



**TALK**  
**POWER**

# United Shines Despite Tough Quarter for Electric Industry

◆ **United member satisfaction well above the industry average**

Despite a summer that saw natural gas prices drive up the cost of power and put several North Texas retail electric providers out of business, United Cooperative Services received another glowing report from the membership, according to the results of the third quarter 2008 American Customer Satisfaction Index (ACSI) survey.

“With a score of 86 on a 100-point scale, United employees shrugged off the negative coverage that neighboring for-profit utilities received and focused on what needed to get done—and that’s to take care of members’ electric power needs,” said United CEO Ray Beavers.

Since the third quarter of 2004, United has captured an ACSI score

ranging between 85 and 88, while the industry average has consistently hovered around 70. The average this quarter for participating Touchstone Energy Cooperatives was 79, while TXU netted 71, and Reliant energy

posted a 73. United measures satisfaction each quarter to ensure members are receiving the high level of service that the co-op is committed to providing. The ACSI, sponsored

by the American Society for Quality and administered by the business school at the University of Michigan, tracks consumer satisfaction levels across 16 industries and 190 corporations.

“It’s a tremendous feeling to know that the employees’ efforts to provide the best possible service is recognized by our members,” said Beavers. “However, we will continue to challenge ourselves to be better and better.”



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**GETTING THE LAY OF THE LAND**—United employees tour Cleburne manufacturing plant prior to an audit of the company’s energy use.

# BIG GUYS Need Help, Too

**T**he list of grievances Technical Chemical Company (TCC) of Cleburne had with its former regional electric provider had grown to the extent that the increasingly successful company decided to look for a different business partner in its nearly ceaseless manufacturing operation.

The company—which annually employs 200 people and is a leading producer of aerosol products, automotive fluids, refrigerant gases and reclaim-recovery devices marketed nationally and worldwide to serve the automobile, hardware, and marine industries—

outgrew expansion room at its original Dallas plant site and built its present Cleburne facility in 1999. But the growing company’s operation was, whether in the Dallas or Cleburne markets, continually impeded by its former electric provider’s overall indifference to its power and service delivery needs.

In addition to power



**ENERGY EXPERTISE**—Scott Frazier, Oklahoma State University professor, conducts industrial audit training at United headquarters.

# Answering the Needs of the Larger Member Class

quality issues that caused plant shutdowns and losses in overall plant productivity, TCC management said the higher costs associated with its former power provider were significant enough to warrant looking for alternatives.

TCC representatives said they didn't have to search very long or far to discover that United Cooperative Services was exactly the sort of company it was seeking for its electric service delivery. Coupled with United's lower costs, reliability and accessibility, TCC management now says it was United's penchant for being consistently responsive that drove its decision to request a service switchover to United in 2007.

"We were really struck by the personal attention we got at every level from United," said TCC Controller Gary Williams. "There has been no single issue we have addressed since we first initiated discussions with the co-op that haven't been met with complete responsiveness. That in itself is a marked change, especially when you consider we were more often directed to service centers on distant shores with our previous provider."

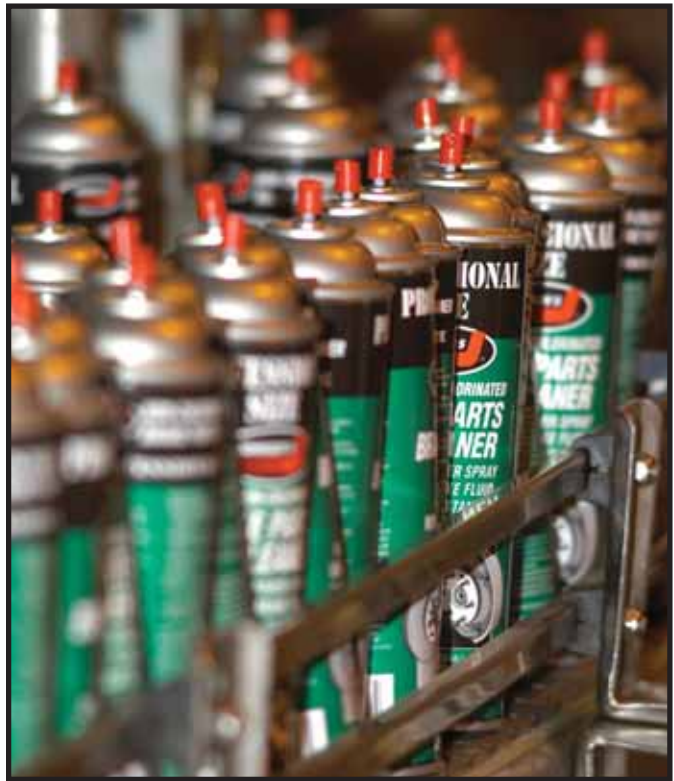


"We have certainly appreciated the personal attention and the personalized service we've received since we have

become members at United," said General Manager Michael Schwartz. "We value the 'personal' in our new business relationship."

