

NORTH PLAINS ELECTRIC COOPERATIVE

P.O. Box 1008 • Perryton, TX 79070 • Phone (806) 435-5482



Annual meeting attendees enjoyed a barbecue dinner served by IV's Hungry Cowboy Restaurant and Catering of Spearman.



NPEC directors gathered for a group photo at the meeting. From left: Jerel Norris, Dorsey Schad, David Sell, Lyndon Imke, Jim Hagg, Craig Young, Johnny Scribner, Ira Harbour and James Greene.

North Plains Holds 59th Annual Meeting in Perryton

Warm weather and good news set the tone for North Plains Electric Cooperative's 59th Annual Meeting, held in Perryton on April 21 at the Ochiltree County Expo Center.

After registering for free gifts and a chance at the many valuable door prizes, NPEC members settled in for a

barbecue dinner and a report on the cooperative's business year in 2002.

"Your cooperative is strong financially and we are strengthening the system as well," General Manager Randy Mahannah told the crowd. Mahannah said NPEC "focused a lot of attention" on maintenance and system

improvements in 2002, including the inspection and treatment of over 3,000 poles and the repair of distribution feeder lines and insulators.

"We know the integrity of these lines is much improved and reliability in these areas should also be better," Mahannah said. "Maintenance is an



Service awards were presented to Serviceman Larry Franks (20 years), Apprentice Lineman Kelly Wright (5 years), Apprentice Lineman Charles Cagle (5 years) and Second Class Lineman Sean Roberts (5 years). Also honored were Second Class Lineman Alfred Godino (10 years), Director Craig Young (5 years) and Warehouseman Joe Lane (1 year).



2002 Government-In-Action Youth Tour participant Ben Williams told members about his experiences in Washington, D.C.



Heath E. Flowers of Canadian High School and Zane McGee of Booker accepted scholarships from NPEC General Manager Randy Mahannah.



Oldest and youngest directors, President Ira Harbour and Craig Young.

ongoing process and we continue to improve our line quality.” In addition, the engineering department started a Global Positioning System mapping program that will improve the accuracy of North Plains’ maps.

The year was not without problems—two major transformer failures occurred within two weeks last summer. First, lightning damaged the power transformer in the Briscoe Substation on July 23. The transformer was replaced by a spare in the Perryton yard. Then, someone shot a hole in one of the cooling fins of the power transformer in the Waka Substa-

tion, causing a substantial amount of mineral oil to leak out, eventually leading to transformer failure. Although the NPEC spare was already in use, Tri-County Electric offered the use of their spare transformer. The repair bill for the two transformers was \$100,000.

Mahannah outlined general trends for North Plains over the past year. The average number of connected meters decreased, although there were increased services for several load types such as stock pumps, water wells, three-phase sprinklers and large commercial services. There was more

activity in connecting new services in almost all classes. Due to dry conditions, irrigators used more than 4 million additional kilowatt hours in 2002. Residential sales remained constant while small commercial and large power sales declined. Average kilowatt hour use per meter was up. Assets increased by almost \$650,000.

Total revenue for the year was just over \$12 million. Power cost was \$6.4 million, operating expenses were \$2.8 million, depreciation was \$1.2 million, and the co-op paid a little over \$600,000 in interest, for a total of \$11 million in expenses. The operat-



Grand Prize winner Beryl Trew received a \$500 energy certificate from North Plains Electric Cooperative.



Andrew Sell was the lucky winner of the Child's Prize, a radio-controlled car and boat, donated by Perryton Office Supply/ Radio Shack.



Dan Cornett of Hemphill County went home with a new 18-quart roaster oven, one of the 52 door prizes handed out at the meeting.



Members of the Ochiltree County 4-H Club helped out with serving and cleaning up at the North Plains EC Annual Meeting.



Member Service Specialist Bill Carson (right) discusses some details with scholarship winner Zane McGee.

ing margin was \$934,000, with an increase in allocated patronage capital of a half-million dollars. Adding in almost a quarter-million dollars in generation and transmission capital credits from Golden Spread EC and others, the net margin for 2002 was \$1.2 million.

In the last two years, North Plains has returned more than \$1.2 million of the \$12.4 million in allocated capital credits. The credits are returned on a 20-year rotation.

Mahannah spent a few moments discussing the state of deregulation in Texas. "The news downstate is mixed about its success and we continue to have concerns," he said. He explained that deregulation in the Panhandle was postponed until at least 2007 because the area is transmission constrained.

"Co-op leaders are not against competition," Mahannah explained. "Competition is beneficial in every aspect of American business, but since our area has been blessed with lower electricity costs using the regulated model, we are skeptical of projected benefits. To change the system just for the sake of change without real benefits to consumers is not justifiable. If we don't protect ourselves, no one will."

Three directors were re-elected at the meeting: James Greene (District 2), Jim Hagg (District 3) and Jerel Norris (District 5). The incumbents for Districts 2 and 3 were uncontested; Norris defeated Mike Arrington for the District 5 position.

Board President Ira Harbour presented service awards to NPEC employees Joe Lane (one year), Charles Cagle (five years), Sean Roberts (five years), Kelly Wright (five years), Director Craig Young (five years), Alfred Godino (10 years), and Larry Franks (20 years).

