However, when the DPS 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 people). In 2014, 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 of our employees does 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 2014, we had one incident and we had five 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 (exclusive of major storms). Our target was no more than 3.8 outages per member. We averaged 3.2 last year, meaning we were better than the target (again, excluding major storms).

12. Outage duration. The “Customer Average Interruption Duration Index” (CAIDI) measures the average time it took to restore power when there was an outage (exclusive of major storms). Our target was no more than 2.7 hours average duration. In 2014, our average interruption was 2.1 hours, comfortably satisfying this requirement.

Advanced Metering Infrastructure (AMI), and Smart Hub

Our AAMI infrastructure has now been fully operational for well over a year. Furthermore, the AAMI equipment is integrated with our billing, monitoring, and outage-management system; we generate our monthly bills more efficiently, using the remote meter-reading capability, and AAMI helps us locate and correct outages far more quickly than before this technology was available. Members can also access their daily usage data through a secure web-based system called Smart Hub. 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.

WEC is 100% Renewable

Our sources of power for 2014 are shown as part of Treasurer Don Douglas’ report on page 7. Washington Electric Co-op’s elected Board of Directors has consistently supported renewable sources of power and a move toward clean, low-carbon energy sources. In addition to a clean power mix, WEC’s power costs are among the lowest in the state and region. Normally power-supply costs are between 50 percent and 80 percent of a utility’s total costs, but for WEC power accounts for only a third of our costs. This combination of low power costs and renewable energy sources represents an impressive accomplishment in the utility industry.

In 2014, our generating facility in Coventry, which is fueled by landfill gas, provided 53 percent of WEC’s power. Hydro Quebec and New York Power Authority, both hydro sources, provided 19 percent and 11 percent, respectively. The Sheffield Wind project provided 10 percent of WEC’s energy, following contributions from WEC’s own Wrightsville hydro facility which provided 3 percent. The Ryegate pump plant, which uses wood, and small independently owned power sources, provided an additional 2 percent of WEC’s mix.

The Co-op is presently selling Renewable Energy Certificates – systems known as “renewable attributes” – from the Wind farm facility and our Coventry landfill-gas plant. Our purchase of low-cost RECs from other resources restores those green attributes, and as a result we are serving 100-percent of our members’ energy needs with renewable power.

Integrated Resource Plan

Every three years, by order of the Vermont Public Service Board, WEC must complete a study that forecasts its ability to serve its members’ energy needs in a safe, reliable, economical, efficient, 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, it will meet and serve those needs. We completed the study and filed it with the Public Service Board in March 2014 and received approval in December. The IRP addresses power-supply decisions, plans for infrastructure improvements, and other programs to improve electric service to you. The IRP is available to all members and can be accessed by visiting WEC’s website.

Net Metering

Legislative reforms to Vermont’s net metering laws were enacted in early 2014, and shortly thereafter WEC asked the Public Service Board’s permission to implement the new program. As a not-for-profit, our mission is to serve our members’ needs and interests; clearly, WEC members want us to
Roger Fox
1. I live at Dows Crossing in Walden, in the northern part of WEC’s service territory, and have been a Co-op member in Walden since 1971. You can contact me at 2067 Bayley-Hazen Road, East Hardwick, VT 05836. Phone: 563-2321; email: rfox@pivot.net.

2. After receiving an engineering degree from M.I.T., I worked on technology projects in Florida and Massachusetts prior to relocating to Vermont. Since 1974, I’ve operated a printing and graphic design business, Apocalypse Graphics, in Walden. I’ve served as Walden’s town moderator since 1997, and as a justice of the peace and chair of the Board of Civil Authority for more than 25 years. I’ve previously served as selectman and town energy coordinator. I’m a member or patron of a number of other Vermont cooperatives, including Buffalo Mountain Food Co-op; Vermont State Employees, North Country Federal, and Opportunities Federal Credit Union; and Cooperative Insurance Co.

I was first elected to the WEC board in 1991, and have served as the Co-op’s vice president since 1998. My current assignments include chairing the Members’ & Markets Committee, and membership on the Finance & Administration and Policy committees. Previously I served on the Power & Operations and Editorial committees, as a special assistant to the Northeast Association of Electric Cooperatives (covering the upstate New York and northern New England area.)

