



# WEC CO-OP CURRENTS

Vol. 70, No. 4

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

June 2009

## Generating More Electricity, But Consuming Less

### A Rousing Discussion of Power at WEC's 70th Annual Meeting

It was 7:20 p.m. on Tuesday, May 12, 2009, when 87-year-old Weston Cate of East Montpelier – almost as much a community institution as Washington Electric Cooperative itself – rose to perform a procedural function.

"I move to accept the minutes of the [Co-op's] 2008 Annual Meeting – without any further ado," he announced. If it was good enough for Weston Cate – a historian of renown and for years East Montpelier's town moderator – it was good enough for everyone. WEC's 70th Annual Membership Meeting was officially underway.

And with a diverse, involved, and opinionated crowd of nearly 200 members, employees and guests, it was what Washington Electric's annual meetings always are: interesting.

Starting with the food. Washington Electric's Board of Directors, in 2002, adopted a policy of buying or generating as much power as possible within Vermont; this year they decided to do the same thing with the menu. There was turkey from Misty Knoll Farms; beef and carrots from Black River Produce; potatoes from growers in Sheldon;

pies from Cold Hollow Cider Mill; and butter from Cabot Cooperative Creamery.

Naturally, then, the first guest to speak was Vermont Commissioner of Agriculture Roger Allbee. Allbee drew the connection between farming and rural electricity by describing his mother reminiscing about electricity coming to their farm. That single, glaring bulb pleased Mrs. Allbee, as it did millions of people in the 1930s and '40s after the Rural Electrification Act empowered cooperatives to extend electric lines into rural America. Allbee's mother declared that that beaming bulb was "all we'll ever need."

But Commissioner Allbee's priority is agriculture, and he noted that the spread WEC had set upon the tables at the Barre Elks Club was part of a "renaissance of people recognizing that local food is more important than ever."

Imported food, whether from national or international markets, had had one calamity after another. "A few weeks ago it was peanuts," said Allbee, "and before that it was hamburger." Locally produced food

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May was a month for remembering and honoring Wendell Cilley as a friend and a dedicated WEC director. His family received two awards in his memory in May, including the George Aiken Award presented by the NEAEC. Above, Lola Aiken (front row, right), wife of the late governor and senator, was on hand for the ceremony. Story, page 6.

## NRECA Reps Outline D.C. Greenhouse Policy Debate

When the Northeast Association of Electric Cooperatives (NEAEC) convened its 2009 annual meeting in Fairlee, Vermont (see NEAEC Get-Together, page 2), national energy policy was the subject of a session titled "A New Administration and a New Congress: The Latest from Washington."

Our energy future is one of the most important issues facing Congress and the Obama Administration in an era of heightened international competition for fuel supplies, the Peak Oil phenomenon (declining worldwide reserves),

and global warming. The 90-minute session provided the representatives of northeastern co-ops a look not only at how Washington's elected leaders are responding to these crisis-level issues, but how the NRECA – the organization that purports to represent the nation's member-owned electric cooperatives – is participating in the debate.

Speakers were Martin Lowery, NRECA executive vice president for external affairs, and Dena Stoner, NRECA vice president and director for government relations. Contending with a Congressional energy bill

*continued on page 8*

### Washington Electric Cooperative

East Montpelier, VT 05651

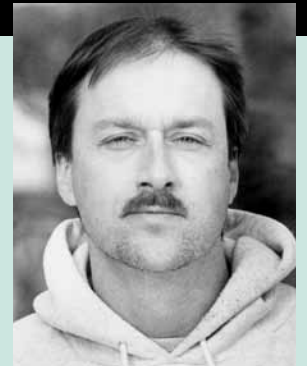
### Inside

**What's the NEAEC?** It's an association of electric co-ops in the Northeast, member-owned utilities like WEC that care about their communities, not profit. The NEAEC held its annual meeting in Fairlee, Vermont, in May. Page 2.

**Sales are way down for kilowatt-hours**, but for now there's no rate increase in the offing. See the Annual Meeting Treasurer's Report, page 5.

**The making of a co-op. People stepped up to the plate big time** to create Washington Electric Cooperative (page 8) and to build on that legacy (president's address, page 3).

**WEC 'dodged the bullets' in 2008, with comparatively few outage-causing storms.** The Co-op is working to improve its reliability record. Page 6.



Field Technician Steve Hart was applauded at the Annual Meeting for 20 years of service to the Co-op. Four other WEC employees also received service awards. Page 3.

# NEAEC Get-Together

## Vermont Hosts Northeastern Co-ops At Lake Morey

For those of us tucked away in the valleys, along the riverbeds, and in the wooded regions of central Vermont, the “electric co-op” might seem like a quaint and very localized idea – perhaps even archaic in an age when utility-type services are often far-reaching and interwoven.

In fact, there is nothing archaic about electric co-ops at all. There are some 940 of them nationwide — an average of almost 19 per state — and their territories cover nearly three quarters of the landmass of the U.S. and serve 12 percent of the population. They own 2.5 million miles of power line – including Washington Electric’s 1,260 miles.

One feature of the co-op network in many parts of the country but missing in Northern New England is the existence of statewide associations of rural electric co-ops. Known, in fact, as “Statewides,” these organizations lift some of the burdens from individual co-ops by providing joint services: billing, power-contract negotiation, staff and board training, legislative advocacy, etc. Co-ops in states with Statewides usually won’t have a *Co-op Currents* of their own; the Statewide will publish a magazine (under such titles as *Kentucky Living* and *Carolina Country*) with each co-op getting a group of



NEAEC secretary Diane Domion receives the George Aiken Award for her invaluable service to the organization despite needing to carve out time from her primary job at Otsego Electric Cooperative in Hartwick, NY. Also pictured is Otsego CEO/General Manager Steve Rinell.

pages in the center to communicate with its membership.

