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# IT'S HOT OUTSIDE! BUT UNITED CAN HELP SAVE MONEY ON YOUR ENERGY BILL

How can you conserve electricity? Before you invest money on home renovations in the hope of lowering your electric bill, try making a few lifestyle changes that will save you money with no out of pocket expense.

Perform your own energy audit. Go to United's Web site at [www.united-cs.com](http://www.united-cs.com) and refer to the Online Calculator and page of Energy Tips — there is a section included on performing your own energy audit.

During your energy audit, first determine your base load, which is made up of those appliances you use every month, such as your stove or TV. (Base loads do not include appliances affected by the weather, such as heating and cooling units.) The chart to the right shows a breakdown of some of the appliance you use every month that aren't affected by the weather. It also includes their approximate cost per month, based on average efficiency and a family of three.

(Keep in mind this is only an estimate and your actual base load could be higher or lower depending on the number of appliances you use every month, how often they are used and the efficiency of those appliances.)

Next, start checking things around your house such as attic insulation, cracks in caulking and gaps around doors or windows. Adding insulation, applying caulk or weatherstripping and sealing your doors and windows are "simple fixes" that can have a big impact. For example, the potential energy savings from reducing air leaks, by adding caulk or weatherstripping, can save up to 30 percent a year!

To add even more energy efficiency to your home, go through and check for these things that are simple to adjust:

- Raise a/c thermostat settings to 78 – 80 degrees. Each

Refrigerator	\$12.00
Freezer	\$12.00
Oven / Range — Family of three	\$7.00
Water Heater — Family of three	\$30.00
Internal Lighting	\$7.00
Washing Machine — 28 loads/month	\$0.75
Clothes Dryer — 28 loads/month	\$7.00
Dishwasher — 25 loads/month	\$2.50
Microwave Oven	\$1.50
Color Television	\$3.00
Ceiling Fan — 24 hours a day for 30 days	\$4.00
1 HP Pool Pump — 8 hours a day for 30 days	\$28.00

degree raised will equate to 5 – 8 percent savings on your cooling costs. Also, change a/c filters regularly. Clogged filters reduce air flow, which makes you less comfortable and causes the a/c unit to run longer — increasing the cost of operation.

- Water heaters are the second largest load in the home, equating to 15 – 20 percent of the average electric bill. Thermostats should be set between 120 – 125 degrees because any settings higher than this can significantly raise your monthly billing and represent a scalding hazard. Adding a water heater blanket can also reduce heat and energy loss.
- Keep shades, blinds and curtains closed. About 40 percent of unwanted heat comes through windows. Simply drawing blinds and curtains can reduce heat gain to your home.
- If you have a swimming pool, run the pool pump at the minimum number of hours needed to keep the pool clean. Using a time clock makes it possible to limit the number of hours the pump operates and controls which hours it is on.

Remember, conservation doesn't mean you have to spend money — but changing some simple things in your home can make it more energy efficient and lower your power bill. Before you invest money on home renovations in the hope to lower your electric bill, follow these simple tips and you can see dramatic savings!

United members can get even more tips on how to conserve energy for free and calculate their usage by visiting United's Web site at [www.united-cs.com](http://www.united-cs.com) to access pages upon pages of great information on conservation and get tips for renovations or upgrades to your home.

### Why Should You Conserve Electricity?

- Every 1,000 kWhs you conserve equates to about \$100 back in your pocket
- Conservation methods can actually increase comfort — utilizing ceiling fans can make your "feel" cooler by moving conditioned air over your skin.
- It's better for the environment — the less electricity you use means less electricity is generated... which means less reliance on fossil fuels such as coal or natural gas.
- Conservation is better for your co-op. How is that? It's less electricity United has to buy from Brazos Electric, it's generation and transmission cooperative.

# Overcoming Power Cost Adversity Using Cooperative Strategies

As a co-op member, you purchase your electricity and energy needs from United Cooperative Services, your local distribution co-op. United's business function is to distribute this energy to our residential, commercial and industrial members. However, United purchases the electricity used by its members from Brazos Electric Cooperative, a generation and transmission cooperative.

Brazos Electric was formed by United and 16 other electric distribution cooperatives using a not-for-profit business model to produce and acquire wholesale power. Brazos Electric's Executive Vice President and General Manager Clifton Karnei said his cooperative has similarly aligned interests with its member co-op's and works under the same not-for-profit motive.