3. For many years I’ve remained committed to the cooperative form of business, and to developing WEC's value as a community resource and an advocate for our members and the broader public interest. I believe that an active Board is essential to our ongoing success. As WEC's longest-serving current director, I can also continue to bring to the Board’s deliberations a broad perspective and familiarity with the Co-op’s mission, history, and operations, and help newer Board members navigate the utility sector’s steep learning curve.

4. WEC has achieved good progress in the last few years, including an effective manager transition, deployment of automated system metering and monitoring technology, and improved energy efficiency. In the future, I would like to see WEC better organize and promote to our membership. In this way, I can help bring our cooperative values to each and every member.

5. Voting in Co-op elections demonstrates that you take your role as a member-owner seriously. Please keep up your involvement – let us know what you think of our efforts, attend a meeting, consider board service or encourage others with appropriate skills and knowledge, and talk with your neighbors, family, and friends about WEC's value as a democratic community institution.

Stephen Knowlton
1. I have lived in the White Pine Co-housing community off of Dillon Rd. in East Montpelier 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 email at knowlst@auburn.edu, or by phone at 223-2230.

2. I graduated from Middlebury College, and received my Ph.D. in physics from MIT in 1984. I have spent my working life as a researcher in the science of alternative energy and corporate theory of major research. I continued on page 5.
of the U.S Department of Energy, and I continue to do so. For eight years, I played a role in the University Fusion Association in which I frequently visited U.S Congressional offices, subcommittees, and Executive briefings, bringing the research progress and scientific priorities of federally supported fusion energy research. I have recently completed a two-term position on the Executive Committee of the American Physical Society’s Division of Plasma Physics. In East Montpelier, I have represented our community on the Board of High School’s Board of Directors. In brief, my experience spans a range from instruction, independent research, and cooperation with policy makers.

Last spring, I put myself forward as a candidate for the Board of Directors of Washington Electric Cooperative. In December 2014, I was appointed as an interim member to serve in place of board member Marlene Rice, recently deceased.

3. Most of us, myself included, typically talk about our access to modern life for granted. I am grateful that our utility does a good job of providing electricity to our rural community with reliability throughout the year. Like the great majority of WEC members who responded to the most recent survey of customer satisfaction poll, it is also important to me that WEC choses to acquire and generate electricity freely from renewable sources. I support WEC’s vision statement to be found on their website, and I hope the utility continues to adhere to these goals.

In seeking a position on the board, I would like to participate for two reasons: I believe member/owners of a cooperative have a responsibility to work with the management to ensure the utility to serve the vision and needs of all of the membership, and this is done through an effective and active board. Secondly, I have had a career-long interest in energy, and specifically non-traditional sources of energy for the future. I am an innate believer in the concept of the co-operative. I would like to perform service and spend my time in an area in which I have a broad interest and believe I could have an impact. The co-operative nature of utility is evolving nationwide, and I would like to actively contribute in this time of transition. With my technical and scientific background in electricity and my experience on a variety of committees, I plan to steadily learn all aspects of how WEC works so I may become an effective member of the board. I am a good listener, and do my best to consider all sides of important issues before acting. I have the time, willingness, and appropriate experience to represent the WEC membership by serving on the board.

4. Electric utilities around the country are encountering a variety of changes in the landscape in which they operate, challenging the notion of "business-as-usual." WEC has been proactive in addressing some of these changes. That said, our most important job is to anticipate evolution in the business of supplying electricity to its customers.

In adapting to the new climate, WEC must continually assess the distinction between what is essential to do and what would be nice to do, what is pragmatic and what is hype, what is short-term expedience versus long-term stability. I believe that being a small, progressive, member-owned utility versus a one-size-fits-all approach. It must then act in a manner to suit its members’ needs.

Emerging regional and nationwide issues include, but are not limited to: the shift from coal and oil for electricity generation to increasing use of renewable energy; the accommodation of intermittent sources of solar and wind in the energy supply mix and the distributed nature of these sources around the region; future possibilities for large-scale energy storage; the use of the utility to effect savings through efficiency (reduced use of energy without reduced benefits); reduction of electric usage through “smart” management of the demand for electricity at your house; the potential for increased use of electric vehicles and electric heat pumps to offset the consumption of fossil fuels; and state mandates for renewable energy targets.