Vermont, with only two electric co-ops, doesn’t have a statewide association; nor do New Hampshire, where there is just one co-op; Maine, where there are three (including two tiny co-ops that serve coastal islands); or even New York, which has four electric cooperatives in the upstate

region. (Rhode Island, Massachusetts, and Connecticut have no electric cooperatives at all. What’s with *them*?)

What we do have is the NEAEC – the Northeast Association of Electric Cooperatives. It is a less formal association than co-op Statewides, with no fulltime staff and a very small budget, yet it manages to provide certain services for its member co-ops, including Washington Electric, and a sense of alliance among the co-ops of the Northeast, whose take on energy-related issues tends to be somewhat different from utilities (even cooperatives) in much of the rest of the country. For the past four years WEC General Manager Avram Patt has served as president of the NEAEC, a distinction he recently passed on to Rudy Brouillette of Oneida-Madison Electric Cooperative in New York.

In May, the NEAEC held its three-day annual meeting at the Lake Morey Resort in Fairlee, Vermont. The event included workshops on fiduciary and governance responsibilities and “best practices” for co-op managers and directors, and updates from the RUS (Rural Utilities Services), CFC (Cooperative Finance Corp.), and NRECA (National Rural Electric Cooperative Association). There were technical discussions about distributed generation, and “Smart Grid” technology and regulation.

From WEC’s perspective, one of the most meaningful events came during the Thursday, May 21, banquet, when the NEAEC presented the George Aiken Award – for service and dedication to the electric co-op movement – to the family of deceased WEC Director Wendell Cilley of West Topsham. Present to receive the award were Wendell’s mother Elsie, his wife Lesley, their daughter Flora, and son Ben.

Also honored was Diane Domion, longtime secretary of the NEAEC, whose main job is with the Otsego Electric Cooperative in New York.

Domion was praised for her diligence in coordinating Association events and keeping the organization on track for many years, despite it being a part-time job.

The music at the banquet was provided by a New York duo called Just Throw Money.

### ‘Civilian’ directors rub shoulders

“Our association is somewhat of an attempt to provide the support that Statewides have elsewhere, but across several states,” said WEC’s Avram Patt. “We can’t help each other with regulatory matters because state policies differ, and the NEAEC doesn’t have a staff so things get done by contributed time from employees and board members of the co-ops.”

An important NEAEC service is the training it provides for co-op directors, who might be farmers (like WEC’s Roy Folsom), business people (like WEC’s Marion Milne), human services workers (like Wendell Cilley), mail carriers (like WEC’s Don Douglas), attorneys (like WEC’s Richard Rubin and Kimberly Cheney), or come from other walks of life. For most, it’s unlikely that they are deeply knowledgeable about electric utilities when they come on board.

The NEAEC helps address that need. Tapping into expertise provided by the NRECA in Arlington, Virginia, the NEAEC holds educational seminars for directors in basic utility issues and the responsibilities (including legal and financial) inherent in serving on a board.


“That’s essentially a credentialing program,” said Patt. “Many of our directors have attended various NEAEC trainings, but WEC directors aren’t required to be credentialed.”

The NEAEC also provides specialized trainings for employees.

“In the fall we have two-day training sessions for accounting and operations staff, and this year we’re going to add member services. There’s a Linemen’s Roundtable, where people bring up topics they’re dealing with in the field.

“Apart from those services the NEAEC is primarily a networking opportunity,” said Patt. “We can spend time with people from neighboring co-ops and trade ideas and experiences. Our directors get a lot out of talking with their counterparts from Maine, New Hampshire, New York, and Vermont Electric Co-op. Staff and managers do, as well.”

In addition to Folsom and Douglas, WEC directors attending the May meeting included Board President Barry Bernstein and Vice President Roger Fox. Wendell Cilley frequently attended NEAEC events and was known by many of the directors from the other co-ops.

In coming issues, *Co-op Currents* will publish a series of articles about our sister cooperatives in the Northeast. They are an interesting lot, finding innovative ways to address complex energy issues and protect their members’ interests – with an eye, like WEC, to preserving the environment and natural resources in our part of the country. 

## Co-op Currents

*Co-op Currents* (Publication No. USPS 711 -210 and ISSN No. 0746-8784) is published monthly except February, May, August and November by Washington Electric Cooperative, Inc., Route 14, P.O. Box 8, East Montpelier, Vermont 05651. The cost of this publication is \$.45, which is included in the basic monthly charge to each member. Periodical postage rates paid at East Montpelier and at additional offices. Postmaster: Send address changes to *Co-op Currents*, P.O. Box 8, East Montpelier, Vermont 05651.



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

### Board of Directors

President	BARRY BERNSTEIN (May 2010)	1237 Bliss Road, Marshfield, Vt. 05658 Bbearvt@aol.com	456-8843
Vice President	ROGER FOX (May 2012)	2067 Bayley-Hazen Rd., East Hardwick, Vt. 05836-9873 rfox@pivot.net	563-2321
	ANDREA COLNES (May 2012)	918 Jacobs Road, East Montpelier, Vt. 05602 alc@sover.net	223-8474
Treasurer	DONALD DOUGLAS (May 2011)	21 Douglas Rd., East Orange, Vt. 05086 dondougl@gmail.com	439-5364
	KIMBERLY CHENEY (May 2010)	143 S. Bear Swamp Rd., Middlesex, Vt. 05602 kcheney@cbs-law.com	223-3181
	ROY FOLSOM (May 2010)	2603 US Rt. 2, Cabot, Vt. 05647 RoyGrnsy@aol.com	426-3579
	DAVID MAGIDA (May 2011)	632 Center Road, Middlesex 05602 vtmagida@aol.com	223-8672
Secretary	MARION MILNE (May 2011)	1705 E. Orange Rd., W. Topsham, Vt. 05086 milne@tops-tele.com	439-5404
	RICHARD RUBIN (May 2012)	3496 East Hill Rd., Plainfield, Vt. 05667 rrubin@sover.net	454-8542

