



CO-OP CURRENTS

Vol. 61, No. 7

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

October 2000

CO-OP POSITION STATEMENT

Retail Competition in the Electric Utility Industry

The Board Of Trustees Of Washington Electric Cooperative Has Adopted The Following Position:

Washington Electric Cooperative supports offering meaningful choices to consumers regarding the sources of their power and new technology. WEC is opposed to retail competition in Vermont's electric industry. We do not believe it is in the best interests of our members, nor is it in the best interests of the great majority of Vermont consumers.

Many states, including Vermont, embarked on a path toward retail competition because of economic and political pressure from large consumers and from energy companies positioning themselves to profit from the change. Some simply took it as a matter of faith that competition lowers prices for everyone.

Advocates of retail competition have said that retail competition would bring lower prices, offer choices of suppliers, and increase development of renewable energy sources. WEC does not support retail competition because, based on

experience thus far:

- It has not brought lower prices to all consumers.
- It has created enormous price volatility passed on directly to consumers.
- It has not offered meaningful choices of supplier to residential and small business customers.
- It is not needed, nor is it the most effective way, to promote development of renewable energy resources or to achieve other environmental and consumer protection benefits.

Retail competition, if adopted, is a change that cannot be reversed. We recognize that the traditional utility system needed change and was due for some restructuring. However, if Vermont is to meaningfully "restructure," we must put all options on the table. Retail competition is but one option. Consumer ownership is another. More modest reforms of the utility and regulatory system are another. Vermont should not radically restructure its electric utility system without full consideration of all options, and the

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CO-OP

CURRENTS



Spencer Slayton, left, and Larry Gilbert put an end to their lineman careers. Veteran mechanic Weldon Morin also bids Co-op adieu. Story on page 6.

President's Message

Board's Position Derived From Watching Restructuring Unfold

By Barry Bernstein

As I begin writing this month's report to the members, the autumn colors are reaching their brightest, we're expecting our first snow and many of us are moving and stacking wood in our basements as we brace for the higher fuel prices that will follow us into this winter.

As oil has hit a 10-year high at more

than \$37 per barrel, and customer bills have more than doubled in San Diego, California – the first place to experience the affects of full retail competition – the issue of electric utility restructuring has again become a focus of national media attention. As the issue has heightened, your Board of Trustees has been focusing its attention on electric utility restructuring.

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Inside

Capital credit checks coming sooner than scheduled. The process for paying qualified members on their accounts has been speeded up. (How often does **that** happen?) Page 8.

More on WEC's restructuring position. Front page stories continued on page 3.

Congressional candidates address WEC members on restructuring,



energy policies. See statements from Jeffords, Sanders and Kerin on page 4.

Changing of the guard. New Co-op employees hired to fill big shoes. Page 6.

October is set aside each year to celebrate cooperatives. A round-up of cooperative activity on page 8.

Washington Electric Cooperative
East Montpelier, VT 05651

NOTICE TO MEMBERS OF WASHINGTON ELECTRIC COOPERATIVE OF PROPOSED RATE DESIGN CHANGE AND PUBLIC HEARING

On November 19, 1999, Washington Electric Cooperative, Inc. filed with the Vermont Public Service Board ("PSB") a proposed allocated cost-of-service study and rate-design change. The Cooperative had requested that this rate-design change become effective with service rendered on and after December 1, 1999, and bills rendered on and after February 1, 2000. The Public Service Board suspended that filing, and opened an investigation to determine the justification and reasonableness of the proposed rate-design change (PSB Docket No. 6328). That investigation is still continuing, and the proposed rate-design change will not go into effect until it is approved by the Public Service Board.

One aspect of the rate-design filing proposed the elimination of the winter/summer rate differential. Under the

current rate structure, higher rates are in effect during the "peak season," collected on a bills-rendered basis from December 1 through May 1, and lower rates are in effect during the "off-peak season", collected on a bills-rendered basis from June 1 through November 1. Changes in the way utilities are billed for power purchased on the open market make seasonal rates no longer cost-justified. Accordingly, the Cooperative believes that it is reasonable and justified to discontinue winter/summer rates in favor of levelized rates throughout the year.

On September 28, 2000, Washington Electric Cooperative, Inc. filed with the Vermont Public Service Board a request to allow the elimination of the winter/summer rates differential, while it continues its investigation of the rate-design filing. The Vermont Department of Public Service supports the Cooperative's

request for levelized rates. The levelized rates are designed to be revenue neutral, both on a rate class and annual basis. The Cooperative has requested that levelized rates begin with service rendered on and after December 1, 2000, and be reflected on bills rendered on and after February 1, 2001. The proposed levelized rates may be subject to change when the rate-design filing is approved by the Board.

A public hearing will be held before PSB Hearing Officer Ennis Gidney on

Thursday, November 2, 2000, at 7:00 p.m. at the Old Brick Church (adjacent to the Cooperative's office building) in East Montpelier. Members are encouraged to attend the hearing to comment on or object to the proposed elimination of winter/summer rates. If you are unable to attend the public hearing, you may submit your comments in writing to the Vermont Public Service Board, 112 State Street, Drawer 20, Montpelier, VT 05620-2701, on or before October 31, 2000.

