

WEC CO-OP CURRENTS

What Folks Think Of Their Co-op

Professional Survey Reports WEC's Strengths, Weaknesses, in Members' Eyes

As a group, Washington Electric Co-op members are hard to please – at least compared to members of other rural electric cooperatives in the U.S. For WEC's leadership, that insight makes it doubly gratifying to learn from a recent, scientifically conducted survey that 76 percent of the members are "very satisfied" with the overall performance of their customer-owned utility. That's four percentage points more than the industry average (72 percent), and it represents a five-percentage-point lead over two (unnamed) regional investor-owned utilities, whose average score – according to the third-quarter 2005 report from the American Consumer Satisfaction Index (ACSI) – is 71 percent.

That's some of the good news from a report submitted by TSE Services, a research organization based in North Carolina that specializes in performing surveys for rural electric co-ops. The company conducted 250 telephone interviews of WEC members in the fall

of 2005 and presented its report to the Board of Directors at the end of the year.

The survey also put some numbers behind other areas of importance to the Co-op and board. Asked about service reliability, members gave WEC a score of 8.4 on a 10-point scale. The same scale was used to gauge other elements of the Co-op's performance, and its highest scores (between 8.5 and 9) were in the categories of "friendly and courteous," "operates ethically," "competent staff," "community commitment," and "concern for the environment."

The lowest scores (both around 7.5) were in the categories of "good value" and "helps you manage energy." WEC's score was in the same range (at around 7.7) in its members' assessment of whether the Co-op employs "state-of-the-art" technology.

"Clearly, there is room for

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A stone carving of three figures stands outside the Jones Brothers building in Barre, a component of the Vermont Granite Museum. The museum – which includes a school for sculpting – received a donation this year from WEC's Community Fund.

It All Adds Up Yearly Report on WEC's Community Fund

Washington Electric Cooperative's Community Fund is an excellent example of the cumulative power of small, individual acts of generosity.

At the end of the year in 2004, when WEC offered its annual capital credit refunds for qualifying members, the people who chose instead to donate the money to the Community Fund created a sum of \$17,455.34 to finance its activities for 2005. With the addition of money remaining from the previous year, the

Co-op had a total of \$18,146.37 to contribute to organizations and causes that benefit people in the general WEC service territory.

"As most of our members know, the capital credit refunds that the Co-op distributes to present and former members each fall are generally not for a great deal of money on an individual basis," said WEC General Manager Avram Patt. "They tend to run between \$10 and \$40, on average. But since

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Inside

Annual Meeting is on the horizon. This year WEC voters will have two subjects to decide by ballot.

- Proposed bylaw amendments would expand Co-op membership to our REC customers. See page 6.
- **The Co-op also plans to rebuild the Maple Corner substation**, with the members' approval. More details on page 8.

Three seats, three candidates. Only the incumbents whose terms are expiring are on the ballot this year, though members are at liberty to write in others. The three who have offered their services reintroduce themselves on page 4.



The Co-op Store is a regular feature of Co-op Currents, where WEC advertises products to help our members with energy solutions. Drop in at the store on page 7.

Vermont is facing critical power-supply choices. WEC President Barry Bernstein reviews the choices ahead of us on page 3.

Former WEC Manager Sailey Ennis dies. Some words about Sailey's contribution to the Co-op are on page 7.

Washington Electric Cooperative

East Montpelier, VT 05651

WEC Survey

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improvement," said WEC General Manager Avram Patt. "But we're basically pleased with the satisfaction level that our members express. We have to work hard to earn their trust, because our electric system spans the most rural, hard-to-serve territory in the state. And our rates are higher than most other Vermont utilities', primarily because our member-density averages only around eight electric meters per mile of line that we have to maintain. That's probably why we scored less well in the 'good value' category.

"That said, I think TSE provided us some useful ideas for further improving our members' opinions and confidence in us. The survey gave us an objective and detailed view of where we stand with people at this point in time."

As much as Washington Electric encourages the people it serves to think of themselves as "member/owners of a cooperatively owned utility," the survey indicated that 48 percent miss the distinction and consider themselves only "customers." As a company dedicated to the cooperative model of doing business and serving local communities, WEC would like to see that number go up.

WEC enjoys unusually high readership of its membership publication, compared with other rural electric co-ops. Ninety-six percent of the members

are aware of *Co-op Currents*, some 75 percent read it either "regularly" or "fairly often," and only 10 percent "never read it."

That's important, because this Co-op newspaper is Washington Electric's main means of communicating with its members (although www.washingtonelectric.coop is another important communications avenue).

TSE did not provide statistics reflecting members' educational levels in its 24-page report. However, informally, TSE conveyed to the board that WEC's membership was unusually well educated compared to co-op members elsewhere in rural America. That might have had a negative effect of the survey results.

"They made the point that there's a strong correlation between member-satisfaction and educational level," said Patt. "The higher the educational level, the more critical members seem to be."

It wasn't only Washington Electric that some respondents regarded with skepticism. They were even harder on banks, propane and fuel oil dealers, and phone and cable companies.

"They're more critical of everything," Patt said. "There's a consistency there."

The survey revealed further interesting information about WEC's membership. Twenty-three percent heat their homes primarily with wood, which makes wood the second-largest category after fuel oil (46 percent). Propane comes in third at 21 percent.

And 17 percent of this rural membership operates a business or office out of their homes, an interesting slant on central Vermont's demographics.

As for their values concerning energy, more than 58 percent consider "green," or renewable, energy to be highly or "extremely" important. Two percent rate renewable energy as "not at all important."

