



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

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



Roger Hill

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

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

One of the interesting phenomena confronting WEC members, and all Vermonters, is the frequency of weather events that would once have been called 50-year or 100-year storms. People like Dan Weston, Washington Electric's Director of Engineering & Operations, put aside politically fraught phrases like "climate change" and deal strictly with realities. And Weston, who has worked for Vermont utilities for

28 years, says the reality is that storms causing widespread outages and damages to utility infrastructures are happening every year. Consider the May 2011 flood that wrecked WEC's office in East Montpelier; Tropical Storm Irene in 2012; the December 2013 ice storm that mostly spared WEC's service territory but was a disaster in northern Vermont; and the December 2014 snowstorm that caused the worst damage in WEC's history.

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

This is some of the territory WEC will explore with its members at the annual meeting, with a particular focus on the December 2014 storm and the lessons drawn from that experience. The guest speaker will be Roger Hill, a Washington Electric Co-op member whose weather-consulting business, Weathering Heights, serves state agencies, utilities (including WEC), and other customers around Vermont. The meeting will be held at the Canadian Club on Route 14 in Barre (see agenda on this page).

Make your plans to come, and don't forget the dinner reservation form on page 8. It's bound to be an interesting meeting this year, because we are indeed living in interesting times. 

Inside

WEC's 2014 Service Quality and Reliability Performance Monitoring and Reporting Plan. The Co-op's annual "SQRP" report to state regulators is included in the Manager's Report. Page 3.

Officers' Annual Reports: WEC's President (page 2), General Manager (page 3) and Treasurer (page 6) update you on your Co-op.

Four candidates for the Board of Directors seek your support. Meet them on page 4.



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

WASHINGTON ELECTRIC COOPERATIVE, INC.

Wednesday, May 6, 2015

76th Annual Membership Meeting

Canadian Club

Agenda

- 5:00 p.m. Registration—Ballot Boxes Declared Open
- 5:30 p.m. Dinner Served— Choice of Entrée
(Reservations required— see form on Page 8)
- 6:30 p.m. Business Meeting Called to Order
(Ballot boxes open 5:00 - 6:30 p.m.)
 - Employee Recognition
 - Officers Reports
 - Voting Results
 - Question/Answer Session
- 7:15 p.m. Roger Hill, Meteorologist: "What's Up with the Weather?"
- 8:00 p.m. Tentative Adjournment

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

Official Notice and Annual Report

President's Message

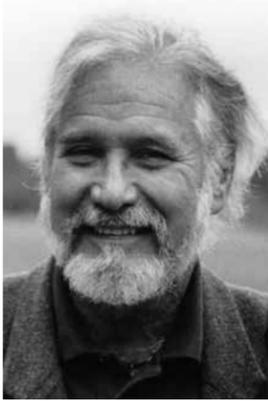
Of People and Their Dedication

The Constant for WEC Through 76 Years of Challenge and Change

By Barry Bernstein

Reflections 2014

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



Storms

I won't say much more about the December 9th storm, except that WEC, our sister co-op VEC, and several municipal utilities have qualified for Federal Disaster Relief funds, which, if received, will cover a significant portion of our storm costs. The federal aid, along with a Public Service Board's ruling allowing us to spread the costs over more than one year, will lessen the impact of the storm on our rates. A big thank you goes out to our staff who worked with FEMA representatives documenting storm costs and working through the extensive reporting and filing requirements. Our Director of

Finance & Administration Cheryl Willette and the accounting staff, as well as Dan Weston, Director of Engineering & Operations, and his staff, and our General Manager Patty Richards, all deserve recognition for their hard work and vigilance working through the FEMA process.

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

Manager Richards' Manager's Report in the March 2015 issue of *Co-op Currents*. This legislation calls on WEC and the state's other electric utilities to work with their customers to reduce all aspects of their energy consumption. WEC supports H.40, and we will be working with our members through new programs to address issues of energy usage, from how you heat your home to electricity conservation and the use of new technologies such as electric vehicles.

Retirements, Loss, and Change: the People of Washington Electric

First Class Lineman and Senior Line Construction Foreman Bob Fair, 44 years of service at WEC, and Senior Maintenance Foreman Larry Brassard, 31 years of service at WEC, both retired in 2014. It's hard to replace 75 years of combined service and commitment. However, WEC was fortunate to have these two dedicated and knowledgeable employees for so long.

Marion Milne, a Director on the Board, died suddenly last August. It was a great loss, but Marion's wisdom and commitment to our community and all Vermonters will live on through her impact upon the Board. In December the Board appointed Stephen Knowlton of East Montpelier to serve in Marion's stead until this year's election in May. Steve has worked in the energy field for most of his adult life and we welcome him to the WEC Board.

Rate Increase

WEC raised its rates by 3.78 percent in August, our first increase since a modest 2.27-percent increase that took effect in January 2012. The 2014 increase was due primarily to high regional power costs resulting from the extreme cold of December 2013–March 2014, which all utilities in New England must pay a share of.