Furthermore, there is an increased interest on the part of customers in the activities of their utilities. I believe that WEC has moved in the right direction to rely on a portfolio of 100-percent renewable sources, and should maintain this while striving for fair and reasonable rates for all. In adapting to the emerging landscape, it will be more important than ever for WEC to engage and assist its member/owners to manage savings through efficiency and energy planning. Whether or not change comes through legislative mandate or overall evolution of the energy market, I believe that WEC, as a co-operative, must strive to ensure that the results of efficiency improvements and the burdens of rate changes are shared fairly amongst all its members, who share the common desire of receiving reliable service at a just and reasonable cost. WEC’s board members play an active role in representing and informing the membership in these interesting times.

1. I am impressed with what WEC and its board have accomplished in recent decades. I believe that having a committed board representing a diversity of backgrounds and skills is crucial to the ongoing health of the utility. I hope to make my contribution to its progress.

Richard Rubin

1. I have lived on East Hill Road in Plainfield for 42 years. I have been a WEC member since 1973. You can be reached by mail at 3496 East Hill Road, Plainfield, VT 05667, or by phone at 802-8652. My email is rrubin@sover.net.

2. I am 69 years old and have lived in Plainfield since I moved to Vermont 42 years ago, in 1972. I was born and raised in the Boston area, attended Harvard College, and then the University of Pennsylvania Law School. After graduating law school in 1970, I practiced law in Boston, representing low income clients for two years before moving to Vermont. I have practiced law in central Vermont since 1972, and in Barre since 1977. My law firm – Rubin, Kidder, Myer & Vincent – has been in downtown Barre since 1982. We handle a wide variety of cases, and we are primarily trial lawyers. We have also been the public defenders for Washington County for many years.

I am a member of the Board of Directors of the AAJ, an organization of Vermont trial lawyers, as well as on the Board of the Dragon Dance Theatre and Upper Valley Arts. I am a former board member of Vermont Legal Aid and served for five years on the Twinfield School Board.

I am married to Jayne Israel and have three grown children. We live close by in Plainfield. We also have three grandchildren.

Several years ago, I was involved with my brother, Howard, and John Warshow in the development of the Wrightsville and Winooski B (East Montpelier) hydroelectric facilities. I enjoy hiking, gardening, golf, and generally being outside with my family.

3. I have been a Co-op board member for 13 years and have enjoyed my experience on the Board a great deal. I enjoy working with my fellow board members and management, and would like to serve another term. I believe in cooperatives and cooperative principles and I am committed to keeping WEC strong.

My experience as an attorney brings to the board the fund their annual patronage refunds. I urge all members to sign up and contribute. It’s a good way to help our neighbors.

4. In addition to becoming 100-percent renewable, we have redone our office building using the best and greenest building techniques, providing an efficient and comfortable working environment for many years to come. With the move to a new building, we have made a successful transition from one excellent manager, Avram Patt, who was with us for many years, to Patty Richards, whom we know will continue to lead us with intelligence, creativity, and a terrific spirit. We are proud of our successful transition to new leadership.

We are a small business with high rates largely due to our rural nature and lack of large commercial and industrial customers. We run a tight ship, but are continually faced with pressure on our rates outside our control. We are also faced with additional costs due to an aging infrastructure which more of our members will be using solar energy and installing energy efficient heat pumps which will cost money, but save us money on electricity. We need to nimbly and creatively adapt to what we do to meet our members’ needs and fulfill our mission.

I am confident the Co-op can continue to be a leader in both the energy arena and as a model for how locally owned and nonprofit cooperative enterprises can provide our essential services while keeping our capital and “profits” in our local communities. Green Mountain Power is owned by a Canadian company and pays management very high salaries. All its profits and return on its investments leave the state and the country as well. This is not a model for the delivery of energy that I support.

Mary Just Skinner

1. I have lived in Middlesex since 1977. I have been a WEC member for 38 years, and before that I was a Vermont Electric Co-op member for seven years. I am married to Scott Skinner and we have two sons, one an immigration lawyer and the other a middle school teacher. I can be reached at 223-7123, and by e-mail at mjustskinner@sover.net or maryjustskinner@gmail.com.