Older Co-op members tended to express more satisfaction with Washington Electric than younger folks, and to value the distinction of being served by a co-op rather than by an investor-owned company. TSE reports that this is the case nationwide.

A 'reality check'

This wasn't the first time WEC has hired outside experts to survey the membership. It is done every few years or so, sometimes with more, sometimes with less, formality. Often the purpose is to gauge members'

interest in a particular service the Co-op is considering offering, such as the Powernet Global long-distance telephone service WEC added a few years ago. This time, Patt said, the goal was to use member feedback to as a way of providing better service.

"We and most Vermont utilities are now required by the state Department of Public Service to periodically write Service Quality and Reliability Plans (called SQUIRPS). For that, you need to do surveys to measure customer satisfaction."

The unbiased viewpoint is important, Patt noted.

"If you're working here everyday, or if you're a member of the board of directors, it's hard to look at the Co-op objectively. It's good to give yourself a reality check in the form of a professional survey done by people who are skilled in analysis and avoid asking leading questions."

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Co-op Currents

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

Right-of-Way Reclearing Projects Scheduled Spring and Summer of 2006

Affected Members with 'Special Trees' Should Call the Co-op

The Co-op will continue working to improve service reliability by reclearing power line rights-of-way in the areas described below. Right-of-way reclearing normally involves removing trees and pruning vegetation for 15 feet on either side of a single-phase distribution line. Except where noted, all of these projects involve single-phase lines, those carried by poles without crossbars. Reclearing projects often involve a tap. That's where a single-phase line takes power from another line.

Throughout the year, postcards are mailed to members notifying them that right-of-way maintenance is to take place. Also, WEC's automated message-delivery system will place a phone call (if a phone number is on file) to all households affected by such maintenance projects, up to two or three weeks before work on the property is to begin. Calls will be placed in the evening when most members are likely to be home. If no one answers, Co-op staff will attempt to reach that member during the day.

Because the evening calls are automated, they cannot hold the line if, for example, a child answers. If you believe you may have received a call from WEC, please call during office hours to check. If you have a tele-zapper you will not receive our automated calls successfully, so please notify us at WEC so we can delete you from our calling list. If you are notified that a portion of your property is to be recleared and you especially hope to save any particular trees that are within the right-of-way, call the Co-op. The Co-op's Forester and Right-of-Way Management Coordinator, Mike Myers, will be happy to talk with you about any problems.

WEC's Herbicide Policy: It has long been the Cooperative's policy not to use herbicides in power line rights-of-way. We do not use herbicides in our reclearing program or on members' property. The Co-op does occasionally make limited use of herbicides to control weed growth within our own substations.

Barre	Lines to Morgan Lane and Spruce Mountain View
Cabot	Lines near Urban Road
Chelsea	Lines near West Hill including Edwards, Bobbinshop, and West Hill Road
East Montpelier	Dodge Road and Partridge Lane
East Montpelier	tap to Rock Road off of Lyle Young Road
Middlesex/Worcester	West Hill Road
Topsham/ Corinth	three phase line along Route 25 from West Topsham Village to the Corinth Fairgrounds
Tunbridge	lines along and near Foundry, Strafford, Hoyt Hill, Kibling Hill, Button Hill, Dairy Hill and Belknap Brook Roads
Washington/Chelsea	tap to Robert Corvi (WAS 126) Hill Farm Road
Williamstown	line from Rood Pond Road to Weir Road, tap to John Taylor (WIL 120-H-20)
Williamstown	line along Route 64 near intersection with Rood Pond Road
Williamstown	cross lots line from Chelsea to Stellar Road
Williamstown Rd	small tap near waterworks at Barre Town line
Williamstown/ Barre	Three phase line along Rood Pond, Hebert, Casino, and Miller Roads

President's Report

Vermont's Looming Scenario: Difficult Power Choices, With A Role For Wind

By Barry Bernstein

The WEC Board made a decision to support the UPC Sheffield/Sutton wind project after a number of years of looking at other wind and renewable projects. WEC will receive four to six megawatts (MW) of power, approximately 10 percent of our needs. I know some of our members do not support wind, but I and other board members have heard from many of you that do. The project is now before the Vermont Public Service Board for its consideration. Deliberations could take up to 18 months before the PSB issues an order.

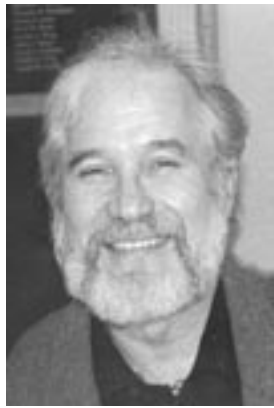
In the last issue of *Co-op Currents*, our manager, Avram Patt, asked WEC members to add your voices publicly in support of the Sheffield/Sutton wind project. I want to support that call for help and ask you to take a few minutes to write a letter to your local newspaper and talk with your representative in the Vermont House or Senate.

I feel compelled to address the onslaught of articles that continue to appear in various papers around the state from wind-power opponents, as well as the few we received from WEC members. I have been involved in energy-supply issues in Vermont since 1972, and feel it is important to place the discussion of energy supply options in a more "global" context than wind power alone.

It is no secret that close to 70 percent of Vermont's 1000-MW power supply contracts will end, in 2012 and 2015, and the replacement of that power will be at considerably higher prices than we are paying today. It is also no surprise that our power needs are increasing as state population increases and people and businesses are adding more energy devices at home and work.