As a result of the circumstances that led Technical Chemical Company to select United to serve its power delivery needs, the co-op seized the new service opportunity as an ideal way to expand the potential of its energy audit resources and further refine its audit program to meet the larger scope and needs of the industrial member class.

In July, United energy auditors asked Oklahoma State University's Scott Frazier, PH.D, an energy efficiency



expert, to help conduct an intricate two-day energy audit of the TCC plant. The audit team pored over the manufacturing facility's diverse production environments and issued a report to TCC that concluded considerable energy efficiencies and energy savings could be obtained by implementing some new tactics in the company's manufacturing line.

"We are constantly looking for ways to increase our knowledge on energy innovation," said United CEO Ray Beavers. "It's not just efficiency or conservation that's going to help our members offset the rising cost of electricity. Our effort is always directed to bringing realistic, cost-effective and innovative solutions to our members' attention so they can easily determine where gains in efficiency meet or exceed the cost to make improvements in energy efficiency. We want to offer that innovation to our members, and it's the reason why we've expanded our expertise to include our larger class of members," said Beavers.

# Holiday Lighting Efficiency Can Be a Gift of Energy Savings

Holiday lighting is one of those traditions that many enjoy this time of year. However, United's energy experts are often asked heading into the holiday season whether the cost of power consumed outweighs the enjoyment factor. Obviously, that's up to the individual, but many advances in efficient holiday lighting have occurred in recent years that might help United members answer the cost vs. enjoyment question.

In addition to a growing selection of available colors, one of the biggest differences in holiday lights today versus those of yesteryear is the LED light. LED lights are extremely efficient when compared with the old fashioned mini-lights or bulbs that we grew up using and still use to this day. The LED bulbs are so efficient that they could save up to 90 percent of the holiday lighting bill when comparing it to previous holiday light usage. LED lights consume .08 watts per LED C7 multicolor bulb while an incandescent mini-light consumes .48 watts and a standard incandescent C7 bulb gobble up 6 watts. LEDs also have a longer

lifespan with up to 50,000 hours or more outdoors and twice as long for indoors.

While LED holiday lights offer members energy

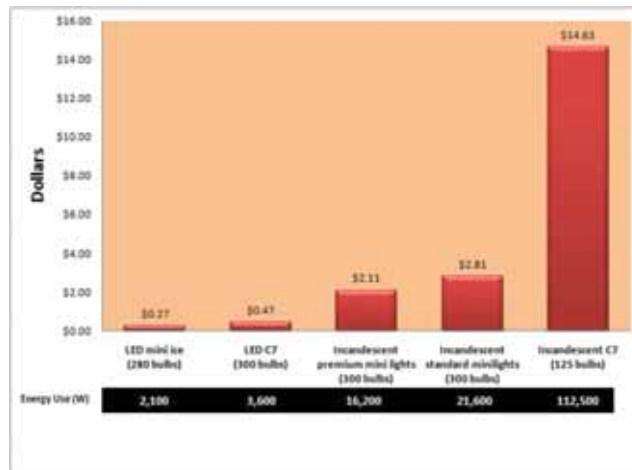
savings, one of the biggest benefits of LED bulbs is that they do not get hot, thus posing less of a fire hazard than traditional holiday lights.

The graphic at center, which compares the Energy cost of different holiday lighting options was obtained from [www.energyideas.org](http://www.energyideas.org). Assumptions for the calculations are:

- Assuming an 8 foot tree lighted for 1 season (five hours per day for 30 days)
- Fewer standard incandescent bulbs in the display, as they are much brighter than LEDs.



## Holiday Lighting Energy Comparisons



### WATTAGES BY TYPE

- LED mini-ice 280 bulbs = 14 watts
- LED C7 multi-color 300 bulbs = 24 watts
- Incandescent premium (energy-saving) 300 mini-lights = 108 watts
- Incandescent std. 300 mini-lights = 144 Watts
  - Incandescent C7 125 bulbs = 750 watts
  - Energy calculated at 13+ cents per kWh

# Straight Talk on Space Heaters



As temperatures drop, questions invariably rise for United energy experts, especially with regard to the safety and costs of space heaters. Space heaters offer an alternative to other forms of heating, but they might not support the claims advertised by manufacturers, many of which profess huge energy savings. It would be helpful to consumers if those manufacturers also advertised that if used incorrectly, space heaters can cause electric costs to rise significantly.

