

WASHINGTON ELECTRIC COOPERATIVE, INC.

72nd ANNUAL MEMBERSHIP MEETING

May 25, 2011

The 72nd Annual Membership Meeting was held at the Montpelier Elks Lodge on Wednesday, May 25, 2011, with 153 members, guests, and employees in attendance. Following dinner, the business meeting was called to order at 6:35 p.m. by President Barry Bernstein, who thanked everyone for attending the dinner and meeting. He also thanked the kitchen staff for preparing and serving the meal which he announced was almost entirely prepared using Vermont products/producers. President Bernstein commented that it was the board's intention to continue in this direction for future annual membership meeting meals.

INTRODUCTION OF BOARD MEMBERS, DIRECTOR CANDIDATES, CONSULTANTS, GUESTS, AND STAFF

President Bernstein introduced the members of the Board of Directors in attendance:

Donald Douglas, Orange	Anne Reed, Marshfield	Scott Skinner, Middlesex
Roger Fox, Walden	Richard Rubin, Plainfield	

President Bernstein stated that Directors Roy Folsom, David Magida, and Marion Milne were unable to attend.

President Bernstein then introduced numerous guests including WEC's general counsel; consultants; associates from Vermont Law School's Institute for Energy & the Environment; staff from VEC, GMP, and VPPSA; *Co-op Currents'* editor; Vermont state senators and representatives; as well as former WEC directors and managers. A special thank you was given to Bob Murphy from Efficiency Vermont for providing all attendees with a compact fluorescent lightbulb.

CERTIFICATION OF QUORUM

Ballot Committee Co-chair Joseph Kelly of Williamstown certified that a quorum of members voted in the election with 1,277 ballots received by mail plus 10 ballots cast in person at the meeting for a total of 1,287 ballots cast.

NOTICE OF MEETING

In the absence of WEC's Secretary Marion Milne, Director Fox certified that Volume 72, No. 3 of the Cooperative's newsletter, *Co-op Currents*, constituted the official notice of the 72nd Annual Meeting of the Members and that this notice was mailed to all members of record on the 6th day of May 2011, in accordance with the requirements of the Bylaws.

APPROVAL OF MINUTES—2010 ANNUAL MEMBERSHIP MEETING

President Bernstein called for a motion to waive the reading of the minutes of the May 12, 2010, Annual Membership Meeting, and approve the minutes as presented.

A motion was made by Bud Haas to waive the reading of the minutes of the 2010 Annual Membership Meeting and to approve them as presented. The motion was duly seconded by Leslie Dinesen and approved unanimously by voice vote.

EMPLOYEE/BOARD RECOGNITION

Manager Patt explained that every year the Cooperative honors employees who have been with WEC by recognizing employment anniversaries in five-year increments. He recognized Safety & Environmental Compliance Specialist Scott Martino and Director of Products and Services Bill Powell for 20 years of service. Each was presented with a plaque acknowledging their years of dedicated service to the Co-op. Although not in attendance, Lineman Dennis Bador was recognized for his 40 years of service. Manager Patt noted that at an appropriate time he would present Mr. Bador with a plaque acknowledging his 40 years of service.

President Bernstein then presented Manager Patt with a plaque in recognition of his 15 years serving as WEC's general manager. He noted that Mr. Patt had also served on the board of directors before being hired as the general manager.

President Bernstein surprised Director Fox when he presented him with a Certificate of Appreciation for serving 20 years on the WEC board. Mr. Fox was acknowledged for his commitment to the membership, to a cleaner and sustainable energy future, and for particular attention paid to assuring effective and open function of the Co-op's Board of Directors, member communications, and to the Cooperative Principle of democratic governance. Director Fox addressed the membership when he thanked the board for the certificate and stated that it has been a real honor to serve on the board. He noted that every time he considers leaving some issue comes up that he wants to say on for.

TREASURER'S REPORT

Treasurer Donald Douglas reported that WEC has filed for a rate increase. He explained that the board's plan had been to use the deferred revenue from RECs to continue postponing the need for a rate increase; however, \$1.7 million from the deferred revenue account was needed to cover our expenses last year. Mr. Douglas commented that a lot happened in our economy including the value of the RECs dropping and the stock market falling. Even with the difficult economic conditions, Treasurer Douglas reported that WEC still made TIER.

He pointed out that last year WEC realized \$259,741 in margins. Mr. Douglas commented that we have been retiring capital credit allocations since 1999 and as long as we can stay financially strong, we will continue to retire the patronage. Treasurer Douglas explained that current and former members are receiving retirement credits. He noted that we are doing it this way to show current members what a Co-op really is.

Treasurer Douglas thanked the Finance Department and Director of Finance Cheryl Willette for a fine year.

PRESIDENT'S REPORT

President Bernstein stressed that WEC has one of the most rural territories in the United States and that while a lot of co-ops in the country try to shoot for a 2.6 TIER, WEC's board has always tried to keep our costs down and maintain the minimum TIER required by our lenders.

He pointed out that the rate increase we have filed for is the first one in 11 years and that no board member wanted to raise rates by 24%. President Bernstein commented that the decision to file for a rate increase was probably one of the hardest decisions the board has had to make. He stated that the board spent at least one year determining the percent of the increase to file for and it will probably be well into 2011 before the matter is concluded with state regulators.

President Bernstein thanked the 20+ people that attended the rate case hearing and also thanked staff and the board for their hard work this past year. He commented that the last couple of weeks have been busy with several board members attending a three-day training conference with other co-ops in New England.