Power

The Vermont Yankee nuclear power plant ceased production on December 31, after 42 years of operation. Controversial since its start in November 1972, the plant will stay in the news for decades, as it remains the repository for 42 years' worth of high-level radioactive waste fuel rods and the shuttered plant remains intact. Decommissioning and dismantling is an expensive, long-term process that could take a decade or a half-century. The duration of that process will be one of many Vermont Yankee-related subjects of debate.

WEC's Coventry landfill gas-to-electric plant, after several months of

continued on page 8

Co-op Currents

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

Board of Directors

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Editorial Committee

Patty Richards Donald Douglas David Magida Anne Reed Will Lindner

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.

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Manager's Report

WEC's Service Quality and Reliability Results for 2014

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

By Patty Richards

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

WEC usually does well in meeting the targets, and we did again in 2014, meeting all requirements. In many categories WEC performed significantly better than required. Our system reliability and outage response time continue to improve.

Please note that outage and reliability measures are affected by factors outside our control: namely weather. In all other areas, we either improved or maintained our performance compared to past years.

1. Calls not answered within 20 seconds. Our requirement is that no more than 15 percent of WEC's incoming calls take more than 20 seconds to answer. Our Member Services Representatives answered approximately 22,264 calls last year, and 8.7 percent of those took longer than 20 seconds to answer.

2. Bills not rendered in seven days. Our target is that no more than 0.10 percent of bills (one in 1,000) be issued more than seven days after they were supposed to be. No bills were issued late in 2014.

3. Bills found inaccurate. No more than 0.10 percent of all bills sent should be found inaccurate. We met our target, with only 0.02 percent inaccurate bills.

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



5. Meter readings per month. Although there are situations where a meter can't be read and we have to issue an estimated bill, this should be kept to a minimum of no more than 5 percent of bills (five in 100). There were 152 estimated reads last year, or 0.48 percent which is well below the requirement.

6. Requested work not done on time. When we extend lines to new homes or perform work requested by members, we want to complete the work in a timely manner and according to the member's timeline. Although schedules for a project may change, our engineering staff and line crews stay in touch with the member to complete the project in a timely manner. Our goal was that no more than 5 percent of requested jobs be completed later than expected. In 2014, as in past years, all jobs were on time (we had no late projects).

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

8. Customer satisfaction. WEC's SQRP requires us to conduct a professional survey every five years that contains customer-satisfaction questions. We conducted a survey in late 2010 and got generally high marks. We reported the results in the July 2011 issue of Co-op Currents, which is available on our website. The five year cycle calls for a new satisfaction survey to be performed in 2015 and we look forward to finding out our members' thoughts through this effort.

9. Complaints to DPS/Consumer Affairs. Vermonters with complaints about their utility can report their concerns to the Consumer Affairs Division of the Department of Public Service (DPS). The DPS then contacts the utility to get more information about the matter. In most cases, issues are resolved by discussion, or the DPS determines that there is no basis for the complaint. However, when the DPS determines that a utility has not done something right and requires that it be corrected, this is recorded as an "escalation." WEC's SQRP requires that the number of escalations not exceed 0.07 percent of our membership (or about seven per year). In 2014, no escalations were reported.

10. Worker Safety Performance. We care greatly about the safety of all our employees, both for their own

well-being and as an indicator of how safely we operate as a utility. As members may know, the work many of our employees do is of high risk and it is strenuous. Our target is that we have no more than six incidents that result in lost work time, and that there be no more than 39 days of lost work among all employees in a year. In 2014, we had one incident and we had five lost days. Therefore, we met the worker safety performance measurements.

11. Outage incidents. The System Average Interruption Frequency Index" (SAIFI) measures the average number of outage incidents that occurred per member (exclusive of major storms). Our target was no more than an average of 3.8 outages per member. We averaged 3.2 last year, meaning we were better than the target (again, excluding major storms).

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

Advanced Metering Infrastructure (AMI), and Smart Hub

Our AMI infrastructure has now been fully operational for well over a year. Furthermore, the AMI equipment is integrated with our billing, monitoring, and outage-management systems; we generate our monthly bills more efficiently, using the remote meter-reading capability, and AMI helps us locate and correct outages far more quickly than before this technology was available. Members can also access their daily usage data through a secure web-based system called Smart Hub. Using your private, personal Smart Hub internet connection, you can see your power-usage patterns, which will help you take action toward lowering your electric bill. If you need help getting started with Smart Hub, please call our Member Services staff and they will be happy to walk you through the steps to set it up.

WEC is 100% Renewable

Our sources of power for 2014 are shown as part of Treasurer Don Douglas' report on page 7. Washington Electric Co-op's elected Board of Directors has consistently supported renewable sources of power and a move toward clean, low-carbon energy sources. In addition to a clean power mix, WEC's power costs are among

the lowest in the state and region. Normally power-supply costs are between 50 percent and 80 percent of a utility's total costs, but for WEC power accounts for only a third of our costs. This combination of low power costs and renewable energy sources represents an impressive accomplishment in the utility industry.

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

The Co-op is presently selling Renewable Energy Certificates — representing the "renewable attributes" — from the Sheffield wind facility and our Coventry landfill-gas plant. Our purchase of low-cost RECs from other resources restores those green attributes, and as a result we are serving 100-percent of our members' energy needs with renewable power.

