

# North Plains

Electric Cooperative, Inc.



## 59th Annual Report

*Please  
bring  
this report*  
to your annual  
meeting.

**This is your registration card  
and ticket for prizes.**  
(Cannot be duplicated.)

TEXAS CO-OP POWER

# OFFICIAL NOTICE

## Annual Membership Meeting of North Plains Electric Cooperative, Inc.

(By the direction of *David D. Sell*, secretary)

to be held at the Ochiltree County Expo Center at the Fairgrounds in Perryton, Texas

**Monday, April 21, 2003**

Registration and barbecue.....6 p.m.  
Business meeting.....7 p.m.



### MEMBER REGISTRATION CARD

for  
North Plains Electric Cooperative  
Annual Membership Meeting  
Monday, April 21, 2003  
Ochiltree Expo Center  
Barbecue at 6 p.m. Business Meeting at 7 p.m.

# Candidates for Board of Directors



**DISTRICT 2**

**James Greene** and his wife, Donetta, have five children: Lonita James, Deborah Schumann, Cherry Thompson, Dean Greene and Carla Brown. James has been serving on the North Plains Electric Board since 1987. He resides approximately four miles west of Waka where he has a farming and cattle operation.



**DISTRICT 3**

**Jim Hagg** and his wife, Carol, live seven miles south of Perryton. They have two children: Kristen and Michael. Jim is owner/operator of Jade Cattle Feeders Inc. Jim was elected to the North Plains Electric Board in 2000.



**DISTRICT 5**

**Jerel Norris** and his wife, Diane, have three children: Lisa McEntire, Laura Lee Walser and Jered Norris. Jerel resides approximately 10 miles south of Canadian where he has a farming and ranching operation. Jerel has been serving as a North Plains Electric Board member since 1994.



**DISTRICT 5**

**Mike Arrington** is a fourth generation cow/calf rancher living in Southwestern Hemphill County. He holds a B.S. in Agriculture Economics from Texas Tech University. Mike and his wife Debbie have three sons; Wade (22), Daggett, (20) and Clay (19). Mike is also an Elder at the Presbyterian Church in Canadian.

## ▪ OFFICIAL VOTING REPRESENTATIVE CREDENTIAL ▪

Account name: \_\_\_\_\_

Address: \_\_\_\_\_

The following are hereby certified as official voting representatives to represent the above member at the annual meeting of the membership of North Plains Electric Cooperative, Inc. on April 21, 2003. We understand that the alternate is certified to act only in the absence of the voting representative.

Voting representative: \_\_\_\_\_

Alternate: \_\_\_\_\_

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### ▪ Instructions ▪

The above form **must be presented at the time of registration** for all members of the cooperative who are not individual members. This applies to commercial firms, corporations, partnerships and organizations (such as schools, churches and community clubs).

This form must be signed by an officer of the company, corporation, firm or organization, and their title must be designated.

**Bring this form with you to the annual meeting.**



Technician drills a hole below the soil surface.



Data is entered about the pole and inspection.

## NPEC Works to Assure Reliable Service

**P**roviding safe, reliable and cost-effective power continues to be our number one goal. If a practice helps with system reliability and makes economic sense, we usually implement it. Some recent efforts included tree trimming, overhauling specific distribution lines, and installing new electronic equipment into substations. (More about this in future *Texas Co-op Power* local pages.)

Crews from Osmose Inc. recently completed another reliability improve-

ment project. This specialized preventative maintenance completed testing and treating of poles on the NPEC transmission system. (Transmission lines are large lines carrying power at 69,000 or 115,000 volts between substations.) In addition, several distribution feeders were also treated. Over 2,600 transmission and 700 distribution poles were inspected and treated. The inspection is very technical and best performed by highly trained pole specialists. In a day, 30-50 poles are

inspected and treated.

Each pole is evaluated for rot or any other form of decay, mechanical damage and insect damage. For a subsurface inspection, 18-20 inches of soil surrounding the pole is removed. The technician visually inspects the pole, and measures the circumference both above and below the surface. He then sounds the pole with a hammer to detect any voids. A portable drill is used to bore into the pole below the surface. The wood shavings removed



Worker digs 18-20 inches of soil away from the pole.