NPEC Executive Secretary Paula Lehew gave a report on the Government-in-Action Youth Tour to Washington, D.C., noting that this year's contest will be held on May 12. Lehew read a note of appreciation from the other participant, Heather Mickley of Booker, and introduced one of last year's participants, Ben Williams of Gruver.

"The Youth Tour not only lets students learn about how electric cooperatives run, but also how our country

runs—which in times like these is very important," Williams said.

Member Services Specialist Bill Carson updated the members on the NPEC scholarship program. Nine scholarships of \$750 each were awarded this year. Carson noted that some members had requested that their capital credits be used for scholarship money, rather than as a refund, and he hoped that others would choose to contribute in this way as well. Two of the nine recipients, Heath E. Flowers of Canadian High School and Zane McGee of Booker, accepted their scholarships at the meeting.

Over 50 door prizes were awarded throughout the meeting, with Beryl Trew winning the grand prize of a \$500 energy certificate.



Quade Wright (4) and his dad, NPEC Groundman Kelly Wright, load up their plates in the barbecue line.



NPEC Director David Sell spends a moment with his three daughters: Hannah (2), Elizabeth (8) and Rebekah (7). Sell is also the proud father of five sons.

From the General Manager

The 59th annual meeting of North Plains Electric Cooperative Inc. was held on April 21. There were 136 members who registered and the total attendance was 320. Thanks to everyone who attended. We asked a few questions of those members and I wanted to report the results of those questions and some action taken.

Question #1 asked for recommendations concerning the elimination of director nominations from the floor during the election at the annual meeting. Our cooperative attorney, Keith Good, explained that a member nominated must meet specific criteria to be an eligible nominee. The requirements were reported as follows:

- (a) Nominee must be in good standing financially at the co-op.
- (b) Nominee must have no felony convictions within the last five years.
- (c) Nominee must not have an agent relationship or compete with the cooperative.
- (d) Nominee cannot be related to other board members or employees by blood or marriage.

These are not all of the requirements, but each must be verified before the election can take place. Elimination of this method of nomination could help us avoid an embarrassing situation or the appearance of harassing a nominee.

Of the 114 members responding, 80 were in favor of eliminating floor nominations and 34 voted to keep this method in place. After some deliberation at the board meeting following the annual meeting, the board voted unanimously to change the bylaws and eliminate nominations from the floor. The board also decided to make sure the other two methods for nominating director candidates were advertised better so that members would continue to have a clear voice in the nomination and election process.

Question #2 asked those present if entertainment or a featured speaker was needed at the annual meeting. Of the 108 members responding, the vote was a tie. Luckily we have a year to make this decision.

Comments and complaints were

asked for in question #3 and 40 comments were offered. Several responded with comments of appreciation, and we thank you for the kind words. There were some suggestions and recommendations for improvement.

Seven of the comments were directed toward the length of our annual meeting and all of them recommended that we shorten the meeting. The meeting this year lasted until 8:30 p.m. We seemed to move through the agenda quickly but we will try to make it even shorter in the future.

One member said that he or she had been losing power way too often, and the problem exists even without a storm. If you recognize this comment as yours, please let us know who you are so that we can figure out the cause. We can patrol that line and possibly find a problem.

Another comment mentioned some old, worn out equipment around Lipscomb. We have some single-phase line that needs some attention in that area, but our line in the community of Lipscomb was rebuilt in 2002. We have not had many problems recently in that area so we are working in more pressing areas first.

Using underground (UG) line was mentioned by a couple of members and we do furnish UG to all our members if requested. The one problem with buried primary conductor is cost. It is at least two times more expensive to install underground than overhead line. Since there is such a cost difference between the two, members who require underground must furnish the difference in cost plus the normal overhead-based aid-to-construction if UG has to be used.

There were three responses asking for better service on security lights. If you have a problem with an area light that is maintained by the cooperative, we will come by and repair it if you will let us know that it's not working. The cooperative does not check these lights on a regular basis and relies on members to keep us informed when one is not functioning properly. If you own a security light that is connected

Randy Mahannah



behind your meter, we will repair or replace it for the cost of the parts plus 10 percent and a labor service charge.

A couple of responses mentioned that cheap electricity makes happy customers. Cheap electricity also makes happy managers. Our wholesale cost last year was reasonable and stable so members benefited from lower power cost recovery factors. Some of our rates are very competitive at this time but we are higher than the local IOU for some customer classes. The number of meters we serve per mile of line we maintain drives your cost up because, as a rural supplier, we serve no towns in our service region except part of Canadian. A few more meters per mile could help these costs.

One member responded that lower customer charges were needed. Customer charges were increased in 2001 to make sure that services using few kilowatt hours paid their share. The installation and maintenance cost associated with a service that uses only a small amount of electricity each month (lower load factor loads) is equal to those that use more (higher load factor loads). Many services with very low usage and therefore very low load factors (like fence chargers, water wells, sprinklers and rectifiers) help in numbers but generate negative revenue, so a fixed monthly charge helps to offset their cost of service. That charge works to keep higher load factor loads from paying for losses incurred by the cooperative just to serve these low load factor loads.

Your written comments go a long way in helping us know what's on your mind and I hope that I have addressed some of the issues brought up by members that responded. I appreciate the input. If you have a comment or complaint, let us know. In these cases, we can work with you to find a solution or at the very least offer an explanation.