The issue facing us is what power supply options we choose for replacement, while allowing for growth in demand and attempting to mitigate cost escalation, environmental degradation and global warming. Over the past three decades Vermonters have been engaged in major power-supply choices: nuclear vs. Canadian Hydro (1968); Hydro Quebec vs. environmental issues (1990); and now. We need to be clear with ourselves at this point that no one source will fulfill the supply needs.

Hopefully, one thing everyone can agree on is that an aggressive investment in energy- efficiency



measures, including strict standards for new buildings, is by far the least-cost purchase of power, both in dollar costs and environmental costs. However, VPRIG and the Vermont Department of Public Service estimate that efficiency measures will address only 20 percent to 25 percent of our future power supply over the next 20 years

– and that's if we have full participation by the public. That still leaves a big hole in power supply.

Contentions about wind

I want to want to address some premises that I have heard, while keeping in mind that reasonable people can disagree and that it's important to get our math and engineering facts correct.

Some say, "Wind cannot replace Vermont Yankee's 510 MW (soon to be 612 MW with the plant's uprate), and wind is intermittent."

No one contends that wind will replace Vermont Yankee, which is a baseload source running at 88-percent capacity (including refueling cycles). Vermont utilities now take 55 percent of Yankee's output (decreasing to 45 percent after the uprate), or 280 MW, while the balance is sold by Entergy out-of-state.

If one were generating the same number of kilowatt hours per year that Vermont Yankee is selling to Vermont utilities annually, that would equal output of 405 two MW turbines operating at a 30-percent capacity, not 3,600 turbines as stated in a recent letter. Again, let's be clear that no one is suggesting replacing a baseload source with an intermediate source of power, because that is mixing apples and oranges. Wind turbines run all the time, but (like hydro facilities) at various capacity factors during the year, depending on seasonal climate and weather conditions.

In WEC's power supply portfolio, wind from the UPC site will fit nicely with our Coventry baseload power, supplying more intermediate and peaking power during the winter months, and helping us avoid high-priced, volatile spot-market power. It will also help us in the summer, but at a lower capacity factor. All utilities must balance their power-supply mix with base, intermediate, and peak power.

Some say, "Multi-nationals are taking over our ridgelines to make loads of money and ship the power out of state."

The WEC board supports efforts to

ensure that power from wind projects stays in-state, and has been working with UPC to see that that occurs. The East Mountain project is slated to sell all its power to Lyndonville Electric, a public utility. Burlington Electric has contracted for all the power from the Little Mt. Equinox project. VPPSA, owned by the Vermont municipal electric utilities, has also been working on a project. CVPS and GMP are involved in projects in which they will be taking all the power produced from those wind sites.

If we do not want developers to build these projects and the state wants to set up a State Power Authority, providing low-cost funding and ownership, the WEC board I am sure would be supportive. However, this was not the desire of the Douglas administration in regard to purchasing the Connecticut River hydro dams, and until then WEC must look to renewable energy projects such as the UPC Sheffield wind project to fulfill our obligation and responsibility to our 10,000 owner/member households and businesses to provide electricity to them.

Future options

Let's take a look at both WEC's and the state's options.

Vermont Yankee: owned by Entergy, a multi-billion dollar corporation based in Louisiana; Yankee sells Vermont 280 MW or 55 percent of the plant's output. The rest of the power, including the 110 MW from the uprate, is sold out of state. Vermont's present Yankee contract ends in 2012. The current cost is 4 to 5 cents/kWh, and it represents 34 percent of the state's power supply.

Significant Issues – the plant will be 40 yrs old in 2012; high-level nuclear waste will be stored onsite next to the Connecticut River: Storage will not only be for Vermont usage, but for the 50 percent of generated power that is sold out of state.

Hydro Quebec: owned by the provincial government in Quebec; it sells Vermont 310 MW, or 33 percent of the state's current power demand. The contract ends in 2015. HQ has stated publicly that any future power will be sold short-term, at market prices. Current price: 7cents/kWh. Although HQ may have excess power, if we judge by today's market at 10 cents on average and as high as \$2 or \$3, you can only guess what

the price will be in 2015.

Small Power Producers: this is a group of individual hydro owners and a Ryegate, Vermont, biomass plant; production is 20 MW. Owned by Trabell, a multinational corp., it sells Vermont 50 MW-plus, or 4 percent to 5 percent of our current supply. Those contracts start ending in 2012, and although the price is high now at 13 cents/kWh, it will be higher in 2012.

The McNeil Biomass/gas plant: owned by Burlington Electric Department and the state's municipal utilities; production is 53 MW, when it runs at capacity. Fortunately, most of the capital debt will be paid off and it is publicly owned.


Other: Vermont utilities hydro (5 percent)

Efficiency Savings: Vermont has been a leader in this area nationally. We need to get even more aggressive, enacting mandatory standards for building codes, efficiency products, education, etc. However, at the most optimistic estimates this will account for 20 percent to 25 percent of our growing power-supply needs.

Natural gas plants: Almost all new generation that has come online in New England is fueled by natural gas, and the price has increased seven fold in the last five years. Natural gas will continue to be very expensive, but has some environmental benefits compared to other fossil fuels. However, there are bottlenecks with the present pipeline delivery, and siting of liquefied gas terminals at ports on the eastern seaboard. Local communities in those areas are concerned about safety issues around importation of tankers filled with potentially explosive material.

Conclusion

Wind will not solve our power needs, but will be part of our mix either sooner or later. The real issue is, will we structure deals to supply that power to Vermonters and provide public money to help lower the per-kWh cost?