Technician sounds pole with hammer to check structure for voids.

by the bit are also evaluated for decay.

If a pole passes these inspections, a plug is installed in the drilled hole. Then a thick coat of preservative is applied to the poles below the surface of the soil. A special paper is then wrapped around the pole. This paper is double layered. The outside layer is a



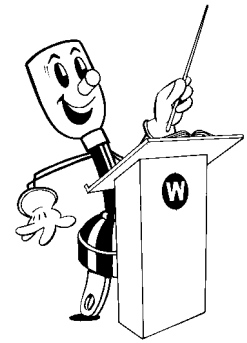
Wood preservative is applied to every pole after inspection.

biodegradable paper, while the inside is a moisture barrier film that shrinks to envelop the pole and the preservative treatment. Finally, the pole is marked with a metal seal showing the date of inspection.

Data from inspection and other information is keyed into the technician's handheld computer. This information is later downloaded to the office. A Global Positioning Satellite reading is also recorded. The removed dirt is then replaced.

If a pole shows slight surface decay below the ground, a special ax is used to remove this area of decay before the preservative is applied. If the pole fails any part of inspection, it is flagged to be replaced by the NPEC service crews.

The Panhandle wind, thunderstorms and ice can challenge the powerlines and expose weaknesses. It is the overall goal of this inspection program to locate, expose and replace bad poles before they fail and cause outages.



**Willie says: Participate  
in the business  
of your co-op!**

**North Plains'  
annual meeting  
will be April 21.  
Mark your  
calendar!**

**Door prizes  
Entertainment**

**Business reports  
from management  
and the board**

## Home Energy Check Up Is Friendly "Audit"

**Y**ou've suffered through filing your income taxes for the year, and the last word you want to hear is "audit." But one kind of audit is guaranteed to save you money. It's an energy audit. And it's free.

North Plains Electric Cooperative will send an expert to your home to identify ways you can save money by using your electric appliances—especially the heater and air conditioner—more efficiently. And you might be surprised to learn how much energy you're wasting by letting air slip in and out of the tiny cracks and holes in attic walls and around windows.

Energy consultants agree that a



family can reduce its bills by at least 5 percent—and by as much as 30 percent after an energy audit—without changing its lifestyle. Most of an auditor's recommendations are simple and make a lot of sense: Replace incandescent light bulbs with fluo-

rescent ones and clean or replace furnace and air conditioner filters monthly, for example.

Other suggestions cost some money but pay off later. Hiring a professional to clean and repair dirty vents and the air conditioning system each year, for example, will keep the system running efficiently so it costs less to operate.

Your cooperative's energy auditor also will educate you about alternative payment plans, low promotional rates for which you might be eligible, and how to buy new appliances that won't guzzle electricity.

Contact Bill Carson at NPEC to set up an energy audit: (806) 435-5482.

# NOMINATING COMMITTEE REPORT

The Nominating Committee, appointed by the Board of Directors of North Plains Electric Cooperative, Inc. met at the Cooperative's headquarters located in Perryton, Texas, on March 19, 2003, at 10:30 a.m. with the following Committee members present:

District #2: Kathleen Brillhart, Elmo Dahl, Shawn Farrar

District #3: Charles Beers, Mike Heck

District #5: Eddie Meadows, Keith Yarnold

Bill Carson, Member Service Specialist, welcomed the Committee members and thanked them for their presence and participation in the nomination process for the Cooperative. He then reviewed Article IV of the Cooperative Bylaws with the Committee. Keith Good then opened the meeting as Chairman Pro-Tempore and opened the floor for nominations for Chairman. Kathleen Brillhart nominated Charles Beers to serve as Chairman of the Nominating Committee. Eddie Meadows seconded the nomination. Elmo Dahl moved that nominations cease and that Mr. Beers be elected by acclamation. The motion was seconded by Keith Yarnold and carried unanimously. Eddie Meadows nominated Kathleen Brillhart to serve as recording secretary for the meeting. Keith Yarnold seconded the nomination. Mike Heck moved that nominations cease and that Mrs. Brillhart be elected by acclamation. The motion was seconded by Charles Beers and carried unanimously.