"We work in this industry and believe in the co-op business model that is absent of the inherent pressures of utilities to return a profit to their shareholders," Mr. Karnei said. "Brazos Electric is committed to reducing the volatility in the cost to its member co-op's through the use of natural gas 'hedging' policies [which means to lock in a set price in future periods]. United and Brazos Electric are dedicated to their members. We will continue our mission to provide valued service to our members by generating, procuring and transmitting reliable power at the lowest cost."

## Natural Gas Prices Affect Electric Power

Many of you have experienced the recent price increase in the cost of gasoline when fueling your vehicle. Oil prices and natural gas prices tend to move with each other because many of the same supply and demand factors affect both commodities. Since 1999, natural gas prices have risen by nearly 220 percent. During that same time frame, the cost to produce electricity has not risen at such similar steep and rapid levels because generating efficiency has improved for new natural gas-fired plants and other generating plants are powered by coal, nuclear or hydro sources. Even still, the cost to produce electricity continues to rise.

By joining together with other cooperatives, Brazos Electric aggregates buying power for all of us. Through these economies of scale, Brazos Electric can obtain more favorable pricing than each distribution cooperative could achieve individually.

To assist in controlling the natural gas price volatility, the

staff and Board of Directors at Brazos Electric made strategic "hedging" decisions, which means they pro-actively locked in a price for natural gas in future periods. Because of Brazos Electric's proactive plans regarding these purchases, the distribution cooperative members of Brazos Electric saved more than \$15 million in 2004, during a period of increasing natural gas costs.

Even though United's service rates have remained the same, co-op members are impacted by the increase in fuel cost (see graph below comparing United's price to the charges from Brazos Electric). Brazos Electric uses natural gas to run most of its electric-generating turbines and the increase in natural gas prices is passed on to all co-op members who consume the electricity in the form of a Power Cost Recovery Factor (PCRF).

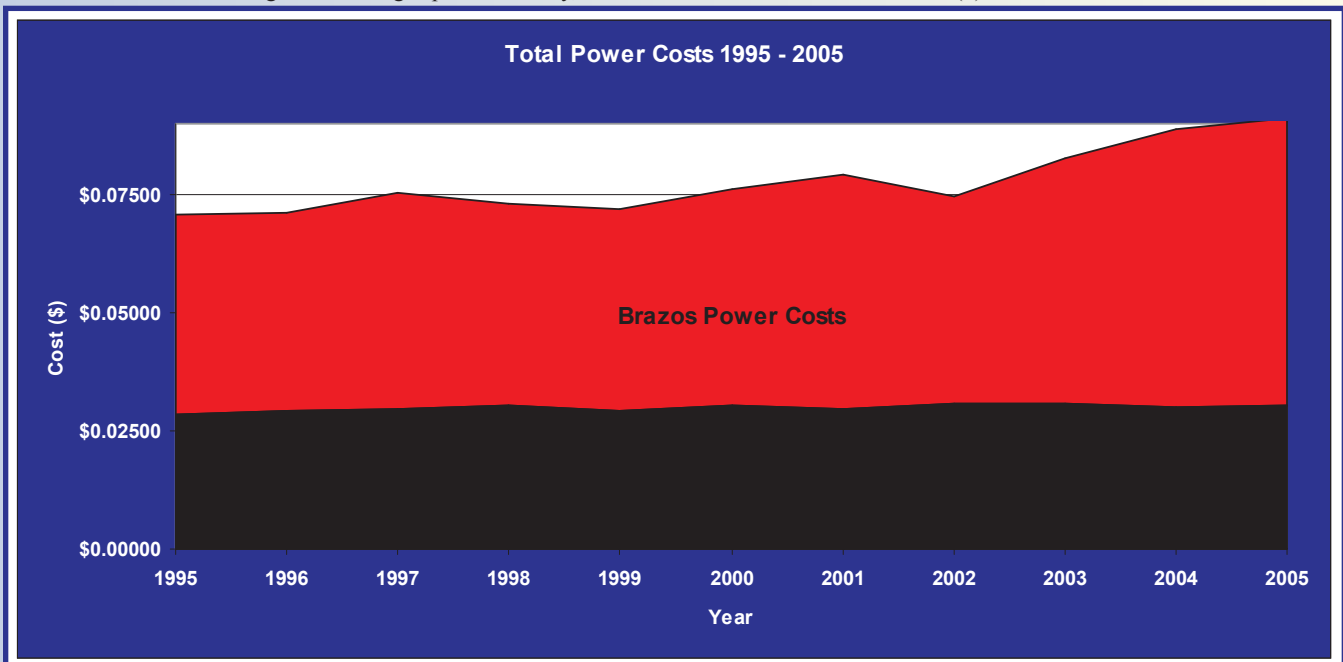
The PCRF is the rate component, on all electric bills, that shows a direct reflection of the fluctuating cost of the fuel required to run an electric generation plant (in most cases today, this is natural gas). One way to think about PCRF is to compare it to the cost of gasoline for your car. Even though your monthly car payment (the rate) hasn't gone up, the car you drive is costing more to operate now because just as natural gas prices have risen, so have gasoline prices at the pump (the PCRF).