Regardless of whether it's a traditional electric space heater found at a local department store or home improvement center, or if it's a ruby quartz or infrared model, members should focus on **how much power the unit consumes.** This is most commonly given in watts and should be found on the package. If unable to locate this information, ask the retailer to provide it. While there are several wattage levels for space heaters, a

significant number are rated at 1,500 watts, meaning that the heater uses 1,500 watts when in use. A thousand watts is equal to one kilowatt, so 1,500 watts is equal to 1.5 kilowatts (kW). Therefore, if the space heater runs for two hours, it consumes 3 kWh. At a cost of 12.5 cents per kilowatt-hour (kWh), it would cost 25 cents to run it for those two hours.

While that might not appear to be too expensive, consider the cost of running the space heater 24 hours per day for one month. That would cost \$90 just for the space heater. And, that's on top of a member's normal electric bill.

When choosing a space heater, ensure that it operates at optimal levels by sizing it correctly for the space it is heating. A heater that is undersized for the room it's heating will run continuously, while a heater that is too large will continually recycle—turn on and off.

Savings can be found by using an electric space heater, but only by

reducing the run time of an electric furnace or other primary heating system. A space heater could reduce electric consumption, for instance, if you lower the thermostat on an electric furnace from 72 F to 65 F and use the space heater to heat an occupied room to a comfortable temperature. However, using a space heater to heat an area of the home not normally heated, such as an enclosed patio or deck, simply creates additional costs. It's important to note that using an electric space heater to supplement a propane furnace might result in a drop in propane use, but the electric bill will still increase.

Electric space heaters can provide an effective and simple means of heating a drafty bedroom or other relatively small space, but they should never be relied upon nor allowed to run 24 hours a day due to the cost of operating such a piece of equipment, and as a safety precaution.

# Gaining a New



Glen Rose Customer Service Representative Nancy Williams, above right, attends a United board meeting during part of her week-long opportunity to shadow United CEO Ray Beavers, left, and other members of the co-op staff as United's Assistant CEO of the Week. Williams is a United member, but she was sold on the cooperative business model well before she joined United.

I was privileged and honored to have been recently selected to serve as United Assistant CEO of the week, not only because it afforded me an opportunity to broaden my experiences at this cooperative, but because it further heightened my belief in the cooperative business model—a belief formed at an early age.

I grew up in one of the remote outposts that still constitute the mostly rural Texas Panhandle. My childhood home in Wellington received water from a cooperative. My father was also a co-op member at the Wellington cotton gin—one of the most prominent landmarks marking a small farming community's agriculture commerce, and a farmer's retreat where hot coffee and community news is dispensed freely. We already had electric service, but we used it conservatively. As a family, we all understood that a lighted room without occupants was irresponsible.

When I was six-years-old, my dad gave me my own personal hoe, and with it my obligation to contribute to the family's work in the fields. The small weeds, he told me, were mine. I was obligated to clear them, and I would be held accountable for chopping all the small weeds in my path. One day, we were in the farm truck and driving by a field of cotton when my dad stopped, got out, and pointed to a weed. He didn't have to tell me the weed had been missed, but he took special care to point out that big weed had once been small. Of course, I knew even then that small things were easier to manage and control than big things were. But that day I learned a valuable lesson about the difference between obligation and commitment.

When we are committed to something, we do it from the heart and with pride for getting it done right.

During my week as a United Assistant CEO, I noticed a common commitment and sincere obligation among United's Board of Directors and United CEO Ray Beavers to continue to bring quality electric service to every member, and at the lowest possible price. In every deci-

# ew Perspective

sion, or consideration, they continually asked whether an action would be good for the individual member and the entire co-op membership. They know they must be accountable, and they also know what my father knew—that the big weeds are much harder to cut than the small ones are.

As the week continued, Cameron Smallwood, senior vice president of cooperative planning, provided me an overview of the co-op's long-range work plans, the breadth of which forecasts, tracks and measures the development and implementation of the cooperative's operations work through the year 2015. This includes system planning, technical service and engineering. Without a long-term focus, planning would be much more difficult in preparing for system upgrades made necessary by additional electric load growth, such as with large gas compression fields in the Barnett Shale.

I joined United Director Larry Bays, Senior Vice President of Engineering Quentin Howard, Cameron Smallwood and Vice President of Communications Marty Haught to attend the Brazos Electric Cooperative (United's electric generation and transmission provider) committee meeting at Brazos headquarters in Waco. Each weighed the day's discussions, provided input and asked questions about how each area of the G&T's business would ultimately affect United and the other 15 co-ops that purchase their power from Brazos. I finally realized how significant those discussions are to every

United member.

ynn Godfrey, United Chief Financial Officer, explained how United purchases wholesale power from Brazos, how those power purchases are calculated and how those costs are passed through to United members without profit to United. He also explained why the co-op's distribution costs represent only 20 percent of every member's bill, and why 80 percent of every electric bill represents United's wholesale power purchases. I was impressed that every department I talked with was not only looking at additional methods for controlling costs, but also for how to do their jobs more efficiently.

