

## 'WCEC Reports Third-Quarter Earnings'?

As long as Wood County Electric Cooperative remains a not-for-profit electric cooperative, you'll not see the headline above. That's because we don't have shareholders to satisfy with big profits. The cooperative's ONLY agenda is to serve WCEC's 32,000-plus consumers as reliably and inexpensively as possible.

Maintaining the financial health of WCEC is a critical factor in preserving that affordable and reliable electricity. To ensure that health, WCEC management periodically performs a cost-of-service study to determine what members need to pay to cover the costs of electric service. This study identifies our economic strengths and weaknesses.

At WCEC, we are vigilant about operating the cooperative in the most cost-efficient and conservative manner. However, there are many costs that are beyond our control.

In great part, increased electricity prices are due to inflation, as well as increased user demand. At WCEC, our No. 1 goal is to maintain the good value of electricity, even with other costs on the rise. But, we must still pay for equipment and services that allow us to deliver electricity, and those have seen marked increases. After our recent cost-of-service study, it was determined that we must secure \$2.1 million in additional revenue annually to maintain a sound financial position.

It's our practice to consider a rate increase only when we have exhausted all other avenues. WCEC has not had a rate adjustment since 2000, nor have we had a full increase since 1986. That's more than 22 years without a full increase. And, we have avoided this action even in the face of

increased costs for all sectors of industry. We've been able to do this with growth in kilowatt-hour (kWh) sales, growth in the number of member consumers, adoption of technical innovations and conservative business practices.

Now, it has become evident that we must recoup those increased costs to remain financially stable.

Still, we've elected not to invoke a pure rate increase, which would raise the cost per kWh. Instead, after analyzing what it cost to serve each meter (infrastructure, maintenance equipment and personnel to build and repair), it was determined that the best way to recoup the cost would be to raise the customer charge per meter. The residential customer charge, which affects just more than 29,000 consumers or meters, will now be \$14 per consumer per month, and that amount will also be the minimum bill charge. Thus, the

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Other increased rates will not be apparent to all members, but only to those who require specialized service or new construction.

The fuel mix and planning for future generation is important, but maybe even more significant is an assessment of how WCEC is doing on costs in comparison to the industry. The numbers tell the story better than anything else could. For the average residential user of 1,000 kWh (including customer charges) in the U.S., the cost is \$111. In Texas, that average is \$134.40. Even with this moderate rate increase, WCEC members who use that much electricity (including customer charges) pay \$107.70.

## FAST FACTS

- The industry throughout the state and the nation has seen dramatic increases in electricity rates. Through conservative management, growth in kWh sales, and member growth, WCEC has been able to stave off rate changes until now.
- Even with this change, WCEC has the same per-kWh charge for each rate schedule that it has had since 1986. For example, WCEC's charge is still .06667 per kWh for single-phase service.
- The customer charge has not changed since 1986, and with this change, the majority of residential members will see only a \$6 monthly increase. This increase is a fixed charge.
- At WCEC, the rate is 6.667 cents per kWh. Coupled with the PCR<sup>F</sup>\*, which is currently 2.7 cents, the charge per kWh is 9.367 cents. This rate remains significantly less than the average paid in the nation and the state.
- The other fees in this WCEC rate increase will affect only members who require special services such as connections, returned checks or new construction.
- As a not-for-profit member-owned electric cooperative, WCEC's primary mission is and will remain to provide reliable service at an affordable price.

\* The PCR<sup>F</sup> is the Power Cost Recovery Factor, or the fuel charge. This cost fluctuates based on the price of the fuel, such as coal or natural gas, used to generate the electricity.

# WCEC ACTIVELY EMPLOYS EFFICIENCIES TO KEEP PRICES LOW

Since April 1986 and the last full rate increase, WCEC has grown from 19,285 meters to 32,859 meters. It's pretty spectacular to note that even with a 70 percent increase in meters and a 46 percent increase in miles of line, efficiency gains have allowed a much slower growth rate of just 25 percent for employee levels. In 1986, there were 73 employees and a ratio of 264 members per employee, while today there are 91 employees and a ratio of 361 members per employee. This serves as a great illustration of efficiencies gained over the years.

A prime example of forward thinking that has led to significant cost saving was when WCEC deployed Automatic Meter Reading (AMR) units in 1995. Prior to that time, there were seven people employed full time

to read the meters. Each of those employees traveled an average of 2,500 miles a month, incurring significant fuel and maintenance costs. The AMR units have allowed WCEC to integrate those employees into other departments where needed and avoid new hires in those areas. That move eliminated significant labor, fuel and maintenance costs.

The implementation of SmartPower in 2004, while helping members manage their budgets, has also resulted in significant postal savings and a reduction in the number of personnel required to implement collections and process fees and payments. In addition to saving the cooperative valuable time and energy, this program has also been proven to save members that have adopted it about 12 percent annually on their electric bill.