Natural gas prices do not just affect United or Brazos Electric — nearly every electric utility in the nation is facing this same issue. For 2005, approximately 73 percent of the Electric Reliability Council of Texas (ERCOT) total generating capacity is fueled by natural gas and oil. With the growing use of natural gas as a fuel for electric generation, demand for natural gas grows annually. As we all know, with demand high and supplies lower, the price is going to rise.

## Facing Challenges Together

According to United's General Manager/CEO Ray Beavers, some new dilemmas have cropped up recently to add to the challenges exploited by natural gas prices. Recent trends in costs and issues with power marketing are adding to the complexity of how to explain rising bills for United members.

"During these warmer months, we face a critical period due to a clash of two issues — (1) the concerns that are known and



planned for and (2) the problems that are unanticipated and very critical to the cost of producing the electricity we so desperately need," Mr. Beavers said. "The summer of 2004 was very mild and those who have lived in this area for a while know how to appreciate the lower than normal temperatures experienced last year... enough to know that it probably will not happen again. This summer, temperatures have hovered near 100 degrees and heat indexes reached over 100 degrees for several weeks in a row. While this heat and demand for electricity is expected, a breakdown of a generation plant during this time frame was not."

Instead of depending upon a generation plant to produce 250 Mw of electric power at a known contract rate, the lack of production has forced Brazos Electric to replace the energy from various power markets within the state. Unfortunately, in order to meet the needs of our members, this short-term "replacement" energy must be obtained during a time when prices are at their highest, due to high demands affecting the entire state of Texas. Because of this and other factors, Brazos Electric is dedicated to making improvements in technology and efficiency regarding generation.

"Brazos Electric continues to explore generation alternatives to diversify its generation portfolio to mitigate price risk associated with reliance on natural gas," Mr. Karnei said. "Looking at 2005 and beyond, we know fuel and purchased power costs will continue to be the keys to keeping power costs affordable."

Brazos Electric currently owns or controls 11 generation plants, with a new one scheduled to come on-line by the end of this year. The Jack County Power Plant, under construction in Jacksboro, will produce 600 MW of electricity (which can power approximately 100,000 homes). It is a highly efficient and technologically-advanced generation plant because it's a combined-cycle unit. It burns natural gas to operate the main motor-driven turbine and then captures the exhaust heat to run a steam turbine, creating more electric energy for every btu of gas burned.

The Jack County Power Plant should fill most of the void caused by lack of production until appropriate and necessary repairs can be made to existing power plants. Looking forward into the future, Brazos Electric's Board of Directors is also looking into investing in another power plant that will produce electricity using coal-fired generation. This venture would lessen dependency on natural gas to produce electric energy.

### **Protecting United Members**

Because United operates as a distribution co-op, which coordinates the pass-through charges of Brazos Electric's generation and transmission power costs, United members have two primary cost components within their electric bill — distribution and power cost. Fortunately, enhancing productivity through reassessment of distribution operations is a primary focus of United.

"United's operating focal points include improvements in safety, labor efficiency, outage time, collections, line loss, operations expense, billing quality and overall member satisfaction," Mr. Beavers said. "From 1999 through 2004, United has been able to raise expectations, resulting in a 1.3 percent average annual increase in operations expense per kWh sold, which is a relatively small increase when compared to other utilities."

Regrettably, while United's staff works to control these operating expenses (which postpones any increase in United's base rate), power costs have risen by 38 percent since 1999 — and this has a direct impact on our members.