Integrated Resource Plan

Every three years, by order of the Vermont Public Service Board, WEC must complete a study that forecasts its ability to serve its members' energy needs in a safe, reliable, environmentally sensitive, and cost-effective way. The IRP process evaluates all aspects of a company's present and projected energy needs, and determines how, among the power-supply resources and options available, it will meet and serve those needs. We completed the study and filed it with the Public Service Board in March 2014 and received approval in December. The IRP addresses power-supply decisions, plans for infrastructure improvements, and other programs to improve electric service to you. The IRP is available to all members and can be accessed by visiting WEC's website.

Net Metering

Legislative reforms to Vermont's net metering laws were enacted in early 2014, and shortly thereafter WEC asked the Public Service Board's permission to start a new program. As a not-for-profit, our mission is to serve our members' needs and interests; clearly, WEC members want us to

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Position Statements of the 2015 Candidates for the Co-op Board of Directors

Candidate Profiles

Four candidates are seeking election to Washington Electric Cooperative's Board of Directors in 2015. The Board of Directors makes leadership and policy decisions for the customer-owned, nonprofit electric utility, and works directly with senior staff.

Four seats are available on the nine-member board. Three are for three-year terms, and will go to the candidates winning the most votes from the membership. The fourth seat represents the final two years of the late Marion Milne's position on the Board; Marion passed away last August. The 2015 candidates are **Roger Fox, Stephen Knowlton, Richard Rubin, and Mary Just Skinner**. Fox, Rubin, and Skinner are incumbent directors whose seats are expiring this year; Knowlton has been serving on the Board since December 2014, when he was appointed temporarily to fill the vacancy left by Marion Milne's passing. The WEC Committee on Candidates has verified that all the candidates have met the requirements of the election process as set out in the Cooperative's bylaws, submitting timely petitions with the requisite number of member-signatures.

In ballots cast at the Annual Meeting on Wednesday, May 6, and in mailed ballots returned to the Co-op by a deadline prior to the Annual Meeting (**check your election materials for additional balloting and deadline information**), members can vote for any four of the candidates who appear on these pages. Ballots will also provide space for voters to write in the names of alternative candidates. People must be Co-op members to serve on the board.

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

The Questions

- Please introduce yourself.**
 - Where do you live and how long have you lived there?
 - Under what town is your Co-op membership listed?
 - How long have you been a Co-op member?
 - How may members contact you (address, phone number, e-mail)?
- Please briefly describe your background** – for example, your education, occupation and/or other experiences that you would like members to know about.
- Why are you seeking a position on the Co-op Board? Why would you make a good director?**
- What do you think are the most important issues that the Cooperative must face in the next few years? What should WEC do about those issues?**
- Is there anything else you would like to tell the members?**

Report of the 2015 Committee On Candidates

The 2015 Committee on Candidates convened a teleconference on Thursday, February 19, at 7:00 p.m. to review the petitions and qualifications of those members who have submitted their names as candidates for the Board of Directors. There are four (4) positions to be filled. Four (4) members of the Washington Electric Cooperative, Inc. submitted their names as candidates for the four (4) 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:

- have been a member of the Co-op in good standing for at least six months;
- are residents of Vermont;
- are not employees of the Cooperative;

- do not have a conflict of interest as defined in Article III, Section 2 of the Bylaws; and
- 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 2015 election of Directors:

**Roger Fox
Stephen Knowlton
Richard Rubin
Mary Just Skinner**

2015 Committee on Candidates:

*Dale Bartlett Roberta Kaplow
Carl Demrow Carla Payne
Rachel Fried Polly Stryker
John (Jack) Hoffman Charles Wanzer*

Roger Fox



- I live at Dows Crossing in Walden, in the northern part of WEC's service territory, and have been a Co-op member in Walden since 1971. You can contact me at 2067 Bayley-Hazen Road, East Hardwick, VT 05836. Phone: 563-2321; email: rfox@pivot.net.
- After receiving an engineering degree from M.I.T., I worked on technology projects in Florida and Massachusetts prior to relocating to Vermont. Since 1974, I've operated a printing and graphic design business, Apocalypse Graphics, in Walden. I've served as Walden's town moderator since 1997, and as a justice of the peace and chair of the Board of Civil Authority for more than 25 years. I've previously served as selectman and town energy coordinator. I'm a member or patron of a number of other Vermont cooperatives, including Buffalo Mountain Food Co-op; Vermont State Employees, North Country Federal, and Opportunities credit unions; and Cooperative Insurance Co.
I was first elected to the WEC board in 1991, and have served as the

Co-op's vice president since 1998. My current assignments include chairing the Members & Markets Committee, and membership on the Finance & Administration and Policy committees. Previously I served on the Power & Operations and Editorial committees, and as treasurer of the Northeast Association of Electric Cooperatives (covering the upstate New York and northern New England area.)

- For many years I've remained committed to the cooperative form of business, and to developing WEC's value as a community resource and an advocate for our members and the broader public interest. I believe that an active Board is essential to our ongoing success.