Chairman Beers declared the meeting open for nominations of Cooperative members to have their names placed on the ballot as Director nominees, subject to the vote of the general membership at its 59th annual meeting, April 21, 2003.

Elmo Dahl nominated James Greene to be placed on the ballot as Director nominee for District #2. There being no further nominations, Chairman Beers declared nominations for District #2 closed.

Mike Heck nominated Jim Hagg to be placed on the ballot as Director nominee for District #3. There being no further nominations, Chairman Beers declared nominations for District #3 closed.

Keith Yarnold nominated Mike Arrington to be placed on the ballot as Director nominee for District #5. Eddie Meadows nominated Jerel Norris to be placed on the ballot as Director nominee for District #5. There being no further nominations, Chairman Beers declared nominations for District #5 closed.

Three Directors shall be elected by and from the members at the 59th annual meeting of the Cooperative to be held on April 21, 2003, for a term of three years. The action of this Committee in no way shall prevent additional nominations by petition or from the floor at the meeting.

There being no further business to consider, the meeting was declared adjourned at 11:15 a.m.

*Charles Beers*

Nominating Committee Chairman

*Kathleen Brillhart*

Nominating Committee Recording Secretary



# North Plains Electric Cooperative, Inc.

## 59<sup>TH</sup> ANNUAL REPORT

### PROGRAM

6 to 7 p.m. ....Registration, Barbecue

7 p.m. Call to Order by President Ira Harbour

    Invocation

    Reading of Minutes .....Secretary-Treasurer David Sell

    Introduction of Guests .....Randy Mahannah

    Prize Drawings .....Administrative Assistant Jerry Pshigoda

    Manager’s Report .....Randy Mahannah

    Financial Report .....Bolinger, Segars, Gilbert, and Moss

    Nominating Committee Report.....Chair

    Director Elections .....Credentials and Election Committee

    Youth Tour Report .....Paula Lehew

    Scholarship Presentation .....Bill Carson

    Cooperative Service Awards .....Randy Mahannah

    Election Report .....Credentials and Election Committee

    Any Other Business .....President Ira Harbour

    Prize Drawings .....Jerry Pshigoda

    Adjourn .....President Ira Harbour

# Message From Management



*Ira Harbour*  
*Board President*

The board of directors and management of North Plains Electric Cooperative, Inc. urge you to attend the cooperative's annual meeting on April 21, 2003. The meeting will again be held at the Expo Center in Perryton. The cooperative will provide a barbecue dinner with all the trimmings, door prizes, and management reports on the system. The election of directors will be conducted during the meeting.



*Randy Mahannah*  
*General Manager*

North Plains has served rural members for 59 years now and continues to furnish a vital service to the rural area. We still have the primary goal to provide reliable electric service at an economically reasonable price. A reasonably priced and stable whole-

sale fuel market last year kept kWh cost manageable, but tension in the world continues to erode that stability. 2003 has started with unstable conditions and no predictability, so we remain concerned about the future.

Despite strong efforts to improve, system reliability in 2002 was not on target. Destructive forces beyond our control caused the cooperative to experience two substation power transformer failures during the summer, one caused by lightning, and the other by vandalism. We also experienced several transmission outages during the year. We are continually working to reduce these occurrences and improve reliability.