2. I graduated from Barnard College and earned my law degree from Columbia University. I have been practicing law in New York since 1980, and worked for Vermont Legal Aid for four years and then opened my own law practice in 1978. My practice primarily involves family law and real estate, but earlier in my career, I was involved in a number of utility cases. I represented a group of low-income Vermonters in what was known as the “purchased power” case in 1974. In the late 1970s, I was a fellow at the Institute for Policy Studies. I have continued on page 8.
Regional Grid And Transmission Costs Forced 2014 Rate Increase

Then, in December, Came the Storm

By Don Douglas
Treasurer

2014 was a very eventful year for Washington Electric Cooperative (WEC). It began back at the end of 2013, and into the early months of 2014, with the extreme and prolonged cold known as the polar vortex caused WEC to incur significantly higher charges than expected from the regional grid operator, ISO-NE. The region experienced reliability issues during the winter months due to insufficient supplies of natural gas, which is used by large electric generation plants in the New England region. WEC also experienced increases in transmission costs from Green Mountain Power, VELOCO, and the ISO-NE. As a result of the increased costs, we were forced to apply for a rate increase of 3.78 percent, which went into effect on August 1.

Washington Electric Cooperative ended the year with positive net margins of $1,215,102. (Margins are revenues WEC collects that exceed 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. Net margins include non-operating margins from interest on investments and other items that are not directly attributed to keeping the lights on. Total operating margins for 2014 were $648,708.

The investment that WEC has been making in organizations like VELOCO (Vermont’s high-voltage transmission provider) help offset some of our transmission costs. Interest from the investments in VELOCO is shown on the non-operating interest line in the Statement of Operations report on page 7. The majority of this interest comes from our investment in VELOCO.

Operating Revenue

Washington Electric Cooperative is a nearly $17,000,000 not-for-profit electric cooperative. In 2014, operating revenue was $16,962,104. The increase of $991,551 over 2013 came from both the rate increase in August and increased Renewable Energy Certificate (REC) sales. In 2014, WEC recorded $2,934,152 in revenue associated with REC sales from power generated at the Coventry facility and the Sheffield Wind project. This increase in REC sales accounts for more than $700,000 of the total revenue increase for 2014. These REC sales help to mitigate the upward pressure on our rates.

Cost of Purchased Power and Operating Expenses

Looking at the charts on page 7 you can see where our power comes from and what each resource costs. Coventry is our largest single source of electricity and it is very nearly the least expensive. Given the large amount of power we derive from the Coventry plant relative to other sources (53 percent of our power mix in 2014), production at Coventry can have a significant impact on WEC's overall costs. Energy generated at Coventry also produces a significant number of the RECs our Co-op sells each year. The chart (page 7) that shows where the dollars went demonstrates that WEC is different from other utilities, where the cost of power is their largest expense (frequently ranging from 50 percent to 80 percent of their total costs). For WEC, the cost of power is 27 percent of the total budget. WEC's rates would be higher if we had not developed the Coventry plant and invested and secured contracts for other renewable sources of power such as Sheffield Wind, our Wrightsline hydro facility, New York Power Authority, and Hydro Quebec.

December Storm

WEC experienced a major storm in December of 2014, the largest and most expensive single outage incident in our history. WEC incurred over $600,000 in costs for this one storm. Because this was an extraordinary and costly event, WEC petitioned state regulators to defer some of these costs, which would allow WEC to continue to meet its lenders’ loan covenants. The Public Service Board (PSB) allowed WEC to defer up to $526,067 of storm-related expenses. The December storm also qualified as a disaster under federal guidelines, and WEC anticipates that we will be able to recover approximately 75 percent of the eligible expenses in FEMA reimbursement of eligible expenses is estimated to be 75 percent of our storm-restoration expenses, but our two out of the three counties WEC serves. Therefore, not all of our costs will be reimbursed. In January the Vermont Public Service Board issued a proposal to defer roughly $526,000 of the storm’s cost. This permits us to spread the remaining costs into the future, so that we can soften the impact on rates in any given year.

Ability to Reach us During Storms

We heard members loud and clear at community meetings about the challenge of reaching us during storms. Many people expressed extreme dissatisfaction about our inability to handle the tide of calls coming into the office during outage emergencies—a wave of frustration that was clearly unacceptable. Following several months of research into the services and prices offered by companies that provide phone and communications support, Washington Electric Cooperative contracted with CRC—the Cooperative Response Center—to handle calls to a very basic duty to its membership: being prepared to answer members’ phone calls during storms.