We do not have the luxury of waiting until we are boxed in, when we'll believe we have no options and will make bad choices. WEC's situation will not be as grave as other utilities'; but as Vermonters, we must act sooner rather than later, and no matter what we do it's going to be costly. 

New Location: 2006 Annual Meeting Planned For Barre Elks Club

Three Candidates for WEC's Board of Directors

Three member/owners of Washington Electric Cooperative have come forward as candidates for the Co-op's Board of Directors in 2006. If elected, each will serve for three years, their terms ending in 2009.

Every year three seats on WEC's nine-member board expire, providing the membership an opportunity to elect one-third of the board that makes leadership decisions for the member-owned cooperative, and oversees management and staff. This year the directors whose terms will expire at the time of the Annual Membership Meeting (they

remain board members until that event) are **Roger Fox of Walden, Marion Milne of Washington, and Richard Rubin of Plainfield**. All three are incumbent directors, having served for at least one three-year term on the board.

The election of directors is performed by ballots sent to each Washington Electric Cooperative member by mail in the weeks prior to the Annual Meeting. **When your ballot arrives, check the accompanying materials to determine when the deadline is for posting your votes by mail.** Members who attend the Annual Meeting can vote there if they

wish, rather than by mail. **The meeting, which includes dinner, will be held this year at the BARRE ELKS CLUB – which is a change of location from recent years. Please take note of it.** The date is Tuesday evening, May 23. (A schedule of events for the Annual Meeting, and a coupon for the dinner, will be printed in the next issue of *Co-op Currents*.)

Voters can write in the names of other Co-op members who are not official candidates on their ballot, if they choose. Candidates run at-large because Washington Electric Cooperative is

not divided into districts. The three candidates who receive the most votes are the winners.

Printed below are brief biographical sketches submitted by the candidates, which contain information on each person's background and involvement with the Cooperative or other avenues of community service. The April/May "Annual Meeting" issue of *Co-op Currents* will feature their responses to questions about issues related to board service. It will provide readers a better sense of the interests, viewpoints and experience of the three candidates.

Report of the 2006 Committee On Candidates

The 2006 Committee on Candidates convened a teleconference on Tuesday, March 28, 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. This year, three (3) 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 2006 election of Directors:

**Roger Fox
Marion Milne
Richard Rubin**

2006 Committee on Candidates:

*Carl C. Demrow
Michael Duane
Brian Howes
Monique Hayden*

*John Reynolds
Donna Sprake
Polly Stryker
Charlie Wanzer*

Roger Fox

Residence: I live at Dows Crossing in Walden. I have been a Walden resident and WEC member since 1971.

Profession:

Screen printer/graphic designer.

Community Service/WEC: I was first elected to WEC's Board of Directors (then called the Board of Trustees) in 1991. I served as clerk of the board from 1992 through 1998, and have held the position of Co-op vice-president since December 1998. I chair the board's Members & Markets Committee, and serve as a member of the Policy Committee and the Finance & Administration Committee. My civic contributions include being a Justice of the Peace in my community, and serving as chair of the Walden Board of Civil Authority and as Walden Town Moderator. I am a member of the Buffalo Mountain Food Co-op, the Vermont State Employees



Credit Union, and Opportunities Credit Union.

Marion C. Milne

Residence: I am proud to be a resident of Washington, Vermont, where I have lived for 43 years raising a family. I have three grown children and eight wonderful grandchildren. Through all those years, I have been a member of the Co-op.

Education/Profession: I earned a B.A. from Goddard College as an adult. I started Milne Travel in 1975 in Barre and helped make it a successful business.

Community Service/WEC: I have held various town offices in Washington and served the town as a member of the Vermont House of Representatives for three terms. I have led the local United Way campaign, served as president of



the Central Vermont Chamber of Commerce, and held offices in many other community organizations.

I was elected to the Co-op Board of Directors in 2003, and very much appreciated the members' support in that election. Since then, I have served on the Finance & Administration Committee and the Policy Committee, and currently serve as secretary of the Board. The Co-op is a very special institution. Over the last three years, I have been very impressed with the other members of the board and the professionalism of the staff. I am still learning, but if I am reelected, I will continue to do my best for the Co-op and its members.

Richard I. Rubin

Residence: I have lived in Plainfield for 33 years. I am married to Jayne Israel and have three children: Sam, Nicko and Amanda, as well as a granddaughter.

Education/Profession: 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, repre-

sending low-income clients for two years before moving to Vermont. I have practiced law in central Vermont since 1972, and for many years our law firm – Ruben, Kidney, Myer & DeWolfe – has had offices in downtown Barre. My practice has involved representing all kinds of people with a variety of problems and issues. Primarily, I am a trial lawyer.

Community Service/WEC: I have served as a WEC director for seven years, having won election to two three-year terms of my own as well as serving out the final year of another director's term after he resigned from the board. In the community, I was a member of the Twinfield School Board for five years, and am a former director of Vermont Legal Aid and the Vermont Trial Lawyers Association. Many years ago I was involved with my brother, Mathew Rubin, in creating the Wrightsville hydroelectric facility and the Winooski 8 hydroelectric plan in East Montpelier.



WEC's Community Fund

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they are provided as a one-month credit on people's electric bills they reduce a member's bill for that month, which is not insignificant. So it is at some sacrifice that people forgo that benefit and choose instead to help others. You can see that those small sums really add up."

2005 was the third year of operation for the Community Fund, which has grown larger every year. In 2003 members contributed \$14,803.64. In 2004 (as stated above), members contributed \$17,455.34. At the end of 2005 the total value of the contributions increased again, this time to \$22,108.28. Those monies (plus a small carry-forward of unspent money from last year) will finance the Community Fund in 2006.