Also, in work-planning initiatives, the line crews have made great strides in construction efficiencies by using equipment and work practices that ensure a site is ready before a construction crew arrives. These work practices and the way the men form work groups keep the big construction trucks from rolling when a site is not accessible or when preparation work is not complete. These practices also have increased the speed with which they are able to troubleshoot, ensuring better restoration times during an outage. That way, the crews maintain top productivity.

Rest assured, whether the cooperative is considering the purchase of a new bucket truck or the adoption of a new practice, reliability of service and the impact to members' pocketbooks is considered.

## Notice—Important Announcement of a Rate Change

Wood County Electric Cooperative, Inc. ("Wood County") is announcing a change to its rate schedules by changing certain charges/fees. The proposed changes approved by resolution of the Wood County Board of Directors are set forth below.

Some of the charges/fees have been

in effect and unchanged since 1986 while others have not been changed since 2000. The revised charges/fees are necessitated by increases in overall operating costs for Wood County Electric since that time. Wood County has worked diligently over the years to keep its costs, and therefore your costs, to a minimum.

The line extension section of the tariff has been revised to reflect both revised policies and charges for new construction.

The revised monthly charges/fees will be reflected in those bills mailed after May 1, 2009, and any revised "one-time charges/fees" will become effective on May 1, 2009.

<b>CUSTOMER CHARGES</b>	<b>CURRENT</b>	<b>NEW</b>
Monthly Customer Charge - Rate A (Single Phase)	\$8	\$14
Minimum Bill Charge - Rate A (Single Phase)	\$12	\$14
Monthly Customer Charge - Rate GS (General Service)	\$15	\$29
Minimum Bill Charge - Rate GS (General Service)	\$25	\$29
Monthly Customer Charge - Rate LPS (Large Power)	\$25	\$128
Monthly Customer Charge - Rate SP (SmartPower)	\$10	\$16
Net Monthly Rate - Rate OWS (Oil Well Pumping Service)	\$3	\$3.15
Per Connected Horse Power		
<b>MISCELLANEOUS FEES</b>	<b>CURRENT</b>	<b>NEW</b>
Regular Connect Fee	\$25	\$30
Return Check Fee	\$20	\$30
Regular Trip Fee	\$20	\$25
After Hours Trip Fee	\$80	\$95

<b>LINE EXTENSION CHARGES</b>	<b>CHARGE</b>	<b>250' CREDIT ALLOWANCE</b>
Overhead Single-Phase Primary and/or Service	\$5/ft.	\$5/ft.
Overhead Multi-Phase Primary and/or Service	\$7.50/ft.	\$7.50/ft.
Underground Single-Phase Primary	\$7.50/ft.	\$5/ft.
Underground Multi-Phase	\$9.50/ft.	\$5/ft.
Single Phase Bore (Typical)	\$7/ft.	\$0
Single Phase Bore (Under Highway)	\$16/ft.	\$0
Multi-Phase Bore (Typical)	\$10/ft.	\$0
Multi-Phase Bore (Under Highway)	\$20/ft.	\$0
<b>CUSTOMER CHARGES</b>	<b>CURRENT</b>	<b>NEW</b>
Right-of-Way Clearing Costs: Heavy Timber	\$3.25/ft.	\$6.50/ft.
Light/Medium Timber	\$1.50/ft.	\$3/ft.



**Gerald Gilbert, the interim school superintendent in Quitman, remembers the days before electricity came to his family's farm in Van Zandt County.**

## All About the Lights and the Learn'n

In 1935, President Franklin D. Roosevelt began a significant and life-changing program to provide rural farms and byways with the same inexpensive electricity enjoyed in the cities. This program allowed low-interest loans to rural residents to form electric cooperatives, with the goal of gaining the benefits of electricity at a price they could afford. By 1937, Virgil Shaw and others had formed Wood County Electric Cooperative (WCEC) and started efforts to sign up members beginning in Quitman with lines spiking outward to Winnsboro, Crow and Golden. The first poles were set on May 28, 1938, with the first lines energized on October 7 of that year.

Just about that same time, there was a young boy in Van Zandt County, Gerald Gilbert, who was growing up about 3 miles south of Van on the Neches River. Gilbert, born in 1937, was the second son of Grady, a worker with Pure Oil, and his wife, Ollie, and he can vividly recall the pre-electrification lifestyle.

"I remember the kerosene and coal oil lamps, and then getting the Aladdin lamp, which was a step above the ones

we had, and it put out a lot more light," he said.

While the Aladdin mantle lamps of that day were a vast improvement in lighting, putting out about a 60-watt equivalent of non-flickering light, even those did not offer the convenience of electricity. And, in addition, other chores remained bone-wearying tasks.

"I remember my mother ironing with an old flat iron and heating it on the wood cook stove," Gilbert said. "We also had an Electrolux refrigerator that worked off of kerosene."

He also recalled the old hand-cranked wringer clothes washer, and said, "The only water we had in the house was what you brought in with a bucket."