As WEC's longest-serving current director, I can also continue to bring to the Board's deliberations a broad perspective and familiarity with the Co-op's mission, history, and operations, and help newer Board members negotiate the utility sector's steep learning curve.

- WEC has achieved good progress in the last few years, including an effective manager transition, deployment of automated system metering and monitoring technology, and promoting productive collaboration with lawmakers and regulators. However, the basic challenges to sustaining our Co-op's economic and

organizational viability are ongoing:

- implementing cost-effective technology to serve our members better;
- maintaining staff and board ability and effectiveness;
- advocating responsible public energy policy development;
- addressing the ongoing environmental and social impacts of energy use.

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

Stephen Knowlton

- I have lived in the White Pine Co-housing community off of Dillon Rd. in East Montpelier since 2012, and I have been a member of Washington Electric Cooperative since 2001. Members may contact me by mail at 160 White Rock Dr. #2, Montpelier, VT 05602, by email at knowlsf@auburn.edu, or by phone at 223-2230.
- I graduated from Middlebury College,

and received my Ph.D. in physics from MIT in 1984. I have spent my working life as a researcher in the science of alternative energy both domestically and abroad, and a physics professor. I spent most of my career at Auburn University, where I taught full-time at all levels from introductory physics to graduate courses. Furthermore, I led a federally supported experimental fusion energy research laboratory composed of students, post-docs, technicians, and staff scientists. I retired from this position in 2012.

In the course of my career, I have helped design, construct, operate, and diagnose megawatt electric power systems for specialized laboratory use. As a faculty member at Auburn, I served on and chaired many committees involving research, hiring, campus life, and faculty governance. I have been active in scientific outreach activities, including annual Science Olympiads, educational presentations at urban and rural schools, and local science fairs and open houses. In service to my profession, I participated in numerous scientific program reviews and advisory panels at the request

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of the U.S Department of Energy, and I continue to do so. For eight years, I played a leadership role in the University Fusion Association in which I frequently visited U.S Congressional offices, subcommittees, and Executive-branch agencies to inform them of the research progress and scientific priorities of federally supported fusion energy research. I have recently completed a three-year term on the Executive Committee of the American Physical Society's Division of Plasma Physics. In East Montpelier, I have recently acted as a mentor in U-32 High School's Branching Out program. In brief, my experience spans a range from instruction, independent research, and cooperation with policy makers.

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

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

In seeking a position on the board, I would like to participate for two reasons: I believe member/owners of a cooperative have a responsibility to work with the management of the utility to serve the vision and needs of all of the membership, and this is done through an effective and active board. Secondly, I have had a career-long interest in energy, and specifically non-traditional sources of energy for the future. I am not an inveterate joiner of organizations by nature; I would like to perform service and spend my time in an area in which I have a broad interest and believe I could have an impact. The concept of the traditional utility is evolving nationwide, and I would like to actively contribute in this time of transition. With my technical and scientific background in electricity and my experience on a variety of committees, I plan to steadily learn all aspects of how WEC works so I may become an effective member of the board. I am a good listener, and do my best to consider all sides of important issues before acting. I have the time, willingness, and appropriate experience to represent the WEC membership by serving on the board.

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

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

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

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

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

Richard Rubin

1. I have lived on East Hill Road in Plainfield for 42 years. I have been a Co-op member since 1973. I can be reached by mail at 3496 East Hill Road, Plainfield, VT 05667, or by phone at 454-8542. My email is rrubin@sover.net.

2. I am 69 years old and have lived in Plainfield since I moved to Vermont 42 years ago, in 1972. I was born and raised in the Boston area, attended Harvard College, and then

the University of Pennsylvania Law School. After graduating law school in 1970, I practiced law in Boston, representing low income clients for two years before moving to Vermont. I have practiced law in central Vermont since 1972, and in Barre since 1977. My law firm – Rubin, Kidney, Myer & Vincent – has been in downtown Barre since 1982. We handle a wide variety of cases, and we are primarily trial lawyers. We also have been the public defenders for Washington County for many years.



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

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

Several years ago, I was involved with my brother, Mathew Rubin, and John Warshow in the development of the Wrightsville and Winooski 8 (East Montpelier) hydroelectric facilities.

I enjoy hiking, gardening, golf, and generally being outside with my family.

3. I have been a Co-op board member for 13 years and have enjoyed my experience on the Board a great deal. I enjoy working with my fellow board members and management, and would like to serve another term. I believe in cooperatives and cooperative principles and I am committed to keeping our co-op strong. My experience as an attorney brings a critical perspective to the board and helps me ask the hard questions.

I am particularly proud that our Co-op obtains its energy from renewable sources such as the Coventry landfill methane generation plant and the Sheffield wind farm.

We have been able to rid ourselves of dependence on Vermont Yankee and the use of fossil fuel to generate our energy. Much of our power is also produced inside Vermont. Our Co-op's example is an important one to our policy makers and to other utilities as we move deeper into the 21st century. It was exciting to see the Sheffield project come on line. We received a \$1 million grant through Bernie Sanders' efforts and invested in this project several years ago. It took a long time, but as a result, we now have a 20-year contract for energy from that project at very favorable rates.