AVRAM PATT  
General Manager  
avram.patt@washingtonelectric.coop

WILL LINDNER  
Editor  
Willind@aol.com

TIM NEWCOMB  
Layout

### Editorial Committee

Avram Patt Donald Douglas David Magida Will Lindner

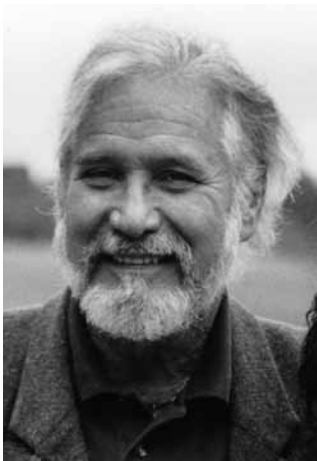
The Board of Directors’ regularly scheduled meetings are on the last Wednesday of each month, in the evening. Members are welcome to attend. Members who wish to discuss a matter with the Board should contact the president through WEC’s office. Meeting dates and times are subject to change. For information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



## Bernstein Reminds Members of Their Co-op's Legacy

# Seventy Years of Commitment and Courage

**W**e could have waited five years, WEC President Barry Bernstein told Co-op members at the Barre Elks Club, and celebrated Washington Electric's 75th anniversary instead of its 70th – the milestone the Co-op reached with its Annual Membership Meeting on May 12, 2009. That would have been the normal thing.



linemen.”

He also saluted George Aiken, “who as governor and U.S. senator fought for a lot of the things we take for granted.” Aiken was an influential advocate for rural electricity and supported the organizers of both Washington Electric Co-op and Vermont Electric Co-op.

### Evolution

WEC's struggles were not confined to those pioneering days, Bernstein continued. In the 1970s and 1980s the Co-op's leadership and a growing contingent of the membership parted ways on several issues, including payments that totaled nearly \$1 million to the Seabrook, New Hampshire, nuclear plant construction project. The dissenters opposed nuclear power – and particularly the continued expenditure of WEC funds on a project suffering enormous cost overruns.

“It was the beginning of a major internal struggle in the Co-op,” said Bernstein. “It was not about good people and bad people, but about different belief systems. We didn't arrive where we are today easily [devoid of nuclear power in the Co-op's portfolio, investing instead in local alternative generation].”

In 1976 three newly elected trustees – Bob Fisher, Robert O'Brien, and Margaret Lucenti – called for a move away from nuclear power with investment in conservation and alternative power, and a more transparent co-op. These were dissenting views on the board, and as they were ahead of their time their tenures were brief.

“By the mid-1980s, the full burden of Seabrook began to be clear,” said Bernstein, “until in January 1988 Board President Fred Ladue cast a courageous deciding vote, with other trustees including two newer members, to stop payments to Seabrook.”

Nine months later the Co-op's interests prevailed in a lawsuit before the Vermont Supreme Court which had been brought by the state Department of Public Service. WEC then filed suit for the return of its \$924,208 investments in Seabrook. Eventually – in February 1995 – Seabrook's owner acquiesced under legal pressure and WEC got its money back.

WEC has continued to blaze its own path, often in opposition to conventional wisdom. “In 1990, with a new majority on the Co-op board, one of the first ideas was to help people switch off of electricity for home heating, which was a radical idea for a utility selling electricity, and began to invest heavily

in energy efficiency at our members' homes and businesses.”

Members benefited when electricity costs climbed, and the strategy helped the Co-op control its own demand for costly wholesale power. The move to replace Vermont Yankee with power from landfill methane – first from a facility in Connecticut, and then by developing its own generating station in Coventry – was similarly chancy, but successful.

“We knew Coventry would cost us 4 cents a kilowatt-hour, while other power at the time was 3 cents – ours being a full 25-percent higher,” Bernstein said. “But we made the decision to invest locally, in a renewable source, for the long term. And it has paid off in steadier, more favorable wholesale power costs for our members. We were willing to take risks, to step out in front,

to be leaders. It was not an accident, but part of a long-term vision and commitment to move our Co-op into the future based on the strength of work that began out of the energy crisis of 1973.”

From the pioneers who organized Washington Electric Co-op in the face of hostility, to the hard-fought decision to step away from Seabrook, to WEC pursuing its own unique course for providing for its members' electricity needs, the point of Bernstein's historical review was that “Change does not come easily.”

“Things aren't easy now, either,” he said, referring to widespread economic struggles, climate change, and the shifting global energy market. “But it's our Co-op. It's a great institution. And it's important to stay involved.”

## 2009 Service Awards



At the Annual Meeting, Board President Bernstein praised the Co-op's staff. “When you're sleeping through a storm at 4 o'clock in the morning, these are the people either working outside your home or in the office handling calls.”

Receiving service awards this year were (clockwise from top left) Denise Jacques, Rich Hallstrom, Steve Anderson, and Beth Hodgkins. Also Steve Hart (page 1).

But with WEC on solid financial ground (2009 marks 10 years since the Co-op last filed for a rate increase) and on the cusp of generating more than 70 percent of its own power, 2009 seemed to be, in Bernstein's words, “a special moment.”

Particularly in contrast with Vermont's overall energy situation: Many utilities have instituted steep rate hikes in recent years; most still depend for significant portions of their power on Vermont Yankee, the nuclear plant whose future is uncertain; and Vermont's path has been slow toward energy self-sufficiency.

If Washington Electric is better positioned at the moment, Bernstein said, it was because throughout WEC's history it has been guided by people committed to their community, who were willing to stand up for what they believed in despite entrenched opposition.

“I want to dedicate tonight to all the people, many of whom are in this room, over the past 70 years who have taken the time to volunteer to serve on the WEC Board,” he said.