Refer To The Comparison Of Current/Proposed Electric Rates (below left)

Co-op Seeks Early PSB Decision On Ending Seasonal Rates Public Hearing Scheduled For Nov. 2

Seeking a resolution to its proposal of a year ago to end the system of charging members a higher rate for electricity in the winter than in the summer, Washington Electric Cooperative has asked the Vermont Public Service Board (PSB) for permission to move forward with that plan. The request means separating out the winter/summer rate issue from other related matters that WEC has put before the board.

If the board grants WEC's request, a new system of "levelized" rates – in which electric rates would be the same year 'round – would take effect for Co-op members on December 1. It would first show up on their February 2001 electric bills.

In response to the request, which was made jointly by the Co-op and the Department of Public Service (DPS), the PSB has scheduled a public hearing on

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Washington Electric Cooperative, Inc. Comparison of Current and Proposed Electric Rates			
Class of Service	Monthly Charges	Existing Rates as of 5/04/00	Levelized Rates
Farm & Residential Classes 1 and 2	Customer Charge/Month	\$9.24	\$9.24
	1st 150 kWh/mo.	\$.07387	\$.07387
	Over 150 kWh/Month – Winter Season	\$.19983	\$.16207
	Over 150 kWh/Month – Summer Season	\$.11865	\$.16207
Seasonal Residential Class 4	Annual Customer Charge	\$104.94	\$104.94
	1st 38 kWh/mo.	\$.07387	\$.07387
	Over 38 kWh/Month – Winter Season	\$.20131	\$.15322
	Over 38 kWh/Month – Summer Season	\$.1195	\$.15322
Commercial Class 3	Customer Charge/Month	\$9.89	\$9.89
	Per kWh/Month – Winter Season	\$.18874	\$.15532
	Per kWh/Month – Summer Season	\$.11641	\$.15532
Seasonal Commercial Class 9	Annual Customer Charge	\$112.32	\$112.32
	Per kWh/Month – Winter Season	\$.18801	\$.14523
	Per kWh/Month – Summer Season	\$.11597	\$.14523
Large Power Class 8	Customer Charge/Month	\$64.71	\$64.71
	Demand Charge Per kW/Month	\$13.08	\$13.08
	Per kWh/Month – Winter Season	\$.08657	\$.08274
	Per kWh/Month – Summer Season	\$.07839	\$.08274
Credit for Water Heater	Timer/Month	\$3.29	\$3.29
Security Light Rate	Per 100 Watt Light/Month	\$12.42	\$12.42
	Per 400 Watt Light/Month	\$24.83	\$24.83
Time of Day Rate Class 5	Customer Charge/Month	\$12.65	\$12.65
	<i>Peak Hours</i>		
	1st 45 kWh/mo. – Winter & Summer	\$.07387	\$.07387
	Over 45 kWh/mo. – Winter Season	\$.39513	\$.32347
	Over 45 kWh/mo. – Summer Season	\$.21876	\$.32347
	<i>Off-Peak Hours</i>		
1st 105 kWh/mo. – Winter & Summer	\$.07387	\$.07387	
Over 105 kWh/mo. – Winter Season	\$.10132	\$.10280	
Over 150 kWh/mo. – Summer Season	\$.10573	\$.10280	

Co-op Currents

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The Board of Trustees' 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, contact Management and Programs Administrator Denise Jacques, 802-223-5245.

Position Statement

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participation in the decision by consumers and their elected representatives.
— Adopted Unanimously, 10/27/2000

DISCUSSION

Retail competition is not the answer to Vermont's energy problems, and may in fact make things worse for the average consumer. Although state regulators concluded several years ago that retail competition would benefit Vermont, and the issue has been debated in the Legislature, the press and elsewhere since then, Washington Electric Co-op has continued to be skeptical that it would be of benefit to our members, who are overwhelmingly residential or small business. Now that a number of states have implemented retail competition, we believe our skepticism is being confirmed. We believe it would be a mistake for Vermont consumers, whether on a statewide basis or a major portion of the state, to be subject to the risks and complexities of this type of "restructuring," when they did not ask for it and they are unlikely to benefit from it.

Winners and Losers

Retail competition was never intended to benefit residential and small business electric customers. Experience thus far in a number of other states is proving this to be the case. In surveys of utility executives, most conceded that they do not

know when, or if, residential customers will see a reduction on their bills as a result of competition. In most states with competition, very few consumers have chosen alternative suppliers, either because they do not see the benefit or because in many places there simply is no other supplier to choose. These small consumers are not attractive to the new power marketers, who have no obligation to serve them. Deregulation is not a "win/win" proposition. This has been the case in the deregulation of other industries such as telecommunications and airlines, and is proving to be true in the electric industry as well. There are inevitably winners and losers, but electricity is not a discretionary commodity, and residential and small business customers should not be losers in the process. However, to assure that there are no losers requires whole new layers of "re-regulation."

Wholesale Power Markets Must Be Stabilized

WEC continues to support wholesale competition and open access to the transmission grid. However, wholesale power markets in the Northeast and many other regions are extremely unstable and have created enormous unpredictability and volatility of prices. These have caused unprecedented increases in consumers' electric bills in states with retail competition like California, New York, New Jersey, Montana and elsewhere. These increases in cost to con-

sumers are of a magnitude never before seen in the electric industry. In these states, the price spikes and volatility of the wholesale markets are being passed directly and immediately on to the consumer, the great majority of whom do not understand why this is happening to them. It is not a "choice" that they asked for. Consumers in these states are now at risk, both in terms of price and in terms of reliability. The market is not meeting the demand, and consumers face power shortages or unaffordable prices during times of peak demand.