The subject of this report, however, is the fund's activity in 2005. General Manager Patt and the Board of Directors' Members & Markets Committee report annually, shortly after New Year's, on the fund's activities the previous year.

A summary of the 2005 recipients

appears below. The amount of individual donations is not listed, but nearly all fall between \$100 and \$500. A significant exception was the WARMTH program, which helps financially struggling people pay their heating bills.

"At the Co-op we feel strongly about the importance of the WARMTH program, with the cost of most heating fuels increasing dramatically almost every year," said Patt. "And we know

our members endorse WARMTH, because we offer a couple of ways for people to contribute through their electric bills and a lot of folks do it. So we felt more than comfortable donating

\$1,000 to WARMTH from the Community Fund in December 2005. It was our only four-figure contribution."

Granite Museum

When WEC founded the Community Fund it designated a portion – around \$5,000 – for promotion, getting the word out that the Co-op had a new way to contribute to community-focused causes. Now that the fund is well established no further publicity is necessary; and members' contributions to it can go

entirely for charitable purposes.

WEC receives many repeat requests. Local libraries, "Project Graduation" alcohol-free events at area high schools, support organizations for seniors and families, and healthcare providers for low-income central Vermonters are causes the fund has assisted each year.

Another repeat recipient in 2005 was the Vermont Granite Museum of Barre.

"While we do not have Co-op members in Barre City, we do serve parts of Barre Town," Patt explained. "And more to the point, the museum is working to preserve and honor a culture that is much broader than just Barre. The stone industry has been a driver of the region's economy for a century. Also, the museum is working very hard to become a major tourist attraction, which would further stimulate central Vermont's economy."

The Granite Museum's mission includes education, historic preservation, and economic and community development.

Though it is still under development, the museum has become a destination for school field trips, and in 2004 it opened its Stone Arts School, which offers a unique curriculum including drafting, etching, clay modeling, sandblasting and carving, and which has attracted more than 90 students. Ongoing projects include total restoration of the Pinsley Depot in Barre (which houses the museum's offices) to its original turn-of-the-(20th) century design, and the 1895 Jones Brothers manufacturing plant (once believed to be the largest in the world), where many museum activities take place.

Even in its unfinished state, the Granite Museum last summer assisted some 3,500 visitors to Vermont. Its goal ultimately is to attract 90,000 tourists a year to the area.

Thanksgiving 'stuffing'

One of the benefits of the Community Fund is that at times it can be light on its feet and take part in spontaneous charitable events. Last fall, for example, WEC took part in "stuffing a truck." The idea walked through the door one morning in the person of WEC Administrative Assistant Debbie Brown.

"I was driving to work shortly before Thanksgiving listening to Froggie (AM radio station 99.9), and they were broadcasting from the Berlin Mall where there was a tractor trailer parked from Bellevance (Trucking)," said Brown. "It

was going to stay up there until it was stuffed with groceries for the Central Vermont Food Shelf. They were asking people to drop off things for families in need."

When she got to work Brown asked Patt whether he would authorize a contribution from the Community Fund.

Although he usually screens solicitations and makes recommendations to the Members & Markets Committee, in this case he agreed to provide fund money for a quick grocery-shopping expedition by five WEC employees.

"We went to Price Chopper and split into two groups," Brown recalled. "Dan Weston and I paired up, and Denise Jacques, Tammy Clark and Kevin Stevens went together. Each group spent \$250 and a few odd cents. We bought the food, bagged it up and took it up to the trailer.


"We were unit-shopping, watching what we were buying to get the best deal

and as much food as we could for the money we had. We were thinking in terms of things for Thanksgiving dinner, and also to stock up the food shelf for families and individuals who needed food for the winter."

Often, company giving – for all its good intentions – can be a slow, bureaucratic process. The Community Fund gives WEC an opportunity to share in these kinds of spontaneous and enjoyable community-spirited events.

'Stuffing' the Community Fund

The fund is governed by rules and principles. Donations must go to organizations that are "financially viable" and "broadly supported in the communities they serve." They should either be very local (ball fields, libraries, senior-citizen groups) or widely available and beneficial to people in central Vermont (Adult Basic Education, the People's Health & Wellness Clinic, Vermont Institute of Natural Sciences). The aim is to spread the benefits of the Community Fund equitably throughout WEC's service area. It does not give to religious or political organizations.

The Community Fund is an example of the adage that a little can go a long way. Members will have a chance to stock up the fund for another season next fall, when Washington Electric initiates its 2006 capital credit refund program. 



"We were unit-shopping, to get as much food as we could for the money we had. We were thinking in terms of Thanksgiving dinner, and also to stock up the food shelf for people who needed food for the winter."