Electricity came to rural America after the Roosevelt Administration maneuvered the 1936 Rural Electrification Act through Congress. The Act created access to capital for extending power into the countryside by means of consumer-owned cooperatives, whereas investor-owned utilities had declined to spend the money to provide rural Americans with electricity (long taken for granted in cities and towns).

To some, however, the prospect of people banding together to help themselves posed a threat. Bernstein described how E. Harmon Kelley and other WEC founders were accused of supporting socialist schemes; Kelley was warned that if he kept trying to form a cooperative he would lose his job.

Under such duress, Bernstein said, “We really owe a lot to those people who stood up in the 1930s to start this cooperative. And not only to start the Co-op but to set the poles – because in those early days that was done by the people themselves, not by trained

## Annual Meeting

continued from page 1

is locally regulated and quicker to the table, so it's generally safer. Local purchases keep farms afloat and stimulate Vermont's economy.

Allbee then speculated about the convergence of agriculture and energy, noting that available farmland could be used for producing biomass convertible to energy. "Local food, local energy; it's part of the bright future for Vermont agriculture," he concluded.

### Four elected

With a square meal out of the way, WEC got down to the business at hand, closing the polls in the five-way election for four positions on the nine-seat Board of Directors. The results were announced later, after 22 votes cast at the meeting were added to the 1,235 sent previously by mail.

Winning three-year terms were incumbent directors Roger Fox of Walden (vice president of the board) with 992 votes, Richard Rubin of Plainfield (955 votes), and Andrea Colnes of East Montpelier (880). Colnes had served since October, when the board selected her as an interim director to replace the late Wendell Cilley. Incumbent Marion Milne of Washington finished fourth with 831 votes, meaning that she will complete the two remaining years of Cilley's term.

The fifth candidate was Anne Reed of Marshfield, running for her first time. Reed collected 736 votes.

With the polls closed, the next order of business consisted of honoring people. First came WEC employees who had reached milestones in their Co-op careers: Senior Member Services Representative Beth Hodgkins and Maintenance Foreman Richard Hallstrom, marking their 10-year anniversaries; Safety and Environmental Coordinator Steve Anderson – who also co-manages WEC's hydroelectric station in Wrightsville – 15 years; Utility Field Technician Steve Hart, 20 years; and Administrative Services Director Denise Jacques, whose 25 years of continual service actually understate her career at Washington Electric, which included earlier stints and part-time work.

Board President Barry Bernstein and Treasurer Donald Douglas then presented plaques to Elsie Cilley and Lesley Dinesen of West Topsham, mother and wife, respectively, of deeply missed Director Wendell Cilley, who was killed in an accident last Labor Day.

The plaques read:

*"In Memory of Wendell Cilley, 1951-2008, our dear friend and fellow board member. With appreciation for his many contributions to our Co-op and our members, to his community, and to the many whose lives he touched through his work. Presented to Wendell's family by the Board of Directors of Washington Electric Cooperative, May 2009."*

As the two women approached the podium they were enfolded in a



Left: Vermont Agriculture Commissioner Roger Allbee celebrated the "renaissance" of local food and local power. Right: State Rep. Tony Klein, this year's guest speaker, described what he believes are Vermont's strengths and weaknesses in energy policy. Klein, a WEC member, House Natural Resources and Energy Committee.



sustained standing ovation by their neighbors and fellow Co-op members.

### Wind aired at Annual Meeting

WEC's annual meetings provide the opportunity for members to engage with the Co-op's leadership on issues of policy and operations. This year, not for the first time, one topic brought from the floor was wind power.

Washington Electric was an early backer of the commercial-scale wind project designed for construction in Sheffield by the company now known as First Wind. The project was granted a Certificate of Public Good by the Vermont Public Service Board (PSB) in May 2007, which was appealed to the Vermont Supreme Court by an opposition group called Ridge Protectors, Inc. The court upheld the PSB decision in a unanimous ruling last February. It was the first commercial wind project to receive the PSB's approval in more than a decade; a proposal in East Haven was rejected in 2006.

First Wind representatives Steve Vavrik and David Velez spoke briefly, thanking the Co-op and noting that the path for the Sheffield project has been "long, with its share of adversity."

"This will be the largest renewable-energy project in the state of Vermont, producing 40 megawatts of electricity going exclusively to Vermont utilities and Vermont consumers," said Velez. "We're very excited to see it come to fruition."

However, opposition remains, and was expressed again this year by WEC member Katie Anderson, who owns property in Peacham. Anderson noted that First Wind is involved in a lawsuit in Maine where, she said, "they haven't done their due diligence." Anderson brought friends from Sutton and asked that they be permitted to speak. (First Wind's original design included four turbines in Sutton, but they were eliminated after townspeople voted against the project; Sheffield

voters approved the project in their town.) Bernstein noted that the annual meeting is intended for discussion among Co-op members, but said the couple – Carol and Paul Brouha – would be welcome to make brief remarks.

Carol used the opportunity to describe the views and natural wonders they enjoy at their "beautiful home" in Sutton, which she said would be spoiled by the Sheffield wind farm.

Paul expressed the opinion that people should be compensated for a decline in their property value if a wind project had that effect, which he claimed it would.

A few WEC members also

expressed reservations about wind projects in Vermont, including Ritva Laflour of Barre Town, who was worried whether the alleged threat to birds that the Brouhas mentioned had been considered in the regulatory process. (It had.) Steve Farnham of Marshfield, a wind power supporter, contended that WEC should have done more to air the controversial issues about wind power.

General Manager Patt responded that WEC had put its faith in the regulatory process to judge the benefits and potential detriments of First Wind's proposal, and said that the approval process was lengthy and detailed and provided numerous opportunities for public input. Wind energy, he added, has been the subject of numerous articles and letters in *Co-op Currents*.

Finally, Anderson asked if the Co-op would consider changing its mind. Bernstein said no: WEC would go forward with its plan to purchase 10 percent of the power generated at the Sheffield wind farm. (Vermont Electric Cooperative and the Burlington Electric Department, between them, have contracted to purchase 90 percent.)