The Commitment to Energy Conservation is Disappearing

In most states, utility and state regulatory commitment to energy efficiency and conservation is being reduced to near zero. Energy conservation and concern for the environmental impact of electricity generation are not part of the equation in a competitive environment. While in Vermont, the statewide Energy Efficiency Utility was established in part to make sure this "didn't happen here," the fact that demand is growing in the entire Northeast, with little or no effort to manage the demand through efficiency, is putting a squeeze on the availability of power coming into Vermont, and the price we pay for it.

New Layers of Complexity and Cost

Retail competition adds considerable complexity to the electricity delivery

system. In order to protect the majority of consumers against the risks and complexities of competition, new regulatory functions and educational programs must be instituted. Complex information systems must be able to handle customers switching providers, notification to all affected companies, and matching of supply delivered into the power grid and energy used by individual consumers. There are costs to all of this at all levels of the industry structure, but these costs have not been quantified.

Some Benefits of "Choice" Do Not Require Retail Competition

Proponents of retail competition have argued that it will encourage the development of renewable energy resources, and cleaner and more efficient energy generation technology. We believe that consumers do want choices—they want their energy to be greener and they want more information about where it comes from. They would like their energy suppliers to be responsible, reliable and trustworthy. They would like to take advantage of new products and technology as they become available. Consumers do want choices. But retail competition — choosing between companies marketing to them (or perhaps finding that no one is competing for their business) — is not the choice they have asked for. These social, environmental and technological choices can and should be offered to consumers, but retail competition is neither necessary nor the most effective way of accomplishing this.

President's Message

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Retail Competition

Over the last several years you have read about electric utility restructuring and "retail competition" (in the electric industry) in the pages of the *Co-op Currents* and in the local and national news. Your Co-op Board of Trustees has remained skeptical about whether the promised benefits would result in lower prices for our members and other residential and small commercial/business consumers. We have tried to keep abreast of the issues as 25 states have moved toward retail competition in the Northeast, Midwest and West.

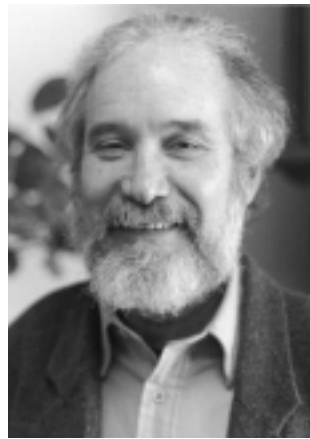
As the information has come in from the states that took the lead and jumped into the icy waters, your Board's reservations and skepticism have been validated. Power marketers have been uninterested in serving rural residents and small commercial/businesses. Some areas of the country, in particular the far West, New York and New England, have experienced severe price volatility. In Pennsylvania things have gone somewhat better in the cities and suburbs, but there is still no consumer choice available in the rural areas because power mar-

keters have shown no interest in providing options there. It's still very early in the Pennsylvania experiment.

After another round of price spikes this summer and continued immaturity in the development of the wholesale market, your Board of Trustees at our Sept 28 meeting voted unanimously to oppose retail competition. Your Board took this action in a deliberate manner after months of discussion and evaluation of the information available on the effects of restructuring as it has developed in various states throughout the country.

In the next month we will join with a range of other organizations in Vermont to ask that no retail competition in electric power take place at this time. We will also advocate that when any discussion of structural change in the utility system takes place in the future, all the options available be placed on the table —including consumer ownership.

WEC's Trustees, unlike the directors of investor-owned utilities, are elected by



Barry Bernstein

and are responsible to our rate-payers/members. The intent of our position is to protect the interests of our 9,000 members and ensure against the risk of higher electric bills resulting from being sold a bill of goods in the guise of "consumer choice."

Please read the Board's statement, featured on page one of this issue of *Co-op Currents*, and if you have questions contact our manager Avram Patt, myself or any

of your Trustees.

National Co-op Month

October is National Co-op month, a time when all of us who are members of and/or work at co-ops can reflect on the tremendous support and growth the cooperative movement has had since the forming of the Rochdale Co-op, the first co-op, in England in 1844. Today, 40 million people in the U.S. and more than 70,000 in Vermont live in homes served by electric co-ops.

In addition, many people are members of or obtain products and services from

Our intent is to protect our members against higher electric bills resulting from being sold a bill of goods in the guise of "consumer choice."

food, agriculture, hardware, auto parts, financial, insurance, and fuel co-operative organizations. Whether it be locally through WEC or Hunger Mountain Food Co-op, Cabot Creamery Co-op, Agway, True Value Hardware, Co-op Fire Insurance or any of Vermont's credit unions, the cooperative structure will continue to offer a valuable opportunity for people to join together.

These Co-ops give us more direct control over goods and services that we need, at a more affordable price and in many areas where the competitive private sector is not interested in providing services. WEC, as in our recently established relationships with the Vermont State Employees Credit Union and Mad River Glen cooperative ski area, will link up with other co-ops when we are able to offer value-added goods and services to our members.