The storm resulted in restoration costs for WEC of over $600,000. Its impact on the state of Vermont was recognized by the Federal Emergency Management Agency (FEMA) as a national disaster in February 2015, qualifying for public assistance. WEC’s
Serving more than 10,800 member/owners in central Vermont. A rural electric cooperative since 1939.

One page of the document contains the following sections:

- **Assets and Other Debts**
  - **Utility Plant**
  - **Construction Work in Progress**
  - **Accum. Provision for Depreciation**
  - **Net Utility Plant**
  - **Other Property and Investment - At Cost**
    - **Invest. in Assoc. Org. - Patronage Capital**
    - **Invest. in Assoc. Org. - Other**
  - **Other Investments**
  - **Total Other Property and Investments**
  - **Current Assets**
  - **Deferred Credits**
  - **Total Current and Accrued Assets**
  - **Deferred Debts**
  - **Total Assets and Other Debits**

- **Liabilities and Other Credits**
  - **Other Margins and Equities**
  - **Total Margins and Equities**
  - **Long-Term Debt - Long-Term Dth - RUS**
  - **Long-Term Debt - Other**
  - **Total Long-Term Debt**
  - **Current Liabilities**
  - **Total Current and Accrued Liabilities**
  - **Total Liabilities and Other Credits**

- **Statement of Operations**
  - **Operating Revenue**
  - **Cost of Purchased Power**
  - **Cost of Generated Power - Wrightsville & Coventry**
  - **Cost of Purchased Power**
  - **Total Cost of Power**
  - **Other Operation & Maintenance Expense**
  - **Total Other Operation and Maintenance Expense**
  - **Fixed Expenses**
  - **Depreciation and Amortization Expense**
  - **Tax Expense - Property**
  - **Tax Expense - Other**
  - **Interest on Long-Term Debt**
  - **Interest Expense - Other**
  - **Other Deductions**
  - **Total Fixed Expenses**
  - **Total Cost of Electric Service**
  - **Operating Margins**
  - **Non-Operating Margins - Interest**
  - **Non-Operating Margins - Other**
  - **Cumulative Effect on Prior Year Change in Accounting Principal**
  - **Net Margins**
  - **Times Interest Earned Ratio (TIER)**

- **Balance Sheet**
- **Notice**
  - Members may vote at the Annual Meeting on May 6 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 Tuesday, May 5.

- **Management's Report**
  - continued from page 6
  - high-stress, high-volume events, such as outages. The arrangement with CRC was instrumental in taking outage calls throughout 2014, and especially during the December storm and the extended repair period that followed.
  - We could not have been as productive during the December storm and the CRC was instrumental in taking outage as outages. The arrangement with high-stress, high-volume events, such as outages.

- **Where the Dollars Went**
  - **Operating Revenue**
  - **Cost of Purchased Power**
  - **Cost of Generated Power - Wrightsville & Coventry**
  - **Cost of Purchased Power**
  - **Total Cost of Power**
  - **Other Operation & Maintenance Expense**
  - **Total Other Operation and Maintenance Expense**
  - **Fixed Expenses**
  - **Depreciation and Amortization Expense**
  - **Tax Expense - Property**
  - **Tax Expense - Other**
  - **Interest on Long-Term Debt**
  - **Interest Expense - Other**
  - **Other Deductions**
  - **Total Fixed Expenses**
  - **Total Cost of Electric Service**
  - **Operating Margins**
  - **Non-Operating Margins - Interest**
  - **Non-Operating Margins - Other**
  - **Cumulative Effect on Prior Year Change in Accounting Principal**
  - **Net Margins**
  - **Times Interest Earned Ratio (TIER)**

- **2014 Sources and Costs of Power**
  - **Small Power Producers**: 1.68% 11.9t/kwh
  - **Ryegate**: 2.13% 10.7t/kwh
  - **GMP (Jones Brook)**: 6.1% 9.76/kwh
  - **NYPA**: 11.06% 4.36/kwh
  - **Sheffield Wind**: 9.92% 9.91¢/kwh
  - **Hydro-Quebec**: 18.79% 10.46¢/kwh