Some members may have wondered why Washington Electric's Coventry generation project, and two subsequent enhancements, were put to a membership vote, but not the decision

to back First Wind.

The reason is that state law requires cooperatives to obtain membership approval before investing their money in projects entailing ownership of a resource. The state's co-ops (WEC and VEC) do not need membership approval for in-state power purchases; that authority rests with their directors.

### Klein's view from the Legislature

The night ended with a presentation from guest speaker Tony Klein, who represents East Montpelier and Calais in the Vermont House of Representatives and chairs the House Energy and Natural Resources Committee.

Klein (a Co-op member) provided an overview of energy-related legislation and policy issues at the state-government level. It was his committee that originated H.446, "An Act Relating To Renewable Energy And Energy Efficiency." (In the time since WEC's Annual Meeting, Gov. James Douglas allowed the bill to become law, despite a threatened veto.) The bill promotes local generation from alternative, renewable sources.

Klein said his experience at the Statehouse had convinced him that "Vermont needs to determine its own energy future, and not be left at the mercy of national or international markets."

The role of Hydro Quebec – currently the state's largest source of power, but its Vermont contract is scheduled to expire in 2015 – must change, said Klein.

"Hydro Quebec needs to become our back-up resource, rather than our primary source of power. I know this can be done because WEC has done it. Vermont should be moving rapidly to local, distributed generation [where electric-generation facilities are scattered and close to consumers, rather than centralized]. We are missing a huge economic opportunity by delaying this. Vermont needs strong leadership to move from the old energy world to the new energy world" – leadership, Klein charged, that has not come from the governor's office nor the Department of Public Service.

He listed initiatives undertaken around Vermont using solar power, hydroelectricity, Cow Power™ pioneered by CVPS, and biomass "from wood sustainably harvested in our forests."

In contrast, he predicted the demise of in-state nuclear generation. "Vermont's long-term energy future will not include Vermont Yankee," he predicted, "whether its license expires in 2012 [as currently scheduled] or 2032."

On this score, Klein was challenged by WEC member Andy Leader of Middlesex. With the Yankee relicensing decision looming in 2010, Leader said, "I wonder how many decisions in the Legislature are made on the basis of science as opposed to ideology. How can we do without nuclear power plants in the future?"

Klein explained that, far from meddling, the Legislature is statutorily required to make decisions over nuclear power generation in Vermont.





Localvores, at least for an evening. WEC members enjoyed mostly Vermont products at the 2009 Annual Membership Meeting.



"We have required expert studies to be done on the health and safety and economic issues of nuclear operations, and conducted public-engagement processes with citizens. We have engaged consultants to go through every issue surrounding the plant and its long-term operation. I have committed to a process that's open and pure. I believe that's what our decision will be based upon."

Washington Electric severed its

ties with Vermont Yankee in 2002 and turned to in-state hydro and landfill methane for the bulk of its power supply. Wind power is now on the horizon. That decision has benefited Co-op members financially, and channeled their monthly electric payments into Vermont's economy.

Will the state emulate WEC's approach? Perhaps we'll know by the time the Co-op's 71st Annual Membership Meeting rolls around.



Spring peepers. A pair of phoebes made their home in a Co-op employee's garage this spring, hatching four nestlings atop a fluorescent light fixture.

## Nine Times and Counting

### WEC Treasurer Douglas Sees No Rate Hike for Now

Besides balloting, official functions at the Annual Meeting include officers' reports – which began with the Treasurer's Report. Don Douglas, a well-known rural mail carrier around his home territory of East Orange, delivered the good news:

"We will eventually have to have a rate increase," the treasurer warned, "but I'm pleased to say – this is my ninth time up here saying this – that it's not now. We have no plans to ask for a rate increase this year, or in the immediate future."

Applause, applause!

2008, Douglas said, had been a "very successful year." WEC is generating more than half of its own electricity, at costs that compare favorably to the market price for power and enable it to sell contracted power it does not need. The percentage of WEC-generated power will increase further with the installation of an additional (fifth) engine at the Co-op's generating station in Coventry, Vermont, where production is fueled by methane captured from the NEWS-VT landfill.

"Less than a third [1/3] of our budget goes for purchased power," said Douglas, "which any electric utility in the United States would love to be able to say. Five years ago [just prior to the development Coventry] it was 55 percent, and even that, compared to most utilities, wasn't bad."

Eventually, two factors could cloud WEC's rosy financial picture. Washington Electric earns Renewable Energy Credits (RECs) for its production of power from a landfill, and sells them to companies in Massachusetts that need the RECs to meet their state's renewable portfolio requirement. That could change for any number of reasons, including Vermont adopting a renewable portfolio standard of its own, which would force WEC to apply the RECs toward its own requirements rather than selling them.

Second, WEC members are buying less electricity.

"Kilowatt sales in '08 were down a million kilowatt-hours," said Douglas. "That represents \$170,000 in lost revenue, which we make up for now through sale of the RECs."

With every budget sector except power purchases escalating, losing revenue is not a long-term sustainable picture. Among utilities, WEC has been in the forefront of helping consumers decrease their electricity usage and therefore their power bills; additionally, people are weatherizing their homes to make them more energy efficient, and manufacturers are producing appliances that consume less energy.

Lower electric demand – and it's a national phenomenon, not confined to Washington Electric Co-op — is a good thing. But Douglas reminded his listeners that eventually it will contribute to the need for a rate increase.

*"Less than a third of our budget goes for purchased power, which any electric utility in the United States would love to be able to say."*



WEC Treasurer Don Douglas (left) actually makes his annual financial reports funny. At right, Board President Barry Bernstein takes in the act.