Debbie Brown,
on "stuffing" Froggie's truck

2005 Contribution Summary, WEC Community Fund

CONTRIBUTION RECIPIENT
Community Capital
Orange Center Community Assoc.
Orange County Farm Bureau
Vermont Historical Society
Central Vt Adult Basic Ed
Barre Homecoming Celebration
Food Works
Monteverdi Music School
U-32 Project Graduation
Spaulding HS Project Graduation
Copley Health Systems
Our House Of Central Vt
Assoc. of Vermont Recyclers
Twinfield Hs Project Graduation
Jaquith Public Library
Kellogg-Hubbard Library
Wellness On Wheels Project
Vershare
Friends of the Jeudevine
Plainfield Historical Society
Prevent Child Abuse Vermont
Vt Council Rural Development
Sexual Assault Crisis Team
Good Beginnings
Central Vt Humane Society
Central Vt Council On Aging
Home Share Of Central Vt
Jaquith Public Library
Vermont Granite Museum
B.Y.S.A Youth Hockey
Kingdom County Productions
C.V. Memorial Civic Center
Cabot Coalition
Family Center Of Washington
Sugar Maple Preschool
Feed Montpelier Concert
Peoples Health & Wellness Clinic
Vt Coalition, Clinics For Uninsured
"Stuff-A-Truck"
Central Vt Community Action
Green Mountain Film Festival
Mad River Community Fund
Vt Granite Museum Of Barre
Warmth Support Program
Medicare Prescription Outreach
Vt Inst. Natural Sciences
Central Vt Community Land Trust
Central Vt Skating Assoc.
First Night Montpelier

NOTES
Loans for small and self employed businesses
Garden for Learning project
Educational materials for schools
Vermont History Expo, Tunbridge
Literacy programs
Community event
Education programs about food and sustainable agriculture
Scholarships for area children

Circle of Support for mothers affected by substance abuse
Child abuse programs
Sponsorship of youth summit

Summer concert series, Marshfield
Library services for several WEC towns
"Blizzard Bags" emergency provisions for the elderly
Community directory for Vershire
Library services for several WEC towns
Ad in fundraising calendar
Montpelier walkathon support
Conference sponsorship
Support of programs
Support services for new parents
Sponsorship of benefit concert
Support for Senior Help-Line
Helping seniors stay at home
Local library services, Marshfield
Support of programs
Participation fee scholarships for Barre area programs
"Voices Project" teen theater production
Energy efficiency measures for community facility
Calendar ad for community prevention program
Support for area playgroup programs
Capital campaign for new building
Benefit for area soup kitchens
Medical services for uninsured and underinsured
Support of Vt-based TV documentary
Barre area food shelf collection, WEC employee participation
Emergency services for low income residents
Sponsorship of Montpelier area event
Local fund for neighbors in need
Support of programs
Assist people in need with energy bills
Bill insert promoting information services for new program
North Branch Center winter talk series
Affordable housing non-profit
Youth participation fee assistance for programs at CVMCC
Major community new years event

Bylaw Amendments To Address Membership for Buyers of 'Renewable Energy Certificates'

Washington Electric Co-op members will be asked to approve several related bylaw amendments when the ballots for the 67th Annual Membership Meeting are mailed in May. The amendments slightly expand the definition of Co-op membership to conform with Vermont statute. Presently, the bylaws define a member as a person, business or other entity who purchases electricity from the Co-op. With this change, membership would also include those who purchase "renewable energy certificates" from WEC.

Washington Electric operates as a nonprofit corporation under federal statute – specifically, a section of the Internal Revenue Code numbered 501(c)(12), which applies to cooperatively owned utilities. As such, WEC is tax-exempt and does not pay income taxes on what would be considered profits. Each year in which revenues exceed expenses, those "margins" are allocated to the members' capital credit accounts; they may later be returned to the membership in the form of capital credit refunds.

"The government specifies that a cooperative utility, in order to maintain its income tax exemption, has to account for at least 85 percent of its total income from members," said WEC Director Roger Fox of South Walden, chair of the board's Members & Markets Committee.

There can be customers, or "patrons," of the utility who are not members, Fox explained, as well as other sources of non-member revenue. But any income WEC receives from non-members should not exceed 15 percent of the company's total annual earnings.

WEC has never had non-member income approaching 15 percent before. However, it now receives income from companies that buy renewable energy certificates (or RECs) from the Co-op. WEC earns these certificates by producing renewable electricity at its Coventry landfill gas-to-energy plant. Electric utilities in certain states are required, under their own state laws, to include a minimum percentage of renewable energy in their power portfolios. Others may offer their customers premium-priced "green energy" options. Purchasing renewable energy certificates from owners of renewable generation such as WEC enables them to meet their

requirements.

For WEC, the sales of those RECs has helped the "bottom line," providing important income that among other things has helped the Co-op stabilize its electric rates for members. Since the revenue from RECs is directly related to the Co-op's core business of generating and distributing electricity and is used to cover our costs in the same way that revenue from members' electric bills is, the board of directors proposes to make our REC customers Co-op members. Doing so will require changes to the current bylaws, and it's those changes that the members will be voting on with their Annual Meeting ballots.

'Membership' definitions

Since its founding 67 years ago, being a Washington Electric Co-op member has meant that you buy your electricity from WEC. It was even spelled out that way in the state laws that governed electric cooperatives. But in 2005, the Vermont Legislature amended that law to say that those who

purchase Renewable Energy Certificates from an electric co-op can be considered members of the co-op. Legislators recognized that renewable energy certificates were created to encourage the development of new renewable resources, and that electric co-ops

should be able to respond to that need without unintended tax consequences that would negate the benefit to their members.

"This provision in the state statute allows us to address this new issue – meaning our relationship with our REC customers – in a straightforward manner," said Fox. "They can become Washington Electric members, and their purchases of RECs will be considered member income."

Not, however, until WEC's bylaws allow it. As presently written, Section 1 (b) dictates that a person (or business, agency, or anyone else with an electric meter in WEC's territory) may become a Co-op member by "using electric energy or other services, goods or products furnished by the Cooperative..." The board proposes to amend that section, permitting membership also to those "purchasing and paying the Cooperative for renewable energy certificates or other environmental attributes associated with the generation of electricity..."

The complete text of the amendments

and the applicable sections of the bylaws will appear in the April "Annual Meeting" issue of *Co-op Currents*.)