Our landfill gas-generation plant in Coventry was also an excellent investment. We are able to produce renewable electricity from garbage at rates below market.

I also continue to be proud of the efforts of our Community Fund, which has donated roughly \$20,000 each year to nonprofit groups in our service area, all from members turning back to the fund their annual patronage

refunds. I urge all members to sign up and contribute. It's a good way to help our neighbors.

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

We are a small business with high rates largely due to our rural nature and lack of large commercial and industrial customers. We run a tight ship, but are continually faced with pressure on our rates outside our control. We are also faced with adapting to a new energy future in which more of our members will be using solar energy and installing energy efficient heat pumps which will save fossil fuel, but burn more electricity. We need to be nimble and creative to adapt what we do to meet our members' needs and fulfill our mission.

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

Mary Just Skinner

1. I have lived in Middlesex since 1977. I have been a WEC member for 38 years, and before that I was a Vermont Electric Co-op member for seven years.



I am married to Scott Skinner and we have two sons, one an immigration lawyer and the other a middle school teacher. I can be reached at 223-7123, and by e-mail at mskinner@sover.net or maryjustskinner@gmail.com.

2. I graduated from Barnard College and earned my law degree from Columbia University. I have been a practicing lawyer in Montpelier since 1972. I worked for Vermont Legal Aid for four years and then opened my own law practice in 1976. My practice primarily involves family law and real estate, but earlier in my career, I was involved in a number of utility cases. I represented a group of low-income Vermonters in what was known as the "purchased power" case in 1974. In the late 1970s,

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Treasurer's Report

Regional Grid And Transmission Costs Forced 2014 Rate Increase

Then, in December, Came the Storm

By Don Douglas
Treasurer

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

Washington Electric Cooperative ended the year with positive net margins of \$1,295,102. (Margins are revenues WEC collects that exceed expenses.) WEC reports margins in two categories: net and operating. Operating margins come from those revenues and expenses directly related to providing electricity to our members. Net margins include non-operating margins from interest on investments and other items that are not directly attributed to keeping the lights on. Total operating margins for 2014 were \$648,708.

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

Operating Revenue

Washington Electric Cooperative is a nearly \$17,000,000 not-for-profit electric cooperative. In 2014, operating revenue was \$16,962,104. The increase of \$991,551 over 2013 came from both



the rate increase in August and increased Renewable Energy Certificate (REC) sales. In 2014, WEC recorded \$2,934,152 in revenue associated with REC sales from power generated at the Coventry facility and the Sheffield Wind project. This increase in REC sales accounts

for more than \$700,000 of the total revenue increase for 2014. These REC sales help to mitigate the upward pressure on our rates.

Cost of Purchased Power and Operating Expenses

Looking at the charts on page 7 you can see where our power comes from and what each resource costs. Coventry is our largest single source of electricity and it is very nearly the least expensive. Given the large amount of power we derive from the Coventry plant relative to other sources (53 percent of our power mix in 2014), production at Coventry can have a significant impact on WEC's finances. Energy generated at Coventry also produces a significant number of the RECs our Co-op sells each year. The chart (page 7) that shows where the dollars went

demonstrates that WEC is different from other utilities, where the cost of power is their largest expense (frequently ranging from 50 percent to 80 percent of their total costs). For WEC, the cost of power is 37 percent of the total budget. WEC's rates would be higher if we had not developed the Coventry plant and invested and secured contracts for other renewable sources of power such as Sheffield Wind, our Wrightsville hydro facility, New York Power Authority, and Hydro Quebec.

December Storm

WEC experienced a major storm in December of 2014, the largest and most expensive single outage incident in our history. WEC incurred over \$600,000 in costs for this one storm. Because this was an extraordinary and costly event, WEC petitioned state regulators to defer some of these costs, which would allow WEC to continue to meet its lenders' loan covenants. The Public Service Board (PSB) allowed WEC to defer up to \$526,067 of storm-related expenses. The December storm also qualified as a disaster under federal guidelines, and WEC anticipates that we will be able to recover approximately 75 percent of the eligible expenses in

Washington and Orange counties. (WEC also incurred costs in Caledonia County, but that county did not meet the federal guidelines for cost-recovery from FEMA.) Funds that are received from FEMA will be used to offset or reduce some of the costs that were deferred. Any remaining amount will be recovered in future rates as negotiated with the PSB.

Capital Credits

In 2014, WEC reported \$1,295,102 in margins. These margins belong to the members and are returned to Co-op members through a system known as capital credits. Margins are allocated to members based upon their use of power in a given year. The Board of Directors has been returning capital credits to the members since 1998. So far we have returned \$4,503,411 to members, both current and former. In 2014, we returned \$300,000 to members. We have chosen to retire some credits to current members, but most of the retirement of capital credits goes to paying down our obligations from earlier years. In 2014, WEC began retiring some of its Contributions in Aid of Construction (CIAOC) patronage; \$10,000 of the \$300,000 noted above was for CIAOC. The Board of Directors reviews the financial situation each year to determine how much money can safely be expended for capital credit retirement.

On behalf of the Board of Directors I want to thank the entire Finance Department for their hard work and attention to detail. Copies of our audit are available at the Co-op office. 