Candidates Forum

Candidates Forum: Electric Utility Restructuring

For this pre-election issue of Co-op Currents, we invited Vermont candidates for the offices of U.S. Senator and U.S. Representative to contribute their opinions about electric utility restructuring. A cornerstone of the restructuring movements around the country and at the federal level is to replace the existing franchise system, in which electric utilities serve the residents, industries and businesses in specific geographical areas on an exclusive basis, with a system ostensibly providing consumers with a choice of retail providers (the franchise utilities would continue to own the infrastructure that transports electricity to the local consumer). Although movement thus far toward restructuring has been on a state-by-state basis, the subject is an issue

of importance at the Congressional level as well, partly because national legislation has been introduced in Congress and because our senators and representatives play a part in defining national energy policies.

Co-op Currents invited comments from U.S. Sen. James Jeffords (Republican), and his Democratic challenger Vermont Auditor of Accounts Edward Flanagan, and U.S. Rep. Bernard Sanders (Independent) and his Republican challenger Karen Kerin, a former central Vermont resident. We received responses from Jeffords, Sanders and Kerin. Washington Electric Cooperative thanks the candidates for their interest in communicating directly with the Co-op and its members.

Three Areas of Emphasis: Reliability, Environment, Emerging Technologies

By Senator James Jeffords, R-Vt.

Electric utility restructuring takes on different issues at the state and federal levels.

For states, the situation may vary greatly from state to state, depending upon the particular state's mix of energy sources and its level of industrial, commercial and residential customers. And within each state, individual utilities also have different customer and provider bases. States need to be sensitive to these needs, without undue interference from the federal government.

For Washington Electric Cooperative (WEC) customers, for example, any state restructuring plan must be sensitive to the fact that WEC consists mostly of residential customers, and the utility has heavily invested in demand-side management over the past several years. Fortunately, Vermont regulators are well versed in energy efficiency matters, and this has served WEC and Vermont consumers well.

While most of the "heavy lifting" on utility restructuring must and should be done at the state level, there are important functions that the federal government can address. I'll briefly mention three of the more important ones here.

First, one of the most significant issues for the federal government is maintaining the reliability of the interstate transmission lines. We need to be certain that we can rely on the safety, capacity and integrity of long-distance transmission lines. None of the promises of deregulation can be realized if we are not



able to freely and efficiently transmit electricity from one region of the country to another.

And we need to have in place the mechanisms necessary to fund the necessary capacity improvements to accommodate new sources of power generators and increased demand for electricity.

Second, we need to improve our federal laws to address interstate pollution issues, particularly in regard to "grandfathered" coal-burning plants whose emissions of nitrogen oxides and mercury, in particular, raise problems in downwind states such as Vermont. We need to bring ALL power plants under strict pollution rules as the best means of reversing the growing environmental warnings we see in our fish, waterfowl and high-elevation vegetation.

Third, we need to encourage the development of alternative energy supplies in order to foster energy security for the twenty-first century. There is an appropriate federal role in promoting the next generation of energy products, including solar and wind technologies, fuel cells and energy efficiency technologies. Over the past two decades, I have fought against a reluctant Congress to provide federal support for these emerging technologies, and so I hope with a national energy bill we can address the federal issues related to restructuring, as well as the underlying issues related to moving toward greater energy security and better environmental stewardship.

We Need a Strong National Commitment to Energy Efficiency

By Congressman Bernard Sanders, I-Vt.

I thank Washington Electric Cooperative for the opportunity to express my views on electric restructuring and the broader issue of making

sure we have a sound national energy policy that works for Vermonters.

While I believe we can do much better than our current system of attempting to regulate private monopoly utilities, I strongly oppose a bill in Congress introduced by the Republican chairman of the House Commerce Committee to restructure the electric industry. I believe this bill perpetrates a hoax that there could ever be a competitive market for residential and small business consumers, and would ultimately lead to higher electric bills for most consumers – especially those living in rural areas. Fortunately, this bill will not pass this year.

A better approach to electric industry reform, especially for Vermont, would consider the benefits of cooperatively or consumer-owned utilities that are self-regulating and are far more responsive to the overall energy needs of their consumer-owners. Today, almost 1,000 electric co-ops operate more than half the electrical lines in America and provide electric power to more than 25 million people in 46 states. Publicly-owned systems number about 2,000 and provide the power for 35 million. I strongly support rural electric co-ops, and will continue to work hard in Congress to make sure they are able to maintain their vitality.

Among pending legislation, I am more supportive of the administration's proposal to lower electricity prices, clean the environment, and increase the reliability of our nation's power grid. This legislation would provide \$20 billion in annual savings to America's families – saving the typical family of four \$232 per year.

But we need to move well beyond this modest bill and focus our attention on energy efficiency and conservation. No one disputes that we waste an enormous amount of energy. This inefficiency costs us tens of billions of dollars a year, reduces our competitiveness, threatens our national security and leads to increased air pollution, radioactive waste



and global warming.

As mayor of Burlington, I promoted energy efficiency through our public electric department, which became a national leader in efficiency investments. These efforts continue to save Burlingtonians millions of dollars every year. Coupled with our opposition to economically and environmentally inappropriate projects like Hydro-Quebec and a waste

incinerator, we have shown the way toward a more sustainable energy system.

Congress and the president must develop a national energy policy that promotes and invests in energy efficiency. These investments have saved Americans some \$80 billion over the last 20 years, but have been continually cut by the Republican-led Congress.