**F**rom my perspective as a United Customer Service Representative (CSR), I know the difference good communications can make in educating members and employees about the issues facing the Texas electric

industry. Prior to my employment with United, I had served in a similar capacity for some other regional electric providers that took little or no interest in being transparent about their operations, or in educating consumers about how to evaluate their individual energy use. Marty Haught and Mauri Montgomery, who manage United's communication efforts, are committed to informing our members and employees about the electric industry's constantly changing environment and the leadership role United is taking in

energy innovation.

Murray McCollum is United's Vice President of Operations. His goal in that capacity is first and foremost to provide reliable service to every United member. During my visit with him, he was very focused on United's work order status on jobs being attended to during 2008.

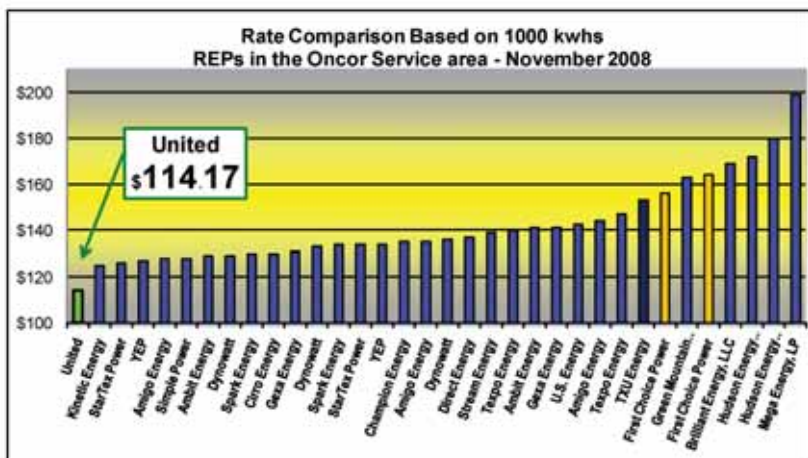
He was also studying options for developing more efficient utilization of co-op trucks, and how United operations crews could contribute new efficiencies in the co-op's annual fuel use. He was very concerned about rising fuel costs—something my dad was always watching. But then again, the general theme is all about being good stewards of the co-op, looking for new ways to benefit the member, and how we can serve and be more efficient in the future.

I also joined Murray as he and the operations foremen discussed the best ways to maximize production and also the best method for setting and reaching new production benchmarks. Many of the reports we heard that day focused on outages United had endured this year due to storms and subsequent line contact with fallen trees and tree limbs. The information obtained in those reports will help guide United's continuing effort to develop consistent and cost-effective right-of-way clearance.

Barry McWilliams, United chief operating officer spends the bulk of his time implementing staff initiatives that affect United's employee

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# RATE WATCH



The rate comparisons shown above represent a portion of all rates offered in the North Texas utility market for the month of **NOVEMBER 2008** and do not include



new participants who have posted only temporary, or introductory rates. A complete comparison may be obtained by going to

[www.powertochoose.org](http://www.powertochoose.org).

## Make Your Christmas Connections



Wrap Up Some Holiday Savings!

Whether you're shopping for prescription drugs, or for this year's Christmas list, the United Co-op Connections card is a **HOLIDAY SAVINGS GIFT** that is accepted by more than 100 United area retailers, and a variety of national outlets, too. **SAVE BIG WITH DEEP DISCOUNTS!** To see a full list of participating merchants, visit our Web site at [united-cs.com](http://united-cs.com).

## Assistant CEO of the Week: Learning on the job

### PERSPECTIVE

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group—initiatives that include employee work performance, safety and human resources responsibilities. His passion for ensuring the employees' safety—in a dangerous field such as electricity—is something I appreciate. He and the safety department do everything possible to educate the employees on proper work procedures to make sure everyone goes home to their families each night.

Landy Bennett, United's vice president of marketing and customer service, reviewed some of the customer service reports he monitors daily. The logs separated every call by type of service, and whether payments were received by phone or in the local office. He is constantly looking at ways to reduce costs while still improving the quality of customer service.

As I listened to the United staff, I noticed each had a common goal. They are each passionate about their

role in looking out for the members best interests. They want every member to prosper from their ownership in United, and they each know that delivering reliable electric service at the lowest possible cost will ensure members will always be well-served.

As a consumer myself, I feel there is no other business model that is as sincere. I am very proud to be a member and employee of United, and I am grateful I had the opportunity to see why my immense pride in this company is so well justified.