# 2008 Reliability Report

## When “Boring” Is A Good Thing

**Question:** How is the electric utility business like baseball?

**Answer:** When the season's over and the “experts” look back to see how you did, it's all about the numbers.

Electric utilities don't really have a season, but for purposes of reporting and evaluation by the Vermont Department of Public Service, the season is the calendar year. When the page turns to January, Vermont's electric utilities begin compiling the stats for their annual System Reliability Reports to the DPS. It's not about comparing the utilities to each other; it's about comparing each company's record to previous years, to gauge its progress in improving its reliability and meeting the targets it has established with the Department.

The primary indices are SAIFI and CAIDI. Although they sound like dogs' names, SAIFI means System Average Interruption Frequency Index (how often the power goes out for the average Co-op member – basically, how many outages a member experienced in the past year). CAIDI means Customer Average Interruption Duration Index – so it's about duration: how long did the average outage last?

The goal, always, is fewer outages, and quicker repairs.

The graph on page 7 depicts WEC's total outages in 2008 and, for purposes of comparison, the two previous years. Note that in 2008 there was an escalation in the mid-May to mid-June portion. Do you remember that storm of early June 2008? WEC Operations Director Dan Weston does.

“At every outage location we ran into wires being down,” he recalled. “That June storm caused significant damage to our infrastructure. Each outage seemed to affect a smaller number of people because of our fusing program, which sectionalizes the system to contain outages within smaller areas. But there were a lot of them, and having wires down really kicks up the duration index because it takes time to put them back up.

“If you factor out that one storm event you're back, generally, to meeting our reliability standard, with a trend toward improvement.”

But there's no factoring out storms in Vermont. However, Weston said, most of Vermont had it worse than WEC in 2008.

“I don't know how many times I heard someone say, ‘Boy, did we dodge that one!’ The December ice storm

especially; the whole southern end of the state ... I mean, they got hit hard. We barely missed it; forty miles farther north and we'd have been clobbered.”

Except for the June storm WEC experienced no “major storms” (as defined by the Co-op and the DPS) in 2008.

“To me, it was a boring year,” said Weston. “I hope 2009 is even more boring.”

The System Reliability Report also tracks the primary causes of outages, and in rural Vermont there's no contest: “Trees continued to be the leading root cause of outages,” Weston reported. (Was that an intentional pun, Dan?) Trees falling into or interfering with the power lines accounted for 37 percent of WEC's outages and 62 percent of total “consumer hours out” (meaning, without power).

The best defense utilities have against trees is to control growth within their rights-of-way (ROW), and keep a watch on tall trees outside the ROW. Stretched end-to-end, WEC's power lines would reach from East Montpelier to Atlanta, Georgia, so keeping the ROW in order is neither an easy nor inexpensive task. WEC's Board of Directors upped its allocation to the Vegetation Management Plan in

2006, and altered the plan to target the worst-performing areas each year, as determined by the annual DPS report.

The strategy works. For two years previous to 2008, 200 miles of right-of-way associated with WEC's Jackson Corner substation in Williamstown – in the Co-op's most mountainous terrain – had experienced the highest number of “consumer hours out.” WEC targeted that area for increased ROW reclamation, and in 2008 the “system reliability” for those members improved. Not dramatically, but measurably.

This meant, of course, that the most-problematic baton passed to somewhere else, and it turned out to be Circuit 2 out of the Mount Knox substation. Unfortunately for Corinth residents, that line is their main feeder.

“It's remotely located and not very accessible,” said Weston, “which contributes to longer restoration times. The board approved an additional \$92,000 for ROW reclearing in this area to improve our reliability.”

### Where to from here?

There was good news in the 2008 Reliability Report, indicating that the Co-op is making headway

*continued on page 7*

## Cilley Honored With NEAEC's Aiken Award

Twice in nine days Wendell Cilley, Washington Electric's board member who lost his life last September 5, was honored for his years of dedication to the electric cooperative that served his family, friends, and community of West Topsham for all the 56 years of Wendell's life.

On May 12 the Co-op's Board of Directors presented a plaque to Wendell's wife and mother at Washington Electric's Annual Membership Meeting (page 1). Then, on the evening of May 21, Wendell's family was presented with the NEAEC's George Aiken Award at the Lake Morey Resort in Fairlee. Wendell's mother Elsie and wife Lesley were again present, this time joined by Wendell and Lesley's daughter Flora and their son Ben, as well as Flora and Ben's fiancées. Also on hand was Lola Aiken

of Montpelier, the wife of the Vermont governor and U.S. senator for whom the NEAEC's award is named. George Aiken provided much-needed support to the fledgling rural electric movement during the days of its birth and infancy in the 1930s and '40s.

The NEAEC (Northeast Association of Electric Cooperatives) bestows the Aiken Award at many of its annual meetings, to pay tribute to people from the 10 member northeastern cooperatives who have provided long and dedicated support to their co-ops. Wendell Cilley served on WEC's Board of Directors from 1993 until his death in 2008.



Receiving the NEAEC's George Aiken Award honoring Wendell Cilley at the Lake Morey Resort are, from left, Wendell's wife Lesley Dinesen, his mother Elsie Cilley, son Ben, and daughter Flora.

And he wasn't just anyone serving on a board for an extended time. As Patt said at the time of Wendell's death, “He was one of those people that everyone recognized as a good person.”

In presenting the award, WEC President Barry Bernstein recalled Wendell's understated presence on the board. Wendell often didn't say much, Bernstein recalled, “but when I needed to find out if I'd pushed too hard or said too much or gone too far, as I do, all I'd have to do to regain my bearings was talk to Wendell.

“He didn't like conflict,” Bernstein explained, “but he didn't shy away from difficult issues. He would work to bring out the best in people. What Wendell knew was that progress came when people dialogue and

work compatibly toward solutions.”

Also presenting the award was WEC Treasurer Don Douglas, a neighbor from nearby East Orange who developed a long and close friendship with Wendell Cilley. He recalled that they and their families had worked together to start a cooperative nursery school in Waits River more than 20 years ago, “and it's still going,” Douglas said.