Manager's Report

continued from page 3

provide a sustainable and fair net metering program. WEC created a successful and sustainable program design allowing it to continue offering net metering to members while minimizing the potential impacts upon non-net metered members. Through this new net metering plan, WEC pays a premium for power contributed by these small (mostly solar) generation systems. WEC requires net-metering members to pay the "member charge" that all Co-op members pay, and a small grid-service fee that captures a portion of costs WEC incurs to serve the net metered members, regardless of the fact that they produce some of their own power. The program also incorporates energy efficiency measures by having high users review their energy needs with experts by getting an energy audit. WEC believes the most environmentally sound kWh is one that is not used, and that a comprehensive understanding of a building's energy use is a great place to start when thinking about energy investment decisions. We want to encourage all members to make their homes and businesses as efficient as possible, and make decisions regarding their renewable energy systems

compatible with an efficient building design.

December Storm

WEC, as well as many other Vermont utilities, was impacted by an unprecedented winter storm on December 9, 2014. The storm occurred in two parts between December 9 and December 11, delivering between 9 and 18 inches of heavy wet snow, with larger amounts falling in higher elevations throughout WEC's service territory. The heavy snow was accompanied by freezing and glazing conditions, which caused wet snow to accumulate and load onto power lines, poles and trees. The snow loading caused numerous trees to fall and take down power lines as well as damaging power equipment and breaking poles. The conditions caused widespread outages, and some of WEC's members suffered from interruptions in service that lasted for multiple days. Restoration efforts took more than 10 days. Permanent repairs will continue into 2015.

The storm resulted in restoration costs for WEC of over \$600,000. Its impact on the state of Vermont was recognized by the Federal Emergency Management Agency (FEMA) as a national disaster in February 2015, qualifying for public assistance. WEC's

FEMA reimbursement of eligible expenses is estimated to be 75 percent of our storm-restoration expenses, but only for two out of the three counties WEC serves. Therefore, not all of our costs will be reimbursed. In January the Vermont Public Service Board issued an accounting order allowing us to defer roughly \$526,000 of the storm's cost. This permits us to spread the remaining costs into the future, so that we can soften the impact on rates in any given year.

Ability to Reach us During Storms

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

continued on page 7

Copies of the audited financial statements of Washington Electric Cooperative are available by contacting the Co-op's office, and will be available at the Annual Meeting. The audited financial statements are also posted on our web site (www.washingtonelectric.coop) under "About WEC."

Balance Sheet

Assets and Other Debits

	12/31/13	12/31/14	Increase (Decrease)
Utility Plant			
Total Utility Plant in Service	\$72,294,337	\$73,915,896	\$1,621,559
Construction Work in Progress	394,739	349,104	(45,635)
Total Utility Plant	72,689,076	74,265,000	1,575,924
Accum. Provision for Depreciation	23,650,896	25,291,852	1,640,956
Net Utility Plant	\$49,038,180	\$48,973,148	\$(65,032)
Other Property and Investment - At Cost			
Invest. in Assoc. Org. - Patronage Capital	234,902	272,812	37,910
Invest. In Assoc. Org. - Central Vt. Mem. Civic Center	0	0	0
Invest. in Assoc. Org. - Other	451,708	448,700	(3,008)
Other Investments	5,625,333	6,034,933	409,600
Total Other Property and Investments	\$6,311,943	\$6,756,445	\$444,502
Current Assets			
Cash - General Funds	448,463	286,034	(162,429)
Temporary Investments	0	0	0
Notes Receivable - Net	99	99	0
Accounts Receivable - Net	3,068,471	3,290,592	222,121
Materials and Supplies	273,770	271,931	(1,839)
Prepayments	155,666	127,330	(28,336)
Total Current and Accrued Assets	3,946,469	3,975,986	29,517
Deferred Debits	1,926,882	1,905,898	(20,984)
Total Assets and Other Debits	\$61,223,474	\$61,611,477	\$388,003
Number of Consumers	10,796	10,856	60
kWh Sold	69,483,392	69,992,526	509,134