After a year of electric deregulation and competition downstate, there is still no indication that moving toward competition was the right thing to do. There is no doubt that the Texas deregulation design for the ERCOT (Electric Reliability Council of Texas) area is working better than California's disaster but we aren't really hearing success stories either. The passage of House Bill 1692 in 2001 that postponed competition in our area at least until 2007 has had a stabilizing effect on our wholesale market. Power plants have not been sold for outrageous market prices, as was the case in California. It is clear that electric energy prices paid by Panhandle and South Plains residents would have been substantially higher if speculating investor-owned companies had purchased local heavily depreciated power plants at exorbitant market prices. Consumers ultimately pay for these facilities and stockholders reap the benefits. Transmission line constraints continue to inhibit the flow of power in or out of the Panhandle and South Plains region so new merchant power is unreachable. Our local state legislators did a great job of protecting us from an experience many consumers in California had to deal with in the name of competition, and we must continue to ask for responsible decisions concerning our area.

Come join us at the annual meeting and we will provide a good meal, elect three directors, and furnish information concerning the operation of your cooperative. We look forward to seeing you at the annual meeting on April 21.

*Ira Harbour*

Ira Harbour, President

*Randy Mahannah*

Randy Mahannah, General Manager

# Director Representatives



**District 2**

James Greene has been serving as a board member since 1987. He lives approximately four miles west of Waka where he has a farming and cattle operation.



**District 2**

Dorsey Schad has been serving as a board member since 1986. Dorsey lives northwest of Gruver where he is engaged in a farming operation.



**District 3**

Jim Hagg was elected to the board in 2000. He lives eight miles south of Perryton and is owner/operator of Jade Cattle Feeders Inc.



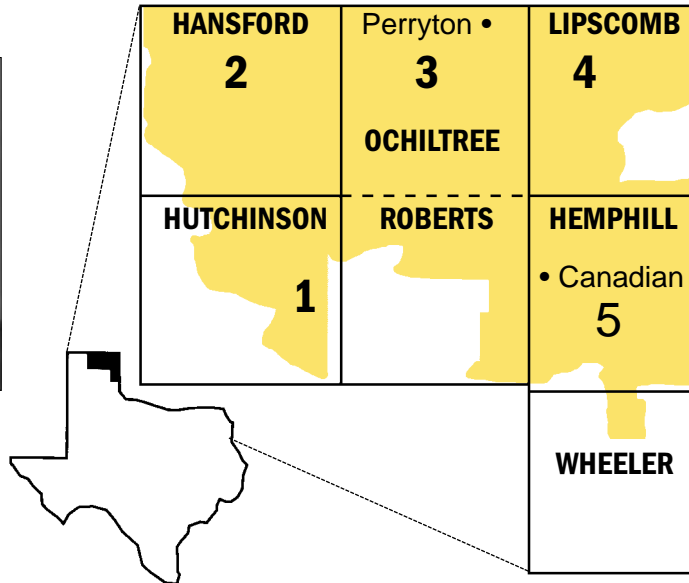
**District 3**

Johnny Scribner was appointed to the board of directors to fill a vacancy created in 1998. He is manager of Perryton Feeders Inc., south of Perryton. Johnny has lived in Perryton since 1985.



**District 1**

Ira Harbour, president of your board of directors, has been serving as your director since 1944. He lives approximately 15 miles southwest of Spearman where he is involved in farming and ranching.



**District 4**

David Sell, CPA, secretary-treasurer of your board of directors, has been serving on the board since 1984. He resides two miles north of Booker where he is engaged in farming.



**Cooperative Attorney**

Keith Good  
Lemon, Shearer, Phillips,  
and Good



**District 5**

Jerel Norris was elected to serve as a board member in 1994. Jerel lives approximately 10 miles south of Canadian where he has a farming and ranching operation.



**District 5**

J. Craig Young was elected to serve as a board member in 1998. Engaged in a ranching operation, Craig lives 11 miles west of Canadian along the south side of the Canadian River.



**District 4**

Lyndon Imke, vice-president, was elected to your board of directors in 1974. He resides northwest of Follett and is engaged in farming and ranching.

# Auditors' Report

## BOLINGER, SEGARS, GILBERT & MOSS, L.L.P

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

1623 10TH STREET

LUBBOCK, TEXAS 79401-2685

To the Members  
North Plains Electric Cooperative, Inc.  
Perryton, Texas

We have audited, in accordance with generally accepted auditing standards in the United States of America, the balance sheet of North Plains Electric Cooperative, Inc. as of December 31, 2002, and the related statements of income and patronage capital, and cash flows for the year then ended (not presented herein); and in our report dated January 22, 2003, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it was derived.