United does not receive a rate of return from the pass-through costs from Brazos Electric. But despite all these challenges, United has at two separate times used temporary rate decreases to reduce the increases in the power cost market, especially those related to natural gas prices.

During the most recent temporary rate decrease, United's



Board of Directors voted to use a portion of the co-op's margins to help offset the escalating fuel charges from September through December of 2004. Approximately \$2.5 million from distribution margins were applied to the fuel bill from Brazos Electric to reduce the costs passed to United's members over those months.

"The spikes of this last year have been precursors of the higher priced power costs that are now the undesirable norm," Mr. Beavers said. "If these norms keep increasing, rates that began at 10 cents per kWh may potentially go up to 11 cents per kWh. And due to 2005's influence on the power market, a 10 percent increase from 2004's power cost may apply for the rest of 2005."

However, Mr. Beavers said when viewing rates from a member's perspective, it is good to remember that member dividends help to offset any increases. United's Board of Directors have scheduled the payment of \$2.92 million in member dividends for September 2005. This shows another way United is committed to continually look for methods to reduce members' electric costs.

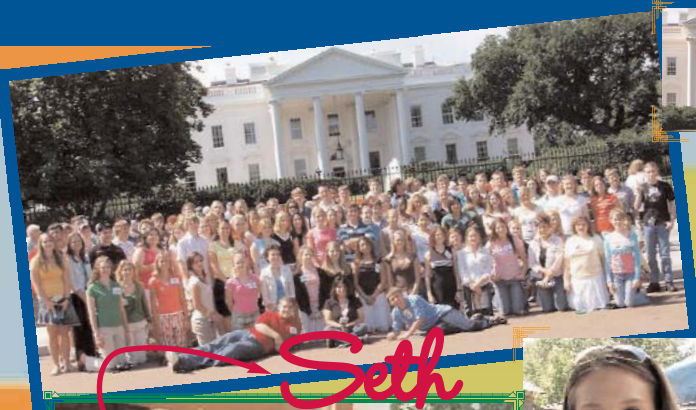
### **United's Education Campaign**

In the next several months, United Cooperative Services will launch an education campaign to delve into these multifaceted challenges in how to stabilize costs in the production of electricity, as well as our everyday usage of electricity. To lessen the impact of these higher costs of producing a kWh of electric energy, we are definitely entering a time of searching for ways to conserve and cut back on energy usage. During this campaign, we will show members ways to take control of their own energy usage situations by implementing easy and cost-saving conservation methods (similar to those tips found on Page 1 of this section). United, through its Web site and customer service representatives, will continue to offer other ideas to help during these times.

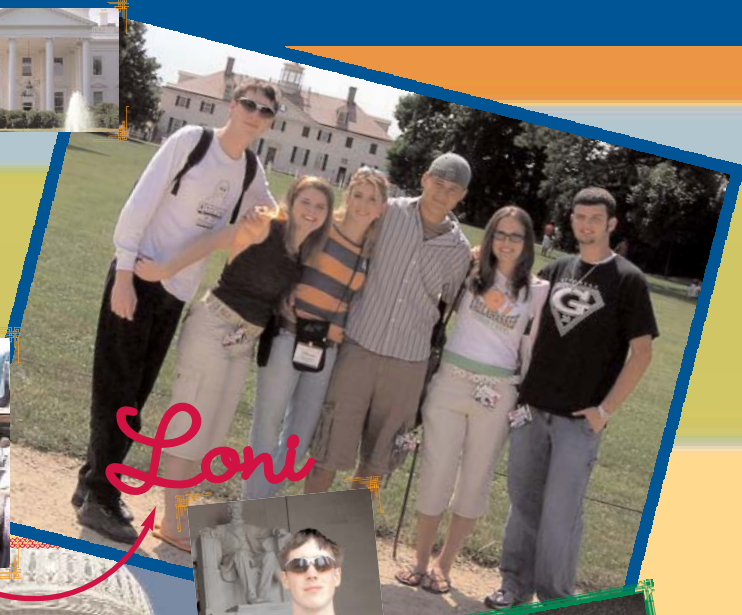
Through a series of features in Texas Co-op Power — along with an expanded Web site, press release in your local newspapers, brochures, bill stuffers, radio advertisements, messages on your bills and more — United will keep members informed on the latest issues and concerns related to power costs.