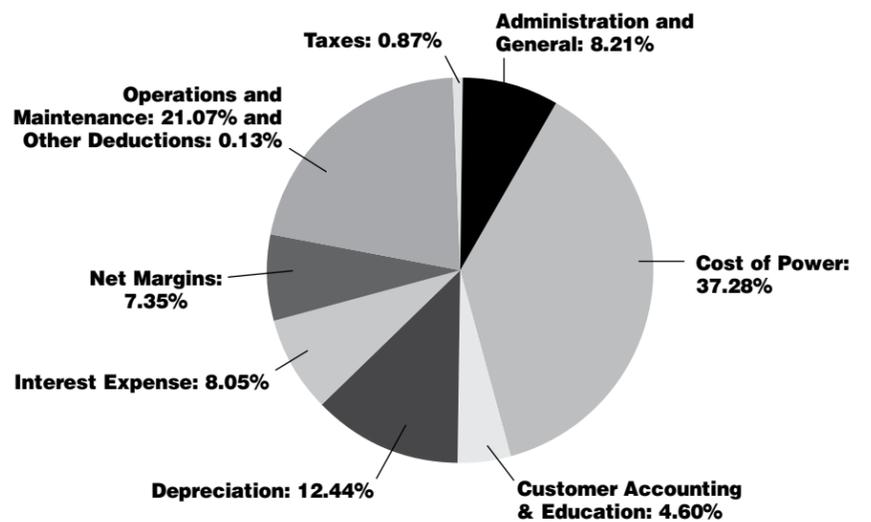
Liabilities and Other Credits

	12/31/13	12/31/14	Increase (Decrease)
Memberships	\$124,020	\$126,975	\$2,955
Patronage Capital Credits	8,928,878	19,989,768	11,060,890
Contributions-in-Aid-of-Construction	10,282,774	0	(10,282,774)
Operating Margins - Current Year	338,244	648,708	310,464
Non-Operating Margins	717,009	646,394	(70,615)
Other Margins and Equities	229,998	238,164	8,166
Total Margins and Equities	\$20,620,923	\$21,650,009	\$1,029,086
Long-Term Debt			
Long-Term Debt - RUS	5,766,884	5,506,158	(260,726)
Long-Term Debt - Other	32,355,306	32,232,795	(122,511)
Total Long-Term Debt	\$38,122,190	\$37,738,953	\$(383,237)
Current Liabilities			
Notes Payable	443,850	61,981	(381,869)
Accounts Payable	1,017,079	1,101,164	84,085
Consumer Deposits	204,007	194,678	(9,329)
Other Current and Accrued Liabilities	660,068	692,699	32,631
Total Current and Accrued Liabilities	\$2,325,004	\$2,050,522	\$(274,482)
Deferred Credits	155,357	171,993	16,636
Total Liabilities and Other Credits	\$61,223,474	\$61,611,477	\$388,003

Statement of Operations

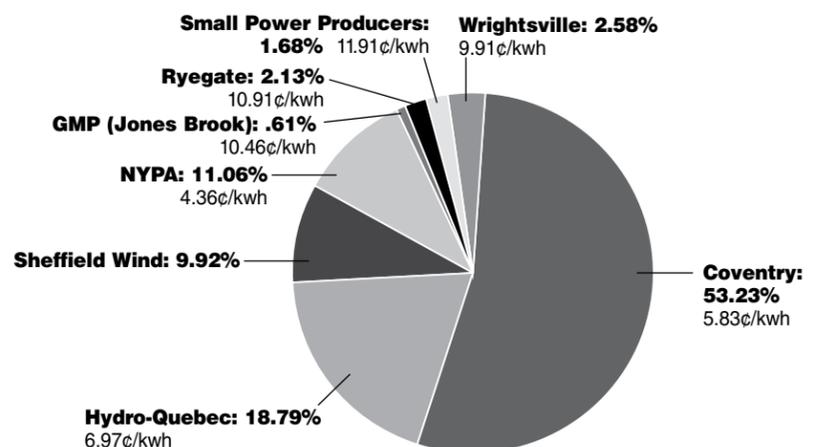
Item	Actual 12/31/13	Actual 12/31/14	Increase (Decrease)
Operating Revenue	\$15,970,553	\$16,962,104	\$991,551
Cost of Purchased Power	3,966,779	4,781,634	\$814,855
Cost of Generated Power - Wrightsville & Coventry	1,796,866	1,783,269	\$(13,597)
Total Cost of Power	\$5,763,645	\$6,564,903	\$801,258
Other Operation & Maintenance Expense			
Transmission Expense	75,299	87,118	11,819
Distribution Expense - Operation	1,606,125	1,620,868	14,743
Distribution Expense - Maintenance	2,154,306	2,001,198	(153,108)
Consumer Accounts Expense	695,145	646,596	(48,549)
Customer Service & Education	141,618	164,210	22,592
Administrative and General Expense	1,534,793	1,445,827	(88,966)
Total Other Operation and Maintenance Expense	\$6,207,286	\$5,965,817	\$(241,469)
Fixed Expenses			
Depreciation and Amortization Expense	2,088,778	2,190,058	101,280
Tax Expense - Property	0	0	-
Tax Expense - Other	146,479	153,445	6,966
Interest on Long-Term Debt	1,391,782	1,409,835	18,053
Interest Expense - Other	12,681	7,680	(5,001)
Other Deductions	21,658	21,658	-
Total Fixed Expenses	\$3,661,378	\$3,782,676	\$121,298
Total Cost of Electric Service	\$15,632,309	\$16,313,396	\$681,087
Operating Margins	338,244	648,708	\$310,464
Non-Operating Margins - Interest	669,550	717,489	47,939
Non-Operating Margins - Other	(15,581)	(71,095)	(55,514)
Cummulative Effect on Prior Year Change			
In Accounting Principal	63,040	0	(63,040)
Net Margins	\$1,055,253	\$1,295,102	\$239,849
Times Interest Earned Ratio (TIER)	1.76	1.92	0.16

Where the Dollars Went



2014 Sources and Costs of Power

(Total kwh Purchased and Generated)



Notice

Members may vote at the Annual Meeting on May 6 or by ballots accompanying this issue of *Co-op Currents*. Mailed ballots must be received at the Barre Post Office no later than 3 p.m. on Tuesday, May 5. Members mailing their ballots from out of state are advised to mail them several days before the deadline to be sure that their ballots will qualify. Local members, too, are encouraged to allow a few days for postal delivery. **Ballots hand delivered to WEC's office will be treated as spoiled ballots and will not count.** Anyone with questions about voting or deadlines can call Debbie Brown at the Co-op.