- **Taxes**
  - 0.87%

- **Depreciation**: 12.44%

- **Customer Accounting & Education**: 4.60%

- **Cost of Power**: 37.28%

- **Net Margins**: 7.38%

- **Interest Expense**: 6.05%

- **Administration and General**: 8.21%
President’s Report continued from page 2
decreased generation due primarily to construction at the landfill, had its highest output since its first started generating power in June 2005. In 2014 the plant provided more than half (53 percent) of our Co-op’s energy, and the small rate increases in our renewable energy credits (REC) provided $2.9 million to our revenue base. (See chart on page 7, in the Treasurer’s Report.)

Also in 2014, WEC purchased low-cost replacement RECs from the market to keep our power portfolio 100 percent renewable. Energy from Hydro Quebec, our Wrightsville hydroelectric plant, Vermont Small Power Producers, and the Ryegate biomass plant add to our renewable power mix.

New Union Contract
At the end of 2014, WEC cooperatively negotiated a new three-year union contract with our employee-members of IBEW Local 300, with the contract beginning on January 1, 2015. I want to thank the union’s negotiating committee members and Tim Watkin, IBEW business manager, our General Manager Patty Richards, and Directors Don Douglas and Dave Magda for working productively on contract terms that were approved by our union employees and our Board of Directors.

Outage Response
Your co-op’s automated meter infrastructure was fully functional throughout 2014, enabling better outage analysis, and more efficient and productive use of our employees’ response during storm restorations. In addition, by contracting with CRC (Cooperative Response Center) to help our member services staff during outages and after hours, we are now able to answer your calls during heavy-volume periods and also provide our line crews with more information on the extent of outages. The positive responses we have received from many of you are appreciated.

Special thanks and appreciation to New Hampshire Electric Co-op, and to the Burlington, Stowe, and Lyndonville electric department’s crew who assisted us through mutual aid support during the December storm. Not to be forgotten are Mary Jane Fradette, Debbie Brown, other WEC employees, and many of their family members, as well as Directors Annie Reed and Roy Folsom – plus the local businesses who contributed food and supplies – to make sure everyone who worked during the December 9 storm had a good early breakfast and late supper, along with a bag lunch for those working in the field. Crew members told me they really appreciated it and that it made a difference in those long hours of work.

WEC: 75 Years Young
Your Co-op celebrated its 75th birthday last May. Started in 1939 by a small group of rural central Vermonters who had been denied access to electricity by Green Mountain Power, they received a loan from the U.S. Rural Electrification Administration. They worked together, along with their neighbors, to put up poles and wires to connect their homes to two 250-KW generators, providing power to 150 homes, small farms and businesses, on December 2, 1939. Descendants of the original incorporators and Board of Trustees attended the annual meeting celebration and shared their stories of how special it was, first receiving electricity in their homes. As they shared their stories I reflected on much we take for granted when turning on a light or starting our computer, and how much value we get for the electricity we use each day. The day was very special – a time to remember and honor those whose vision and hard work, along with all those who have added to the Co-op legacy, have given to ensure that Vermonters in the Burlington, Stowe, and Lyndonville area have electric power.

Recognition
I want to give special thanks to the WEC Board of Directors, our officers, Vice President Roger Fox, Treasurer Don Douglas, and Secretary Annie Reed, our General Manager Patty Richards, our Directors of Engineering and Operations Dan Weston, our Director of Finance & Administration Cheryl Willette, our Energy Coach Bill Powell, Member Services Supervisor Susan Golden, Administrative Assistant Debbie Brown and all of our co-op employees who support them during the year and on nights away, in the office and field, to keep the lights on. Also our General Counsel Josh Diamond (Diamond & Robinson), consulting engineer John Murphy (Stantec), and all the others who support WEC’s work on behalf of our members, to provide electricity to your homes, you pray to be a member of Washington Electric Co-op. Thank you.