This year, I offered an amendment Congress passed that cut corporate welfare by \$45 million, and transferred that money into several valuable energy efficiency programs – including \$20 million for the highly successful Weatherization Assistance Program. As finally enacted, this will increase funding for Vermont's weatherization program by almost \$200,000. Nationally, more than 10,000 low-income homeowners will receive weatherization assistance due to this amendment.

But energy efficiency means much more than just weatherization. It means taking advantage of already-developed new technologies to light and heat our homes and businesses more efficiently. This will save huge sums of money and protect the environment. If there ever was a win-win situation, this is it. As Amory Lovins said, "It's the lunch you get paid to eat."

I look forward to working with the Washington Electric Co-op to address these issues that are vitally important to our families' and state's economies and the environment.

Candidates Forum

Electrical System Restructuring

By Karen Kerin
Republican candidate for the
U.S. House of Representatives

When systems are stressed due to outside forces, those forces are often transparent and presumed to be internal faults. Such is largely the case with the marketplace for electric power. All manner of restructuring is being proposed and most of it has little relevance to the real problems the electric industry faces.



Marketing Aspects

The electric market in Vermont shares a common problem that no restructuring scheme can resolve to gain any improvement. Power must be purchased. The cost of transmission is relatively fixed. Overhead is tightly controlled. Pricing is

held to the lowest possible level.

Making A Difference

Restructuring an industry presumes that there is something meaningful that can be done. In fact, the only thing that can be done is to source less expensive power, which presently does not exist.

Logic dictates that short supply and increasing demand leaves only one solution: increase the available supply.

That seems a daunting task as the Vermont Yankee plant is slated to go off line permanently in little more than a decade, and hydro-electric dams are not being re-licensed. Yet, we continually hear about alternative sources of energy that can be exploited.

Solar energy is usable only while the sun shines during the day and then, optimally, only when there is little cloud cover. Hence, although that might be a useful supplement, it does not represent a base level of power, which is what is needed. Wind power represents another

possible source, but again, it depends on an unreliable force of nature and therefore must be discounted as a base load source of power. Fossil fuels are a possible means of generating power, but they are increasingly expensive and subject to ever more stringent regulation by government. The problem is knotty, but the fact remains, we must have electric energy available for our modern society.

One might almost think the problem of increasing base electric supply is insoluble, but that is not true.

Getting To The Base Level Of Needed Power

Two sources of power generation exist that can readily be incorporated into the existing grid. They are low tech hydro-electric generation and low efficiency wood waste fueled power plants. Both are renewable energy sources.

Low tech hydro-electric power generation involves the diversion and channelizing of a portion of a watercourse (river). In the open channel, successive paddle wheels are turned by the current of the water, each generating a small amount of electric power. Each paddle wheel will

produce constant power and not interfere with the biology of the watercourse. In fact, they would help to oxygenate the water, thus improving the water quality.

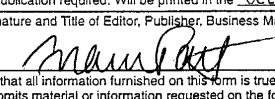
Burlington has a wood chip burning power plant which has been operating for more than a decade. The technology is very well understood. The fuel source is currently a wood waste. We are blessed in Vermont with an abundance of limewood and other wood waste that could supply a number of generating stations using this fuel. The Green Mountain National Forest is full of dead fall from the ice storm of two years ago. It will serve as fuel for a forest fire if drought conditions should come our way in the next few years. Removing it now and chipping it for fuel would provide a huge reserve for chip burning plants.

If there is to be any restructuring of the electric market, it should begin with getting the industry to the needed base level utilizing renewable energy that meets the needs of a modern society. Pilot projects should be started as soon as possible.

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15. Extent and Nature of Circulation		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)		8,500	8,500
b. Paid and/or Requested Circulation	(1) Paid/Requested Outside-County Mail Subscriptions Stated on Form 3541. (Include advertiser's proof and exchange copies)	4,009	4,021
	(2) Paid In-County Subscriptions (Include advertiser's proof and exchange copies)	3,874	3,882
	(3) Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Non-USPS Paid Distribution	0	0
	(4) Other Classes Mailed Through the USPS	0	0
c. Total Paid and/or Requested Circulation (Sum of 15b. (1), (2), (3), and (4))		7,883	7,903
d. Free Distribution by Mail (Samples, complimentary, and other free)	(1) Outside-County as Stated on Form 3541	180	180
	(2) In-County as Stated on Form 3541	0	0
	(3) Other Classes Mailed Through the USPS	0	0
e. Free Distribution Outside the Mail (Carriers or other means)		0	0
f. Total Free Distribution (Sum of 15d. and 15e.)		180	180
g. Total Distribution (Sum of 15c. and 15f.)		8,063	8,083
h. Copies not Distributed		437	418
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j. Percent Paid and/or Requested Circulation (15c. divided by 15g. times 100)		98%	98%
16. Publication of Statement of Ownership <input type="checkbox"/> Publication required. Will be printed in the <u>October 2000</u> issue of this publication. <input type="checkbox"/> Publication not required.			
17. Signature and Title of Editor, Publisher, Business Manager, or Owner		Date	
 Managing Editor		9/12/00	

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

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- In cases where the stockholder or security holder is a trustee, include in items 10 and 11 the name of the person or corporation for whom the trustee is acting. Also include the names and addresses of individuals who are stockholders who own or hold 1 percent or more of the total amount of bonds, mortgages, or other securities of the publishing corporation. In item 11, if none, check the box. Use blank sheets if more space is required.
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PS Form 3526, September 1998 (Reverse)

Turn, Turn, Turn...