Condolences were extended to Ballot Committee Member David Grundy on the death of his son, Jim, who passed away suddenly.

President Bernstein mentioned that approximately 1,400 WEC members were out of power this week when GMP's transmission line to our Moretown substation went down.

MANAGER'S REPORT

Manager Patt explained that the PSB requires WEC to report on its Service Quality and Reliability Plan which measures the quality of our customer service and our system reliability in 14 separate categories. He announced that WEC is required to conduct a professionally done survey every five years and that we did well in areas that we were required to ask about in the survey. Manager Patt stated the results of the survey conducted this last fall will be published in an upcoming issue of the newsletter.

Manager Patt reported on other target areas that WEC is required to meet. This included escalated member complaints (ones that requires PSB intervention)—WEC has not had one in four years; workers' safety—WEC did better than our target; and the number of outages and duration of the outages—again, WEC made the target. Manager Patt attributed WEC's achievements of meeting our targets to all of WEC's employees and in the case of the outages, also to continued improvements on our lines.

He briefly reported on the status of the rate case noting that there has been a lot of information exchanged with the DPS. Manager Patt mentioned that if the rate case is fully litigated, it could take until fall before it is settled. It was noted that when the final number is determined, if there is a difference it would be refunded to the members retroactive to January.

Manager Patt stated that every four years, WEC approves a construction work plan. He noted that the WEC board was currently reviewing a construction work plan for 2011 – 2015 and expected that it would be approved at the next board meeting. The CWP also involves a loan application to RUS and it contains plans for AMI (smart meters) with two-way communication between the co-op and the meter. It is hoped that by 2013 AMI would be fully functional, which

would allow WEC to read our system like we have never been able to before. There will be constant two-way communication between the co-op and the members so that either will be able to look at usage and determine when individual households are using most of their power.

Using a short PowerPoint presentation, Manager Patt briefly discussed WEC's energy picture going forward.

ENERGY FOR VERMONTERS: WEIGHING OUR CHOICES AND MAKING A PLAN

Public Service Board Commissioner Elizabeth Miller, a well known attorney from Burlington who was appointed to the position of commissioner by Governor Shumlin was introduced as the evening's speaker by Manager Patt. During the presentation, Commissioner Miller spoke on Vermont's Energy Challenge. She presented slides and summarized the following:

- What is a Comprehensive Energy Plan?
- Why do we create a CEP?
- Overarching goals of CEP
- What the CEP does not do
- Vermont energy end-use by source, 2008
- 2009 Total Energy Consumed
- Vermont energy consumption by selected categories 1960-2005
- Vermont green house gas emissions
- Uncertainty issues to address
- Blended statewide committed electric resources
- WEC's committed resources
- Biomass, geothermal, solar, and wind
- Vermont's renewable energy future
- Efficiency in the CEP
- Maximum achievable electric efficiency potential...plenty more to go
- Possible methods for encouraging EE

Following the interesting presentation, Commissioner Miller fielded questions from meeting attendees.

ELECTION RESULTS

Ballot Committee Co-chair Joe Kelly reported the following election results: Hydro-Quebec Contract, 1,161 Yes and 67 No; Donald Douglas and Marion Milne both received 1,079 votes and David Magida received 1,061 votes. According to Mr. Kelly, there were 44 spoiled ballots, 15 write-ins, and 495 blanks.

President Bernstein thanked the Ballot Committee members for serving on the committee.

QUESTION/ANSWER SESSION

The meeting was opened to questions from attendees. Member Alice Blachly asked, "It was mentioned in the *Currents* that there is an increased demand for electricity in the future, what is this based upon?" Manager Patt responded that we now have more members so we need

a little more energy and that in the next 10 – 15 years we may start seeing people using electricity for transportation so may see an increase in our load requirements. He pointed out that some people may be switching to electricity for things that used fossil fuels previously.

WEC Member Alexandra Thayer inquired whether the Cooperative will be willing to do something to get members solar panels since a large percentage of our electric use goes to hot water. Manager Patt said most incentives come from Efficiency Vermont and he was not sure what incentives are available right now. He suggested that members first start by talking with WEC's Director of Products and Services Bill Powell

Katie Anderson of Westmore, a WEC member, gave an update on the wind project in Sheffield from her personal perspective. She pleaded with annual meeting attendees to go to the site and see for themselves what she saw as evidence that we have partnered with a company that has no regard for our land. She felt that neighbors to the wind project will look to the Co-op to compensate them for destruction that has occurred there. When Ms. Anderson asked how many people felt the Co-op should compensate these neighbors, only five individuals raised their hands.

WEC Member Annegret Pollard voiced her opinion that there are appropriate and highly inappropriate sites for wind projects. She felt Vermont is a no wind state, therefore, wind projects such as those in Sheffield and Lowell were not making for efficient use of the mountains that would be lost.

President Bernstein thanked members for their questions noting that he appreciated comments on wind.

OTHER

President Bernstein recognized Senator Doyle who arrived late to the meeting. He also acknowledged Senator Vince Illuzzi who his actively involved in energy projects for homes.

Manager Patt conducted the door prize drawings which included three \$20 energy certificates and a \$100 bill from the Co-op, a gift box from Cabot Creamery, a tote with a variety of products from Hunger Mountain Co-op, and a \$100 American Express gift card from VSECU.

There being no further essential business to discuss, the business meeting concluded at 8:18 p.m.

Date of Membership Approval: _____, 2012

Attest: _____
Marion Milne, Secretary