The two often drove together to Co-op board meetings, through the serene countryside of Orange and Washington counties. Douglas smiled sadly and said, “I miss him every day.”

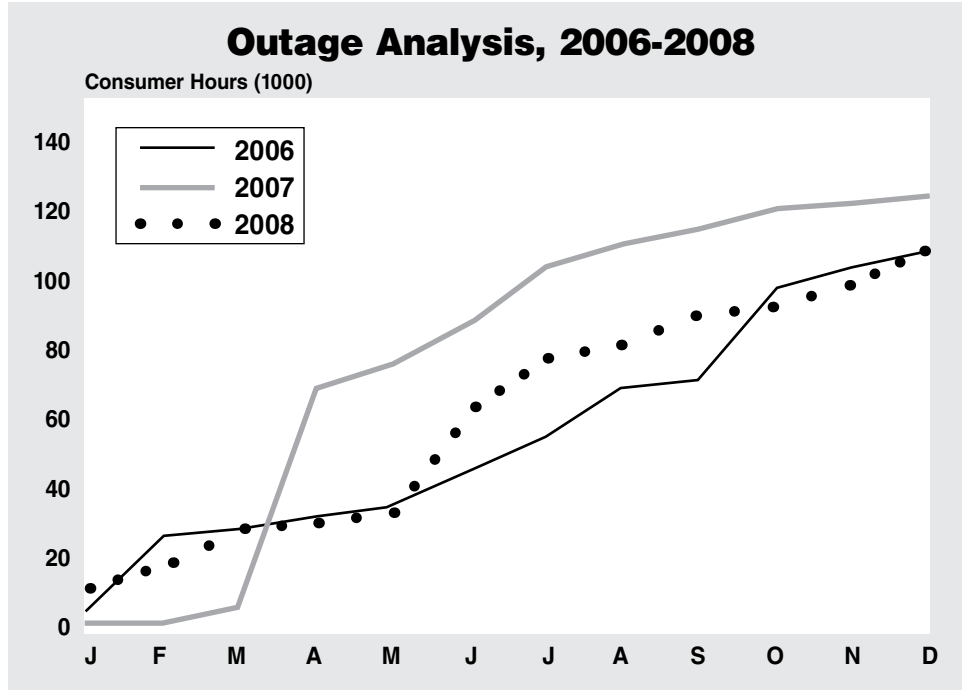
## Reliability Report

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with some longstanding problems. There is better coordination among Washington Electric, Green Mountain Power Corp., Morrisville Light & Power, and the Hardwick Electric Department concerning outages on the GMP-owned transmission lines that provide electricity to those municipal utilities and the Co-op's South Walden substation. This is important because when a GMP transmission-line failure shuts down a Co-op substation, up to 1,900 WEC members (depending on which substation is disabled) lose their power, and Washington Electric can do little to help them.

WEC chipped in for the cost of remote-controlled air-break switches on those GMP lines, and it has been worth the investment.

"In 2008 those switches enabled faults to be isolated quickly, reducing the duration of the outages from several hours to mere minutes," Weston said.



"This year we and GMP are considering similar upgrades to the transmission lines serving our East Montpelier and Maple Corner substations."


Then there's an old Co-op nemesis – the notorious A.B. Chance "cutouts" (a fuse mechanism in a ceramic

housing), which Washington Electric and many other utilities installed by the thousands during the 1990s, but which have proven to crack in Vermont's challenging, changeable weather. Each crack can mean an outage.

WEC has begun substituting a better

product, and is trying to get ahead of the curve by replacing the cutouts before they crack, plus adding more of the new fuses to further sectionalize the line and confine outages. In 2008 the Co-op installed approximately 575 of the new product on distribution and transmission lines, at new or existing locations.

It's a lot of work maintaining an electric system that sits outside getting beat on by weather and trees for decades on end. In Vermont system improvements usually must be tackled in the summertime because of weather conditions and the urgency of winter outages. The trouble is, in summer people are building new houses and WEC spends a lot of time constructing power lines to those locations.

If there's a silver lining to the current poor economy, Weston says this is it: "People probably won't be building as much this year. I think that will enable us to accomplish more than we usually can in the summer and make good progress on system-wide reliability improvements." 

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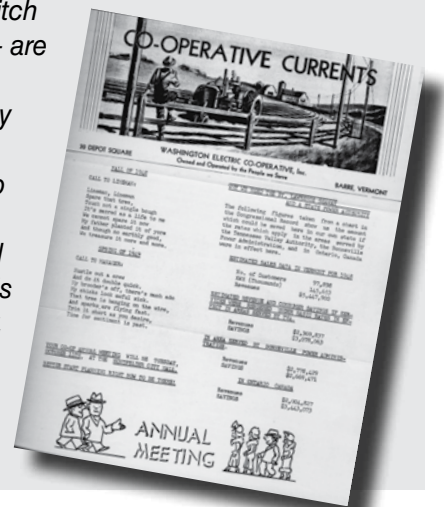
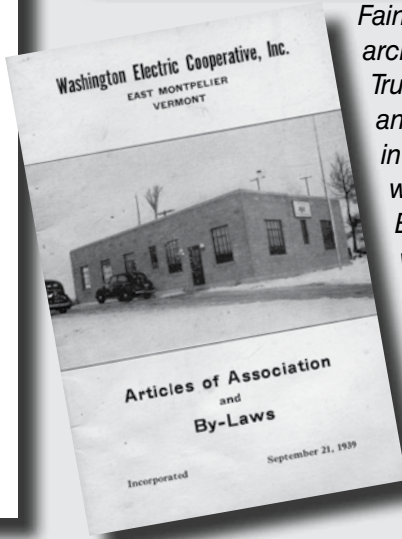
# Rear View Mirror

Looking back at Washington Electric Co-op, on its 70th Anniversary

Scores of central Vermont men and women, members of Washington Electric Cooperative, have stepped up to help lead the Co-op during its first 70 years, devoting countless hours of their time voluntarily by serving on the Board of Trustees (renamed the Board of Directors in 2002). This month we present the names of all the Trustees who served from WEC's founding in 1939 through the 1940s and 1950s.