Manager's Report

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

as we were in our recovery work without them. CRC works exclusively with electric co-ops, integrating the information it receives from callers with the co-ops' outage-response systems. It's a seamless partnership that has been instrumental to WEC in communicating with our members.

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

President's Report

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decreased generation due primarily to construction at the landfill, had its highest output since its first started generating power in June 2005. In 2014 the plant provided more than half (53 percent) of our Co-op's energy, and the sale of renewable energy credits (REC) provided \$2.9 million to our revenue base. (See chart on page 7, in the Treasurer's Report.)

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

New Union Contract

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

Outage Response

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

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

WEC: 75 Years Young

Your Co-op celebrated its 75th birthday last May. Started in 1939 by a small group of rural central Vermonters who had been denied access to electricity by Green Mountain Power, they received a loan from the U.S. Rural Electrification Administration. They worked together, along with their neighbors, to put up poles and wires

DINNER RESERVATION

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

Your Choice of One Entrée:
 A. Baked Stuff Chicken Breast
 B. Steak
 C. Vegetarian Lasagna

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

	Meal Choice: A	B	C	Member	Guest	Child/Age
Name: _____ <i>(Please print clearly)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> _____
Name: _____ <i>(Please print clearly)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> _____
Name: _____ <i>(Please print clearly)</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> _____
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Map/Account # _____				Tele. # _____		

Cost: Free for reservations made on or before May 1. Walk-in on 5/6: \$15 per adult, \$8 per child (10 – 16). Children under 10 free.
Please do not return in ballot envelope. Mail to: WEC, P.O. Box 8, East Montpelier, VT 05651

to connect their homes to two 250-KW generators, providing power to 150 homes, small farms and businesses, on December 2, 1939. Descendants of the original incorporators and Board of Trustees attended the annual meeting celebration and shared their stories of how special it was, first receiving electricity in their homes.

As they shared their stories I reflected on much we take for granted when turning on a light or starting our computer, and how much value we get for the electricity we use each day. The day was very special – a time to remember and honor those whose

vision and hard work, along with all those who have added to the Co-op legacy, have given to ensure that Vermonters in the hills and on our back dirt roads have electric power.

Recognition

I want to give special thanks to the WEC Board of Directors, our officers, Vice President Roger Fox, Treasurer Don Douglas, and Secretary Annie Reed, our General Manager Patty Richards, our Director of Engineering and Operations Dan Weston, our Director of Finance & Administration Cheryl Willette, our Energy Coach Bill

Powell, Member Services Supervisor Susan Golden, Administrative Assistant Debbie Brown and all of our co-op employees and the families who support them during the year and on nights away, in the office and field, to keep the lights on. Also our General Counsel Joshua Diamond (Diamond & Robinson), consulting engineer John Murphy (Stantec), and all the others who support WEC's work on behalf of our members, to provide electricity to you and make you proud to be a member of Washington Electric Co-op.

Thank you. It is truly a cooperative team effort! 

Candidates

continued from page 5

Attorney General Jerry Diamond hired me as a Special Assistant Attorney General to represent the state in opposing a 150-percent increase in the cost of a pay phone call. We were successful in defeating the proposal.

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

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

I am a member of the Power and Operations Committee, the Members and Markets Committee and the Community Fund Committee. Through this committee work, I have learned about the intricacies of providing utility service, from the need for clearing rights of way but keeping in mind aesthetic concerns to trying

to involve members in our annual meetings and in utilizing WEC's energy efficiency programs. Serving on the Community Fund Committee has been very satisfying as well. With members' donations, the Community Fund has sent thousands of dollars to community organizations throughout Central Vermont. As an attorney, I bring that perspective to the Board and its committee work.

I believe in cooperatives and cooperative principles. The benefit of a cooperative is that it can act in the best interest of its members as opposed to shareholders whose primary interest is financial profit.

As a member of the Board, I applaud WEC's leadership and reasoned analysis on utility issues that impact members and citizens of Vermont. WEC has a role to play as a small but effective counterweight to the concentration and consolidation of power by a foreign power company.

4. The most important issue facing the Co-op is providing reliable electricity at an affordable price. Several years ago WEC filed for a large rate increase, the first in eleven years. Shortly thereafter WEC filed for two small rate increases. The Co-op is challenged by rising costs and flat revenues. Net metering and increased energy efficiency, both programs strongly supported by the Coop, have resulted in flat revenue.

The challenge for the Co-op is finding, or increasing, new revenue

sources. Our decision to utilize Sheffield wind power and to build the Coventry waste to energy plant, resulted in local renewable power as part of our power portfolio at a price below traditional market rates.

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

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

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