Concerning capital credits


But, of course, such a change raises complications elsewhere in the bylaws, and they need to be resolved at the same time. Including REC purchasers like the Cape Light Compact of Barnstable, Massachusetts, as members of Washington Electric requires altering the language in several bylaw sections.

A question some members might raise concerns capital credits: Will these new members qualify for capital credits when there are retirements to be divided among the membership?

The answer, of course, is yes, since their contributions will have contributed

to WEC's margins just those of other members. The bylaws also will be changed to reflect that. The proposed changes would also specify that WEC's board of directors has the discretion to retire capital credits derived from RECs on a different schedule from those earned by members who purchased electric service. This will help ensure that this new class of members will not adversely affect the retirement of capital credits to WEC's traditional membership.

The existence of renewable energy certificates was not contemplated when WEC's bylaws were written, or when they were last amended significantly. The RECs are themselves "generated" by the Coventry plant that WEC and its members built, own and are paying for. It makes sense that those who purchase RECs from our Co-op should be considered members as well, as they are contributing to the financial health of Washington Electric Cooperative. The amendments proposed by the board would allow WEC to benefit from that opportunity while safeguarding its nonprofit status.

Members are invited to call WEC directors (see page 2 for contact information) or the general manager with questions. 

Additional Amendment Would Raise One-Time WEC Membership Fee

In 1939, when Washington Electric Cooperative was founded and began serving its first members on the back roads of rural central Vermont, folks were asked to pay a \$5 membership fee to join up. The fee stayed the same – \$5 – until 1976, when it was increased to \$10.


This year, the Co-op wants to raise the membership fee once more, for just the second time in 67 years. WEC's Board of Directors is asking people to approve, by ballot, a \$20 membership fee, which will require a change to the Co-op's bylaws. While the main focus of this year's bylaw-amendment proposals is on the matter of changing the membership criteria (see "Amendments to Address Membership for Buyers of RECs," this page), this proposal would allow WEC to bring in a small amount of additional revenue after 30 years in which the costs of virtually every other aspect of doing business – from labor to equipment to the cost of metered mail – has risen steadily.

"Increasing the membership fee will have no impact on most of the people who are currently Co-op members," said WEC Director Roger Fox, chair of the board's Members & Markets Committee. "It's a fee that most people pay just once – when they start their Co-op account."

There are exceptions. If a member requests the installation of an additional electric meter – perhaps for a barn or workspace, to be metered and billed separately from the existing account – the one-time fee is levied. Another circumstance would be if a Co-op member moves to a new residence that is also in the Co-op's service territory; that entails transferring the account at that meter from one person to another, and would therefore be subject to the fee.

Otherwise, people who will pay the \$20 membership fee, if it is approved, will be people in coming months and years who will join WEC for the first time.

"We've been holding our costs down for members pretty successfully for some time," said Fox. "Most important, Washington Electric has not had a rate increase since 1999, and we are optimistic that we'll be able to hold the line for a while longer."

Meanwhile, adjusting the membership fee is a small step the Co-op can take to stay current with today's costs. Members are urged to approve the increase. The section of the bylaws pertaining to the membership fee will be published, along with the proposed new language, in the next issue of *Co-op Currents*, which will accompany your ballot materials in a few weeks. Meanwhile, people are invited to call WEC management or members of the Board of Directors, with any questions about the proposed amendment. 

Sailey Ennis, Former WEC Manager, Passes Away

We are sorry to report that former Washington Electric Co-op General Manager Sailey Ennis died at the Berlin Health and Rehabilitation Center on March 25, 2006, at the age of 77. Sailey served as WEC's manager from 1962 to February 15, 1977, one of the longest tenures of any of the Co-op's 12 general managers.

Sailey had the distinction of beginning his Co-op career as a lineman, which gave him an unusual perspective for a utility executive: hands-on experience at the difficult work that is an electric co-op's primary mission – providing electricity to its members. His career also included serving as manager of Northfield's municipal electric utility.

Sailey Ai Farnum Ennis was born in Marshfield on April 28, 1928. He attended schools in Marshfield, and

later served in the U.S. Navy. He was a member of the International Brotherhood of Electrical Workers (IBEW). He enjoyed hunting, fishing, riding motorcycles and vegetable gardening.

Sailey is survived by two sons, Donald Ennis of Graniteville and Ricky Ennis of Kilmarnock, Scotland, and their families; and by two daughters, Donna Cerutti of Clayton, N.C., and Bonnie Moore of Mead, WA, and their families; as well as his siblings, brothers Harold Ennis of Plainfield and Leland Ennis of Cabot, and sister Hazel Fullam of Wellsville, N.Y. He is also survived by longtime companion Helen Strachan.

The Co-op extends its sympathies to Sailey's family and friends, and will remember him fondly for his service to Washington Electric Cooperative.



Washington Electric Cooperative's Board of Trustees in 1970. Pictured with the Trustees is General Manager Sailey Ennis, who is seated on the bottom, right, of the photo.

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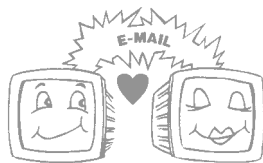
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Third Substation Replacement To Be Presented On Annual Ballot

Next up: Maple Corner. Washington Electric owns a substation in this small community in the north-central part of Washington County. Set back off the road between Maple Corner and Kent Corner, it directly serves some 814 Co-op-members, mostly in Worcester, Middlesex, and the Maple Corner area in Calais. The substation receives 34.5-kilovolt power over nine miles of transmission line coming from East Montpelier; it then reduces the voltage and sends the power out over Co-op distribution lines to those WEC-member households and businesses.