Generations Come And Go At Co-op's Operations Center

When Dan Weston loses people out of his operations crew – the Co-op's line workers, mechanics, systems technicians, stockkeepers and other "hands-on" utility staff – he knows what to look for in hiring their replacements. As much as possible, Weston hopes to find the same qualities that many of the older, veteran employees take with them when they retire: unselfishness, a strong work ethic, motivation, team spirit, a willingness to work under difficult conditions for long periods of time without belly-aching, and of course aptitude for the job.

It's not always about skills and prior experience, Weston (WEC's director of engineering and operations) believes. As much as anything, it's about character. And if he can replace the solid character, dependability and the work ethic of people like Weldon Morin, Larry Gilbert and Spencer Slayton, who left the Co-op in September, he'll consider himself lucky.

"When those folks left, they took a lot of years of experience at Washington Electric Cooperative with them," said Weston. Weldon Morin of South Barre (and now of Williamstown) was a mechanic who repaired and maintained WEC's vehicles, hydraulic equipment and other machinery. He had worked at the Co-op for 15 years. Class A Line Workers Larry Gilbert and Spencer Slayton, both of Woodbury, were with Washington Electric for 29 years and 28 years, respectively.

"That in itself is a statement about the Co-op," said Weston, who came to WEC just three years ago. "When you sign on here it's not just another job; it's a career – or it can be – and a way of life. It's like a family; we look out for each other."

The working conditions for outdoor utility employees are taxing on the spirit

Brad Nutbrown, WEC's new mechanic.



and body. That's even more the case for WEC's crew, Weston points out, because this utility's service territory is so rural. "These guys climb (poles) so much that it can be very hard on their bodies. In our territory there are a lot of places you can't get to with a bucket truck, so you have to climb. There are 12 line workers here, and they maintain 1,253 miles of power line. That's asking a lot."

Despite a low turnover rate and stable workforce, personnel changes at WEC do happen. But losing three veterans at once was an event of such note that the Co-op closed its office on Friday afternoon, September 28, to honor them with a luncheon in the company garage.

"Weldon, Spencer and Larry were all fine people to have around," said Weston emphatically, "and I would have preferred that I had been here 15 years earlier so I could have worked with them longer. I'm not kidding about that."

Making the best of it, Weston believes

the two people he has found to replace them (a third hiring is expected imminently) bring the right qualities to their new jobs.

Brad Nutbrown, a mechanic and technician from Barre who now lives with his family in East Montpelier, worked for 22 years for a major heavy equipment company and knows his way around vehicles

and machinery in general. He came highly recommended by his predecessor Weldon Morin. Raymond Hall of Groton, who will train to become a lineman, has been a logger and also worked for several years for Farr's Tree Service, WEC's contracted right-of-way clearing company. In destructive storms like the Ice Storm of 1998 and Tropical Storm Floyd last year, Farr's crews work side-by-side with WEC's line workers, clearing away the brush and broken trees so the linemen can reach and repair the power lines. Hall has had more than a taste of the severe weather conditions he'll encounter working for the Co-op.

"Raymond and Brad were chosen for their experience, attitude and work ethic," said Weston. "They appear to have a natural inclination for what it takes to be with this Co-op long-term – the loyalty, the cold nights out in the storm, the seasonal changes." (At WEC, even the mechanics help out in major storms, delivering equipment to the workers in the field and sometimes driving for them so they can catch a little sleep between repair jobs.)

"Working for a utility is a different kind of life," Weston explained. "You don't think of the four seasons. Instead of 'fall,' you think of 'hurricane season.' June and July aren't summer, they're thunderstorm season. For the linemen, there's hunting and a little after that there's Christmas; then there's the time of heavy snowstorms and outages, and then it's mud and thunderstorms again. You don't think the way most people think."

Spencer, Larry and Weldon knew that. Raymond and Brad will come to know it, too.

A Way Of Life

Veterans Gilbert, Slayton And Morin Pack It In

Dan Weston, WEC's director of engineering and operations, says that utility line workers "don't think the way most people think."

Some would argue that Spencer Slayton doesn't think like most people anyway. Larry Gilbert remembers eating a hearty meal at Slayton's house and finding out midway through that the sausage was made out of raccoon meat. It turns out that's not unusual for Slayton, an outdoors enthusiast who hunts, traps, fishes, collects mushrooms, and doesn't believe in letting things go to waste. It's as true for muskrats and shaggy-mane mushrooms as it is for raccoons.

"Spencer told me once, 'If it's lived and breathed, I've eaten it,'" Weston laughed. But Gilbert, who set Slayton's

sausage aside after learning where it came from, said the experience cured him of mooching out of Slayton's lunchbox at work.

Spencer Slayton, 59, did his first lineman's work with the Allied Telephone Company in Arkansas, then returned to Vermont and worked eight years for the Hardwick Electric Department. He and his family then moved to Alaska for three years, driving 5,000 miles back home to

take a job with Washington Electric in 1972.

"Altogether, it's been 37 years of climbing poles," said Slayton. "That's enough for anybody's knees."

Slayton can still spin terrific yarns about Alaska, where he worked on the railroad



Raymond Hall



Spencer Slayton

some 30 years ago, first as a brakeman and later as a conductor.