I am a member of the WEC Board of Directors, our officers, Vice President Roger Fox, Treasurer Don Douglas, and Secretary Annie Reed, our General Manager Patty Richards, our Directors of Engineering and Operations Dan Weston, our Director of Finance & Administration Cheryl Willette, our Energy Coach Bill Powell, Member Services Supervisor Susan Golden, Administrative Assistant Debbie Brown and all of our co-op employees who support them during the year and on nights away, in the office and field, to keep the lights on. Also our General Counsel Josh Diamond (Diamond & Robinson), consulting engineer John Murphy (Stantec), and all the others who support WEC’s work on behalf of our members, to provide electricity to your homes, you pray to be a member of Washington Electric 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.

Candidate’s continued from page 5
Attorney General Jerry Diamond hired me as a Special Assistant Attorney General to represent the state in opposing a 152-percent increase in the cost of a pay phone call. We were successful in defeating the proposal.

I have been a member of the Middlesex Selectboard for the last 20 years. I also served seven terms in the Vermont Senate, including a period as chair of the Senate Finance Committee, which handles utility legislation. I am a member of the state Human Services Board. I was a member of Advisory Board of RSVP (Retired Senior Volunteer Program) for many years.

3. Three years ago I was elected to the WEC Board. It takes time to learn the business of an electric company. Newly into my first term on the Board, General Manager Avram Patt retired and Patty Richardson was hired as the new General Manager. She, and all of the WEC staff, do a wonderful job of delivering reliable electricity to members using renewable resources.

I am a member of the Power and Operations Committee, the Members and Markets Committee and the Community Fund Committee. Through this committee work, I have learned about the intricacies of providing utility service, from the need for clearing rights of way but keeping in mind aesthetic concerns to trying to involve members in our annual meetings and in utilizing WEC’s energy efficiency programs. Serving on the Community Fund Committee has been very satisfying as well. With members’ donations, the Community Fund has sent thousands of dollars to community organizations throughout Central Vermont. As an attorney, I bring that perspective to the Board and its committees.

I believe in cooperatives and cooperative principles. The benefit of a cooperative is that it can act in the best interest of its members as opposed to shareholders whose primary interest is financial profit. As a member of the Board, I applaud WEC’s leadership and reasoned analysis on utility issues that impact members and citizens of Vermont as a whole. WEC has a role to play as a small but effective counterweight to the concentration and consolidation of power by a foreign power company.

4. The most important issue facing the Co-op is providing reliable electricity at an affordable price. Several years ago WEC filed for a large rate increase, the first in eleven years. Shortly thereafter WEC filed for two small rate increases. The Co-op is challenged by rising costs and flat revenues. Net metering and increased energy efficiency, both programs strongly supported by the Co-op, have resulted in flat revenue. The challenge for the Co-op is finding, or increasing, new revenue sources. Our decision to utilize Sheffield wind power and to build the Coventry waste to energy plant, resulted in local renewable power as part of our power portfolio at a price below traditional market rates.

Likewise, the sale of Renewable Energy Credits (RECs) to state utilities creates additional revenue to offset revenue lost through aggressive use of WEC’s net metering program by some of our members and our members’ increased energy efficiency. It is uncertain how long this revenue source will continue and whether market fluctuations will diminish its positive effect on revenue.

These decisions and other long term decisions by the Board need to balance the need for system reliability with rates that are stable and affordable. WEC’s Board is innovative, thoughtful and willing to try new ideas in an effort to keep rates affordable while providing renewable non-fossil fuel power to our members. That is the benefit of a Co-op—that it can look to the best interests of its members.

5. I would be honored to serve another term on the Board and to help build on the Co-op’s considerable achievements over the past several decades. The Co-op has in the past been remarkably innovative and I would like to participate in continuing that tradition. I welcome inquiries from Co-op members regarding their concerns or ideas for the future.

To make your reservation, return this form no later than Friday, May 1; walk-ins on May 6 will be charged $15 each (no guarantee meals will be available for those that do not register in advance)

WEC’S 76th Annual Meeting • May 6, 2015

Your Choice of One Entree:
A. Grilled Chicken Breast
B. Steak
C. Vegetarian Lasagna

Meal Choice: A ○ B ○ C ○

Name: ________________________________ (Please print clearly)

Dinner (at no charge) is by RESERVATION ONLY

Cost: Free for reservations made on or before May 1. Walk-in on 5/6: $15 per adult, $8 per child (10 – 16). Children under 10 free.

Please do not return in ballot envelope. Mail to: WEC, PO. Box 8, East Montpelier, VT 05651

Dinner Reservation