But the substation has gotten old. "It's a deteriorating wooden structure that's gotten beyond its useful age and lifecycle," says Dan Weston, WEC Director of Engineering & Operations. "That substation was constructed in 1972 – and the transformers are even older. They date from the 1960s, and were moved to Maple Corner from one of the Co-op's oldest substations a long time ago. The transformers are in good condition, but they're of an earlier vintage. They're not as energy-efficient as the transformers that are available today."

With any luck, their time is limited. Washington Electric has secured the funding to replace the Maple Corner sub, but needs membership approval to do so. Members will be asked to vote on the project with their Annual Meeting ballots, which will be mailed with the next issue of *Co-op Currents* in late April. Replacing the substation is included in the four-year construction plan, and if approved by the members the projected cost of \$489,000 will be borrowed from the federal Rural Utilities Service at favorable rates. Repayment and debt service are rolled into the Co-op's existing financial projections; the new substation will not cause a rate increase. The Vermont Public Service Board is reviewing the project for the necessary Certificate of Public Good; that regulatory approval is expected before the Annual Meeting on May 23, so membership approval would represent the final hurdle for the Co-op before beginning construction. Weston is shooting for a mid-July completion date.

the facility brought on line in September 2004.

On a roll

If this request sounds familiar to some Co-op members, it's because this is the third time since 2000 that Washington Electric has asked members to approve a substation-construction proposal.



If approved by the voters, WEC's substation near Maple Corner will be replaced by a more modern, energy-efficient facility with environmental protections for nearby wet areas.

First came Moretown, where WEC replaced a decrepit structure that had been damaged by fire some years earlier, and which was incapable of serving the growing number of Co-op members in the Mad River Valley area. Next came South Walden, where Washington Electric obtained the membership's approval to replace another old, outdated substation that was increasingly inadequate by modern standards. Voters approved that project in 2002, and construction was completed and

the facility brought on line in September 2004.

That makes Maple Corner the third substation WEC wants to replace. The Co-op owns eight substations in all, but some are in good shape and utilize recent-vintage, efficient electrical equipment.

"It's important that we be able to continue upgrading and replacing our substations that need it," says Weston. "They are vital to our system reliability. The Co-op had a number of old-style wooden substations using dated equipment. Things have changed over the years; WEC has gotten larger and has more members to serve, and there have been advances in equipment design that we would like to be able to use, for the benefit of our members and also of the environment."

The Maple Corner substation sits near a wetlands. But the existing facility

has no spill-containment system (electric substations frequently use equipment that use petroleum for various functions). Spill containment has been designed into the new substation; furthermore, the modern transformers that would replace those presently on-site use a new soybean-based dielectric fluid rather than petroleum, which will help safeguard the woods and wetlands (and Co-op members) nearby. Other advances include electronic vacuum-bottle reclosers, rather than the oil-based reclosers widely in use. (Reclosers automatically respond to electrical faults, giving the system several chances to resume normal operation before defaulting into a prolonged electric

WEC Survey

continued from page 2

Impressions

It is important to emphasize that the TSE survey dealt with people's perceptions, not necessarily with facts. For example, it revealed that most members do not know about the non-electric member-services WEC makes available through partnerships with other companies, such as discounted long-distance telephone and Internet dial-up services.

And the impression among some respondents that the Co-op does not employ state-of-the-art technology also does not square completely with facts. WEC's computerized outage-management system for logging and analyzing outage information, for example, is quite advanced. However, there are some technologies in the electric utility industry that are not


outage).

Summing up these and other improvements planned for the new substation and the lines connected to it, Weston says, "Our reliability and power quality in that part of our service territory will both be improved by this project. It will be well worth the investment, for local members and for the Co-op as a whole."

Practice and experience

The Maple Corner site does contain one significant challenge. In Moretown and South Walden, WEC had access to enough land to be able to build the new facilities adjacent to the old ones, keeping the old substations activated during the construction period. At Maple Corner the plot of land WEC owns is too small for that. So the linemen have been working in the late winter and spring to prepare the distribution lines from WEC's Moretown and East Montpelier substations to temporarily serve the Maple Corner members. However, a benefit of that effort is that once the new steel-and-concrete facility is built, it will be able to provide partial backup for those other two substations in case one should experience equipment failure. WEC would be able to continue serving the nearly 3,000 members who are connected to the Moretown and East Montpelier facilities with minimal interruption.

Our Co-op's linemen and operations team are getting good at this. It is they, not contractors, who built the Moretown and South Walden substations after outside companies did site-preparation work and erected the protective fences. The same pattern will hold here. Weston has earmarked six weeks in June and July for a Co-op crew to undertake and complete the new Maple Corner substation, which will be another step forward for Washington Electric Cooperative.

Members are invited to call the Co-op if they would like more information before voting. 

yet cost-effective for a small co-op. Members can expect further advances in coming years.

Similarly, members were not persuaded that Washington Electric "looked out for them" and "helped them manage their energy use wisely." The fact is, WEC is a recognized leader among Vermont utilities in providing programs to reduce electric usage, and as a result WEC members' average residential usage is noticeably lower than the state average.

TSE concluded that, at least in part, WEC's shortcomings are a matter of communication. And it suggested a partial remedy.

"WEC enjoys high readership levels of its *Co-op Currents* newsletter, and can use this vehicle to better educate its members on the 'Cooperative Difference,'" the report concludes.

Apparently, *Currents* has its work cut out for it. 