The complete audit report as described above is on file at North Plains Electric Cooperative, Inc.

  
Certified Public Accountants

January 22, 2003

# Financial Statements

Condensed Balance Sheet (as of December 31, 2002)

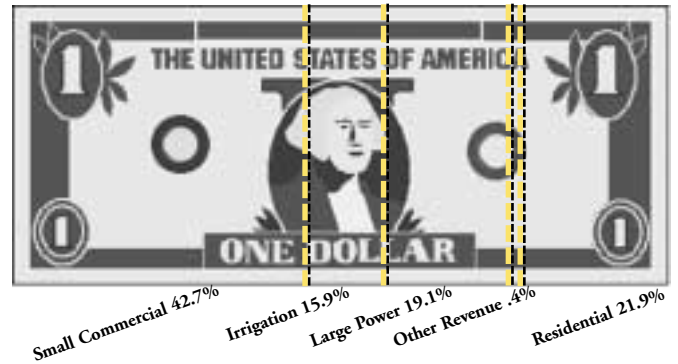
| ASSETS - What we own                       | 2002          | 2001          | LIABILITIES -What we owe                        | 2002          | 2001          |
|--|---------------|---------------|---|---------------|---------------|
| Total cost of system .....                 | \$ 40,344,321 | \$ 40,026,463 | We borrowed from RUS & CFC ....                 | \$ 36,836,000 | \$ 36,704,000 |
| Estimated depreciation .....               | (15,483,573)  | (14,951,286)  | Regular payments on loans .....                 | (20,693,117)  | (19,715,743)  |
| Net value of system .....                  | \$ 24,860,748 | \$ 25,075,177 | We still owe to RUS & CFC .....                 | \$ 16,142,883 | \$ 16,988,257 |
| Cash in the bank .....                     | 115,756       | 83,171        | We owe for materials, supplies ....             | 649,775       | 469,132       |
| Investments.....                           | 3,734,333     | 2,620,883     | Other liabilities & credits .....               | 1,505,325     | 699,327       |
| Accounts receivable .....                  | 861,043       | 840,829       | Membership fees paid .....                      | 8,615         | 8,720         |
| Value of materials & supplies ....         | 965,410       | 1,008,413     | Total equity in the<br>enterprise (40.4%) ..... | 12,414,636    | 11,900,817    |
| Advance payments on<br>insurance, etc..... | 24,852        | 47,120        | Other margins and equities .....                | 23,179        | 23,179        |
| Deferred charges.....                      | 182,271       | 413,839       | TOTAL LIABILITIES<br>& EQUITY .....             | \$ 30,744,413 | \$ 30,089,432 |
| TOTAL ASSETS .....                         | \$ 30,744,413 | \$ 30,089,432 |   |               |               |

## Income Statement

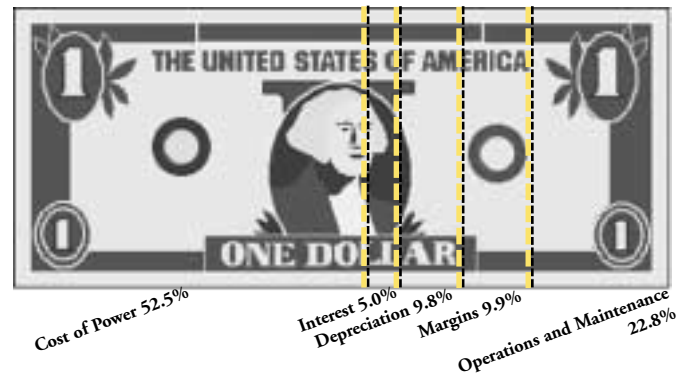
|  | 2002          | 2001          |
|--|---------------|---------------|
| Revenues                               |               |               |
| Electric energy sold .....             | \$ 11,935,756 | \$ 11,821,085 |
| Nonoperating income .....              | 266,562       | 158,154       |
| Total revenue.....                     | \$ 12,202,318 | \$ 11,979,239 |
| Expenses                               |               |               |
| Electric power cost .....              | \$ 6,403,289  | \$ 6,484,914  |
| Operating expenses.....                | 2,780,423     | 2,504,160     |
| Estimated system<br>depreciation ..... | 1,198,759     | 1,156,170     |
| Interest .....                         | 619,484       | 554,944       |
| Total expenses .....                   | \$ 11,001,955 | \$ 10,700,188 |
| Margins.....                           | \$ 1,200,363  | \$ 1,279,051  |
| Total taxes paid.....                  | \$ 223,616    | \$ 206,005    |