So, in the early 1940s, when Shaw approached Gilbert's dad about electricity for the rural Van Zandt area, Gilbert said his dad not only liked the idea, but he also went with Shaw to help sign up enough people so that the farms in Van Zandt could be wired.

They were successful in persuading enough people to commit to receiving electricity. Soon after, Gilbert says, he remembers distinctly the two Wood County Electric Coop-

erative workers who came to wire his family's house. He said one was thick, and the other was thin, and he was just fascinated by what they were doing. Curious, he watched them do their work, and said, "I remember thinking, now how is THIS going to work?" Back then, he said, it was just about the norm for each house to only have one or two electrical outlets per room installed, with a single-fixture bulb and a pull chain. But, his family really embraced the innovation and installed porcelain fixtures in the living room that would hold three lightbulbs and each bedroom fixture held two.

Looking back, he said, "It was a big day when they decided to turn the lights on." He said neighbors came from miles around and held a huge celebration that included food and games, speeches and a ceremonial flipping of the light switch. But, he also says that electricity brought so much more than light to their lives.

One of those "modern" wonders that he still delights in today was actually one of the luxuries of life back then: an oscillating fan. He smiles when he talks about the power of that small fan to cool the whole room from its perch in a corner. He also remembers how the men in the family hooked an electric motor up to his mom's washing machine so that it would use electricity, instead of elbow grease, to agitate and wring the clothes. And, even more convenient, electricity paved the way for the house to get running water. With that, along came a marvelous thing: an indoor bathroom.

As life got easier, little by little, Gilbert worked around the farm when he was not going to school in Van, where he graduated from high school in 1955. Gilbert said that his dad was extremely supportive of a college education, but not having a formal education himself, could not really advise him.

So, Gilbert followed in the footsteps of his older brother Harold and selected Sam Houston State University. Harold, who was nine years older, had graduated from Sam Houston in the early 1950s, but as luck would have it, he decided to pursue his master's degree, and so Gilbert got to attend college, part of his time, with his brother.

Ever the student of "How's THAT going to work?" Gilbert selected agriculture and biology as his fields of study. And along the way, while earning his bachelor's degree, he also met the love of his life, the former Miss Janet Baker, also a student at Sam Houston.

Fresh out of school, Gilbert took his first teaching job in 1958 in Bay City, and then in 1959 when Janet graduated, they married and both went to teach in the Aldine school district in Houston. Gilbert worked there a year, and while Janet continued to teach second grade, he went back to Sam Houston and earned his master's, along with his principal's and superintendent's certifications.

The summer of 1963 saw the native son coming back home to Van Zandt County, where he went to work in the Grand Saline school system as a teacher of general science, physical science, biology and physics, while Janet taught

sixth- and seventh-graders before moving to first grade. In only a few short years, Gilbert was named principal at Grand Saline High School, where he served in that capacity for 20 years and then as the middle school principal for two years. After that, he became the superintendent of Grand Saline ISD, working in that role for 19 years.

In those years, he oversaw vast construction projects including a new football field with concessions, a new cafeteria, tennis courts, additions to the elementary and intermediate schools and an entire new high school. There were also new softball and baseball fields, a new bus barn and new maintenance facilities, among other building projects. And, under his tenure, just about all of these buildings and improvements were paid for in cash, with the exception of the football field, cafeteria and new high school, which required bonds.

Upon their retirement, both Gilbert and Janet had accrued 97 years of combined active service in the Texas school system, with the lion's share of that in Grand Saline. But, it looks like Gilbert may be working to make that an even 100. Even though he did retire in 2007, he almost immediately went to work again, as an interim superintendent for six months in Cumby. And just after that, when Quitman ISD had a need, he stepped into those shoes as an interim superintendent.

During his time in the system, he's seen tremendous change, both in technology and in policies and procedures. But the one thing that remains constant, he says, is, "You can get people more upset over their money and their kids than anything else. So, if you can do well in those areas, they are appreciative of it."

He also says that if after he leaves his interim position at Quitman, a call comes from other quarters, "I'll go see if I can help." When asked if his plans for retirement have been interrupted with his latest two assignments, he says, "I've met a lot of new people I didn't know both in Quitman and at Cumby. It's been fun. I like it."

In the meantime, he and his wife hope to travel a little bit more. They've been enjoying an almost unlikely developing friendship with a bunch of cowboys out in West Texas near Guthrie, and they have taken some trips out there to some of the famous ranches. Those journeys are really a story about a boy named Riggin, his horse and a host of new friends that all came to be because of a letter. But that's a story for another time.

Gilbert, by anyone's standard, is an educated man, but at 72, he is still a thirsty student. He wants to know all of the facts and figures, and always "how things work." Even so, he remains most interested in human nature and in helping to build strong bonds and the character that helps knit great communities. Notably, electricity and Gerald Gilbert both "happened" in East Texas in the late 1930s, and both deserve credit for immeasurable and illuminating change.

Superintendent Gerald Gilbert and his wife Janet are members of Wood County Electric Cooperative and live in Grand Saline.