Faintly written on the back of this photo from WEC's archives are names indicating that two early Trustees – E. Clyde Fitch and G. Elam Bailey – are in this group, along with Manager Sailey Ennis (suit). We welcome your help identifying people as we publish old photos during this anniversary year.



- Ira Morse: 1939-1940
- Alec M. Robinson: 1939-1941
- E. Harmon Kelley: 1939-1941
- John Graham: 1939-1941
- Roy W. Sibley: 1939-1941
- Sidney Morse: 1939-1941
- Clarence Fitch: 1939-1945
- Esther L. Lackey: 1939-1945
- Lyle Young: 1939-1961
- Lynn B. Nelson: 1939-1941
- Lyman Burbank: 1942-1943
- Ralph White: 1942-1943
- Norma Southwick: 1942-1945
- Cyril W. French: 1942-1952
- G. Ray Tripp: 1942-1959
- John Larkin: 1942-1974
- F.B. Mulligan: 1943
- M. Arthur White: 1943
- Calvin Colby: 1944

- Kenneth Batten: 1944
- Lawrence E. Johnson: 1944
- W. Gordon Loveless: 1944-1952
- Glen Button: 1944-1953; 1957 (also 1978-1981)
- Freeman Walker: 1945
- Elwin Esden: 1946
- George Ricker: 1946; 1954-1974
- Dan Coolbeth: 1946
- Eugene Andross: 1945-1953
- Clyde Thompson: 1946-1961
- Bert Williams: 1947-1948
- George Andrews: 1947-1950
- Wendell I. Goodrich: 1947-1970
- J. Rollin Bruce: 1950-1975
- G. Elam Bailey: 1952-1971
- Charles Carpenter: 1954-1976
- Eugene Eastman: 1954-1976
- E. Clyde Fitch: 1955-1969

## NEAEC

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forced Stoner to remain in Washington, so she participated by speaker phone.

The pair make presentations together so frequently that when Stoner said, "Martin and I tend to..." Lowery butted in and said "interrupt each other." The audience laughed. Score one for Lowery.

But the business at hand was serious. In simplest terms, it boiled down to a discussion of two alternative policy choices for dealing with "carbon mitigation," a term Lowery and Stoner used for efforts to moderate global warming caused by greenhouse gases. One avenue would be to impose a carbon tax on sectors involved in carbon-generating enterprises; the other would be "cap-and-trade," which allocates credits to carbon producers and allows them to sell, or auction them, to each other.

Reducing carbon emissions is a sensitive topic among electric co-ops nationally because a great many are in coal-producing regions and purchase most of their electricity from coal-burning plants. In fact, some 30 years ago the federal government required co-ops in these regions to build coal-burning plants, since that was America's great domestic fuel source. In a vastly changed energy climate, Lowery was at pains to assure his northeastern listeners that the NRECA did not oppose legislation to curb greenhouse gases.

"Over the past 12 months there was pushback against the science [of climate change], particularly from western

[co-ops]," he admitted. "But we're not doing that anymore. We're telling them that if you're in refusal and denial you're simply going to be marginalized."

Stoner's message from Washington was that "the discussion has been captured by large organizations advancing the interests of large business partners. There are almost no consumer voices there." Stoner said the carbon tax alternative was the fairer, and probably less costly, approach to carbon mitigation.

"If [carbon credits] are sold on the market it would be the fourth-largest income source for the federal government, reaching \$679 billion going into the Treasury," said Stoner, stressing that 40 percent of that revenue – the largest share – would come from electric utilities. "But we are surrounded by people with very different priorities."

The NRECA favors a carbon tax,

with those monies going toward research and development (R&D).

"This will be costly," Stoner said, "more than anyone in this industry has ever faced. The only way we'll get through this as an industry and a country is by investing heavily in R&D."

(Yet Lowery and Stoner were addressing a contingent of co-ops that have already seen that *not* addressing greenhouse gases and climate change is also costly – as the Northeast suffers consequences of coal-fired generation in the South and Midwest, such as air pollution and mercury-tainted fish.)

Lowery outlined some likely directions of carbon R&D.

"Our ability to capture and store what we need to reduce emissions is an enormous challenge," he said. He explained the differences between carbon sequestration ("holding carbon for a certain period of time") and carbon

storage ("permanently confining it in the ground"). Both approaches are elements of so-called "clean coal."

In response, but speaking generally, WEC President Barry Bernstein urged Lowery not to allow the NRECA to become "the General Motors of this issue – the last to be innovative, and as a result jeopardizing thousands of people's lives."

Following the session, Washington Electric Manager Avram Patt explained that WEC does not have an official position on the carbon tax versus cap-and-trade issue.

"Some environmental advocates prefer cap-and-trade because the cap sets more definite limits on emissions," he said. "On the other hand it's a whole new source of derivatives, and stimulates market forces that people have come to distrust lately. The virtue of the carbon tax idea is that it's broad-based and more equitable across the board. But it's less certain how we'll reach emission-reduction targets under that system."

Patt and the other WEC representatives at the NEAEC annual meeting knew, however, that upon leaving the Lake Morey conference they would be returning to Co-op Country, where water from the Winooski River flows through the turbines at WEC's Wrightsville hydro station and the greenhouse gas emissions from the Coventry landfill are channeled safely as fuel into the 1.6-megawatt engines that generate the biggest part of WEC's power needs. In Co-op Country, "sequestration" and "carbon storage" are someone else's problem – for now.

NRECA Executive Vice President Martin Lowery discusses the national organization's stance on carbon mitigation at the NEAEC annual meeting.