## How Your 2002 Dollar Was Used to Bring You Electric Service

### HOW IT WAS EARNED

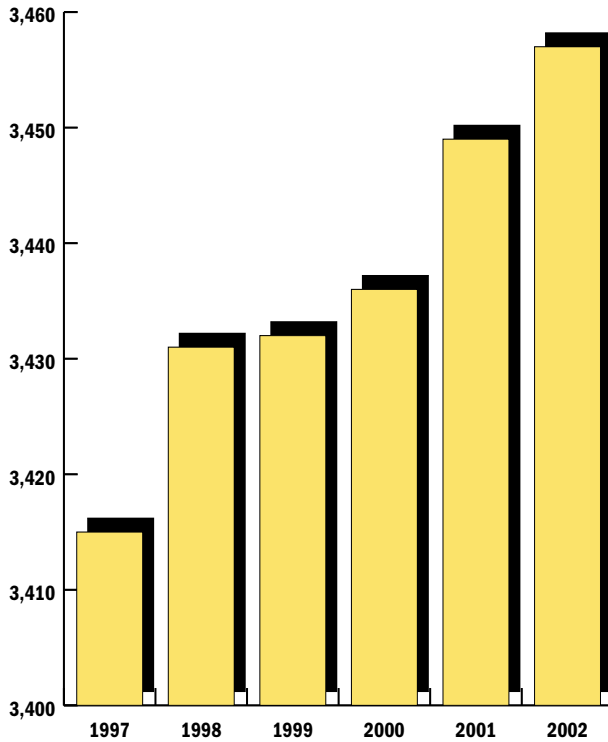


### HOW IT WAS USED

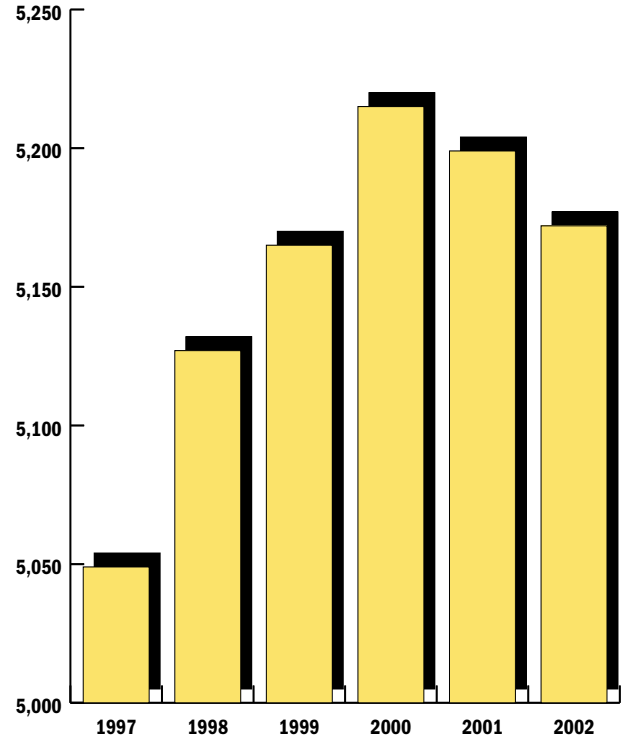


# Operational Information

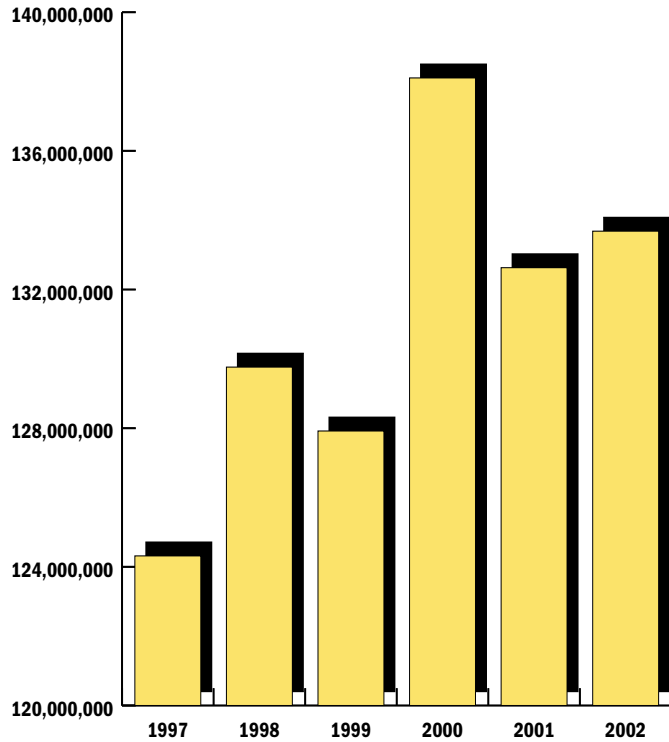
## MILES OF LINE



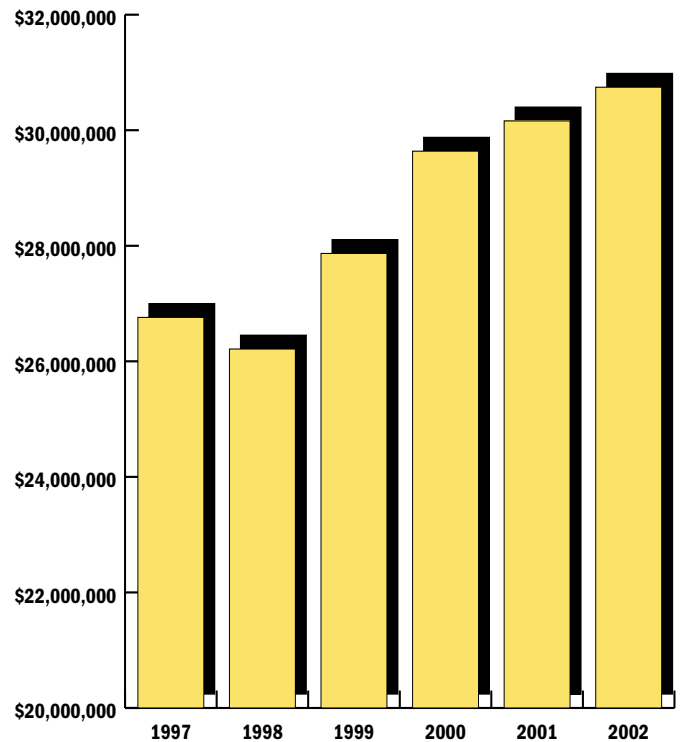
## METERS



## KWH SOLD



## ASSETS



# Employees

| Name                   | Title                               | Years of Service |
|------------------------|-------------------------------------|------------------|
| Earl Bates.....        | Meter Reader/Collections .....      | 26 years         |
| Colby Brown .....      | Equipment Operator .....            | 17 years         |
| Charley Cagle .....    | Apprentice Lineman.....             | 5 years          |
| Gregg Campbell .....   | Groundman .....                     | 3 years          |
| Bill Carson.....       | Member Service Specialist .....     | 4 years          |
| Galen Cooksey .....    | Office Manager .....                | 26 years         |
| Lewis Crain, P.E. .... | Engineer & Operations Manager.....  | 22 years         |
| Monte Eisenman .....   | Apprentice Lineman.....             | 8 years          |
| Marvin Evans.....      | Engineering Assistant .....         | 16 years         |
| Larry Franks .....     | Serviceman (Journeyman) .....       | 20 years         |
| Doug Gassett.....      | Custodian.....                      | 19 years         |
| Alfred Godino .....    | Second Class Lineman .....          | 10 years         |
| Ronald Harvey.....     | Serviceman (Journeyman) .....       | 21 years         |
| Jeff Hinshaw .....     | Construction Foreman.....           | 21 years         |