"We'd go out of Skagway and head north," he said, "but when you left you'd never know when you would get back home. It all depended on whether you got stuck in a snowdrift. We got stuck in White Pass, the old gold miners' trail, for three days one time. If you were smart you'd carry two suitcases – one with extra-heavy clothes and one filled with food."

Slayton and his family (wife Janet, their three kids "and one big German shepherd") went to Alaska at the urging of other transplanted Vermonters who were working there. "In Alaska in those days they would rather hire a Vermonter than anyone, because Vermonters had a reputation for being there on time and working hard. They knew they could depend on them."

WEC depended on Spencer Slayton for 28 years, and he never let the Co-op down. Weston said the Co-op's farewell present to this inveterate outdoorsman was a gift certificate for a black-powder hunting rifle.

No regrets

Larry Gilbert had already been at WEC for a year when his neighbor Spencer Slayton moved back from Alaska to work for the Co-op. Gilbert hired on in September 1971, after returning from two tours of duty in Vietnam with the U.S. Navy.

"I dubbed around a little at first, doing plumbing and some other things that I didn't care much for, and then I went with the Co-op," Gilbert said. "It's hard to get that job because (WEC) is a good place to work. I think there were about 50 or 55 people going after the job at the same time I did. They hired two people."

Utility line workers need to earn their certifications, which means going to classes – for Gilbert and Slayton, who trained together, the classes were way up



Larry Gilbert

in Barton and Newport – one one night a week for 13 weeks a year, for several years. And that's on top of a work load that's only "normal" (meaning five days a week) when the weather's good.

But Gilbert, who will be 55 in January, expresses no regrets about his choice.

"Working outdoors is beautiful and the air is healthy. It's been a good job, and the Co-op is a fine bunch of people. Still, it's hard. The nastiest weather, and we're out in it. A lightning storm comes and the phone rings" (summoning him to work).

Looking back, Gilbert is proud of the work he has been part of – improving the electric system that provides power to some 9,000 homes, farms and businesses.

"We've rebuilt, in the last 25-30 years, a good part of the system," he said. "We've replaced a lot of the old poles and rebuilt hundreds of miles of line."

These days Larry Gilbert is working on rebuilding his right shoulder, which suffered a rotator cuff injury. Gilbert has had surgery and now is following up with physical therapy. And he and his wife Elaine are planning how they'll use his parting gift from the Co-op: a gift certificate for railroad tickets, Gilbert's favorite mode of traveling. Alaska is one destination they have in mind.

"Larry and Spencer were uplifting people to have around," said Weston. "Larry, especially, is a jokester, constantly chattering. Primarily he ran the digger truck, setting poles, and he was very proficient.

"These men were also excellent in dealing with the membership, and they both felt strongly that the Co-op was a good company and a good place to work. They're good men," said Weston. "We'll miss them."

Detail man

Like the Gilberts, former WEC mechanic Weldon Morin and his wife Joan are planning on traveling now that his time of retirement has come. They have a motor home, relatives in Florida, and a sudden new freedom. They've also got a new camcorder, a gift from Weldon's colleagues at Washington Electric.

"(Joan) wanted to take off on the first of November," said Morin. "I said, 'Gee, you must have heard of deer hunting season!'"

So they'll leave after Thanksgiving. But for Weldon, it's not without a touch of sadness. He'd been getting up in the dim morning light and going to the Co-op for 15 years. Most mornings he would arrive early, and spend the time before work visiting with people around the coffee maker and going over plans for the day. Soft-spoken and unfailingly polite, Morin made a lot of friends at the Co-op.

"I always told everybody it's like a family over there," he said. "If someone needs a hand, everybody is willing to help. It's a close-knit group. I really appreciated working for people like that, from management right on through."

When Morin

joined up with the Co-op in 1985 he had already been in business for himself, running an auto and truck repair shop in South Barre with Joan for 20 years. After closing his business he worked for the state – still as a mechanic – for a year, and then took the job with WEC. Morin, 61, and fellow mechanic Harold Houston, who retired last fall, were responsible for the Co-op's entire fleet of vehicles, additional machinery ranging from large hydraulic motors down to the chainsaws the line workers take out on trouble calls, and for the mechanical equipment at the Co-op's hydro station at the Wrightsville dam.

"Weldon was reliable and self-motivated," said Weston, "He paid attention to detail. You never had to look over his shoulder to see that the work got done. He took responsibility for maintenance and preventive work in addition to repairs. He was always attentive to the best interests of the Co-op."

Employees like Weldon Morin, Spencer Slayton and Larry Gilbert don't grow on trees. All three were born and bred in Vermont, and brought the values

of hard work, loyalty and camaraderie to their jobs. Fortunately though, when you look around the meeting room in the garage at 7 a.m. on any workday, you see others like them. They are leaving the Co-op in good hands.



Weldon Morin

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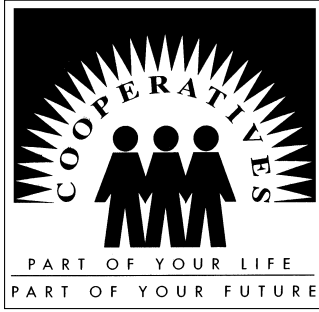
October Is Co-op Month

Each year, October is designated National

Cooperative Month in recognition of the important role that co-ops play in the lives of our country's citizens. Co-ops provide a means by which millions of Americans do their banking, purchase their food and support the agricultural values of their choice, obtain electric power and heating fuel, purchase retail goods, provide day care for their children and meet many more of their personal and family needs in a democratic way that enables them to participate in the decisions that are made.