| Robbie Hogan .....     | Billing/Data Processing .....       | 24 years         |
| Becky Karber .....     | Administrative Secretary.....       | 26 years         |
| Robbin Keetch.....     | Serviceman (Journeyman) .....       | 16 years         |
| Joe Lane.....          | Warehouseman/Work Order Clerk ..... | 1 year           |
| Paula Lehew.....       | Executive Secretary.....            | 27 years         |
| Randy Mahannah .....   | General Manager .....               | 7 years          |
| Chris Mendenhall ..... | Operations Superintendent .....     | 28 years         |
| Marc Padgett .....     | Canadian District Manager .....     | 23 years         |
| Shirley Pattison ..... | Cashier/Receptionist .....          | 17 years         |
| Jerry Pshigoda .....   | Administrative Assistant .....      | 28 years         |
| Vernon Pshigoda .....  | Data Processing Manager .....       | 32 years         |
| Sean Roberts .....     | Second Class Lineman .....          | 3 years          |
| Crystal Skinner .....  | Operations Clerk/Dispatcher .....   | 12 years         |
| Shane Spencer .....    | Groundman/Meter Reader.....         | 2 years          |
| Sherron Tigrett .....  | Accounting Assistant .....          | 23 years         |
| Kelly Wright .....     | Apprentice Lineman.....             | 5 years          |

# Youth Tour Report

Representing North Plains Electric Cooperative on the 2002 Government-in-Action Youth Tour were **Heather Mickley**, daughter of Rodney and Darla Mickley of Booker, and **Ben Williams**, son of Neal and Julie Williams of Gruver.