Here are some recent statistics that indicate the level of cooperative activity in the United States, and their role in our national economy:

- About 30 percent of farmers' products in the U.S. are marketed through cooperatives.



- More than 20 cooperatives have annual sales in excess of \$1 billion.
- Credit unions have more than 76 million members and assets exceeding \$100 billion.
- Rural electric cooperatives operate more than half of the electric distribu-

tion lines in the U.S., and provide electricity for 26 million people.

- There are approximately one million cooperative housing units, serving households with a range of income levels and housing needs.
- Some 50 million Americans are served by insurance companies owned by or closely affiliated with cooperatives.
- Consumer-owned and controlled cooperatives pioneered pre-paid, group practice health care. Today cooperative health maintenance organizations (HMOs) provide health care

Steven James Poulin, the small guy in the center, arrived on September 21, joining his parents Andrea and Co-op lineman Phil Poulin of Washington. Congratulations to all!



- Food cooperatives have been innovators in the marketplace in the areas of unit pricing, consumer protection and nutritional labeling.

- Retailer-owned food and hardware cooperatives make it possible for hundreds of independent store owners to successfully compete with large chains.

Winter/Summer Rates

continued from page 2

the matter for Thursday, November 2. (See public notice, page 2, for further information.) Co-op members and members of the public are invited to attend and express their opinions.

The higher winter rates that all Vermont utilities have imposed on their customers as required by the PSB become effective each year on November 1. Because WEC is proposing that levelized rates take effect on December 1, members would see their rates increase as usual in November (payable on their January bills). If WEC's request is granted, the new rates would begin about a month later.

"We will start out the winter season like we always have," said Co-op General Manager Avram Patt. "But if our proposal is approved by the PSB, people will see the rate drop in the middle of the winter. We believe that for most of our members that will come as a welcome change."

Board, Department roles

Washington Electric Co-op first brought its request for levelized rates to the PSB as part of a more-involved rate-design change proposal in November 1999.

(The Public Service Board and the Department of Public Service perform different functions in these matters. The board, or PSB, is like a court in that it makes rulings on utilities' petitions. The Department, or DPS, studies utilities' petitions from the perspective of the Vermont consumer, and provides testimony to the board. Utilities frequently try to iron out differences with the DPS

before going to the board.)

By law, Vermont utilities are required to analyze their rate structures periodically to make sure that the different classes of customers – such as residential, commercial and seasonal customers – are paying their fair share of the cost to the company of providing power to them. When the analysis indicates some adjustments are needed, utilities apply for a rate-design change.

These changes are revenue-neutral; they are not intended to generate more income for the utility. Rate-increase and rate-design proposals are considered separately by the board.

Initially WEC had hoped for a quicker resolution of its rate-design proposal, thinking optimistically that it might be able to drop seasonal rates for Co-op members before the end of last winter.

"That didn't work out," said Patt, "because there were some issues, not having anything to do with winter-summer rates, that the Department believed needed further study. To address those concerns we need to collect a random sampling of power usage by our seasonal members, but since those members are billed for electricity only twice a year it's going to take at least six months for us to compile the necessary data.

"We didn't want to wait that long to make this important change of levelizing seasonal rates, and the Department was in agreement. That's why we're separating this issue out from the others and going to the board now in hopes of approval."

The difference between winter rates and summer rates has amounted to about 8 cents per kilowatt hour (kwh). Levelizing the rates will approximately split that dif-

ference. While most members' winter bills will go down to some extent, people are urged to remember that their summer

electricity rates will actually increase as a result of the expected switch to level year-round rates.

Mad River Glen Renews Discount Offer to WEC Members

Washington Electric Cooperative (WEC) is proud to offer a member discount at the nation's only cooperatively-owned ski area, Mad River Glen in Waitsfield, Vermont. This discount is valid for WEC members through the end of the 2001 ski season (or April 2001). This discount is valid only when the WEC member provides sufficient photo ID (driver's license, etc). Call the Co-op to get your coupon.

MAD RIVER GLEN'S 2000 – 2001 SPECIAL TICKET PRICING:

Weekday Co-op Member price \$20
Weekend Co-op Member price \$35
Holiday Co-op Member price. \$35



Capital Credit Refunds Ahead of Schedule; Coming Early November

Current and former members who received electric service in 1999, 1982 and/or 1981 will be receiving their 2000 capital credit refund ahead of schedule – in early November instead of December, as we previously informed you in *Co-op Currents*.

Those members who are eligible for a refund of \$20 or more this year will be receiving a check in the mail. Current members who have refunds below the \$20 minimum check amount will receive a credit on their November bill. Former members whose capital credits amount to less than the \$20 minimum will not receive a payment this year. Instead, their accounts will stay active at the Co-op, and they will receive a payment sometime in the future when their credits have reached the minimum.

The July/August issue of *Co-op Currents* contained a detailed explanation of how the capital credit refund program works, and what these credits mean to you as members of WEC. To receive another copy of that issue, contact your Co-op at (802) 223-5245 or toll free 1-(800)-932-5245.