One hundred eighteen Texas and New Mexico rural electric youths along with 13 chaperones descended on Washington, D.C., in June and returned home with a better perception of how their government works. Heather and Ben began their educational tour with a visit to the capitol building to meet with Congressman Mac Thornberry and Congressman Larry Combest. While on Capitol Hill, they had the opportunity to tour the House of Representatives chamber, the Senate chamber, the Library of Congress, and the United States Supreme Court building. They also visited the National Archives, which houses the Declaration of Independence, United States Constitution and Bill of Rights.

Other trip highlights included visiting the Washington Monument, the Lincoln, Jefferson, Iwo Jima and Vietnam Memorials, Smithsonian Institution, Bureau of Printing and Engraving, Ford Theater, Mount Vernon, FBI building, Kennedy Center, National Geographic Society, and Washington National Cathedral. While touring Arlington National Cemetery, the Texas Youth Tour delegation participated in a wreath laying ceremony at the Tomb of the Unknown Soldier and paid tribute to the gravesites of John F. Kennedy and Robert Kennedy.

North Plains Electric is proud to offer the educational benefits of the Government-in-Action Youth Tour to the youth of our communities, and we say congratulations to Heather and Ben on their accomplishments!



## Credentials and Election Committee

In compliance with Article III, Section 3.06 of the bylaws of North Plains Electric Cooperative, Inc., the board of directors appointed a Credentials and Election Committee on March 20, 2003.

The consumer-members that have been appointed to serve on the 2003 Credentials and Election Committee are:

- Danny Womble.....District 1
- B.J. Renner .....District 2
- Robbie Herrington.....District 3
- Hollene Peery.....District 4
- Bob Wilburn.....District 5