While explaining the basics of electric generation and transmission, United will also present in-depth information about our costs from Brazos Electric and demonstrate how new technology, proficient planning, hedging and future strategies will protect members of the cooperative.

United is one of more than 60 electric distribution cooperatives in Texas and one of more than 900 electric cooperatives across the country. Your cooperative will continue to play a key role in the economic development of its communities and is dedicated to protecting its members from prices spikes and inflated costs. Coming years will see more growth and more changes, but United's commitment to reasonable rates, reliable power and superior service for its member will never change.



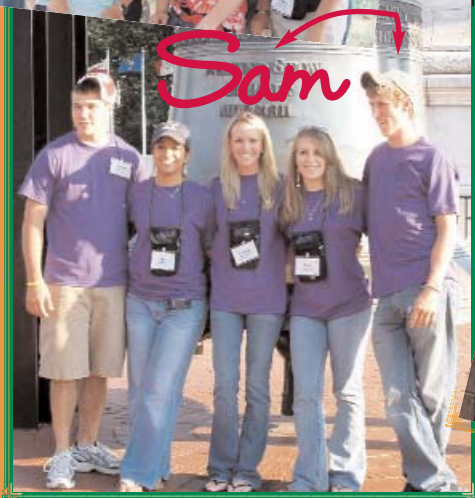
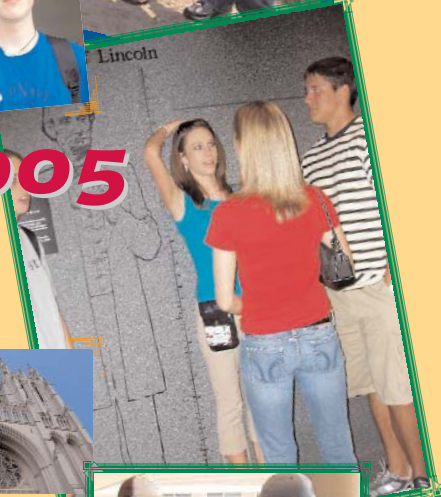
Seth



Loni



# Youth Tour 2005



Sam



Ryan



The 40th Annual Government-in-Action Youth Tour was a nine-day journey to Washington, D.C. for high school students around the state and across the country. Nearly 100 Texas teens representing electric cooperatives traveled to our nation's Capitol City from June 16 – 24 to see our government in action and discover what our American flag really represents.

For the four students selected by United, the trip was more than a free trip visiting monuments and going to museums; it was about belonging to something special. Every summer, more than 1,300 high school students from across the country take part in the Youth Tour to experience our national treasures, see the inner workings of government affairs and discuss today's issues with congressional representatives and senators.

This year's Youth Tour participants representing United were **Samuel David Sendgraff** (son of Brenda Sendgraff), a recent graduate of Cleburne High School; **Ryan Edward Blodgett** (son of United members Ray and Dale Blodgett), a senior at Joshua High School; **Benjamin Seth King** (son of United members Ben and Wendy King), a junior attending Stephenville High School; and **Loni Denise Woolley** (daughter of United members Larry and Leslie Woolley), a sophomore at Grandview High School.

# Who Represented United in the 2005 Youth Tour?

While on the tour, the students visited presidential monuments, the White House, the U.S. House and Senate Chambers, the Supreme Court, Washington National Cathedral, Arlington National Cemetery, the Smithsonian Institution, war monuments and a host of other national sites.

United's representatives served as ambassadors for their local communities, this rural area, the state of Texas and the rural electrification program. While becoming part of the Youth Tour legacy, they joined the ranks of past participants who have made significant contributions in business, industry, civic and government arenas.

United selected its four winners this spring from a pool of more than 60 applicants who filled out an online application, answered a 15-question quiz about rural electrification and the history and programs of United and submitted an original essay or Power Point presentation about a selected topic.

To learn more about United's Government-in-Action Youth Tour contest, please visit [www.united-cs.com](http://www.united-cs.com) and look for information next spring on how to apply for the 2006 trip. And meet the 2005 participants at the Annual Meeting on Oct. 6.

## United Selects 67 Students to Award \$84,000 in Scholarships

In its continuing effort to promote education, this month United will distribute 67 scholarships to cooperative members who attend college full-time during the 2005-2006 school year.

For 17 years, United has awarded scholarships to full-time college students who are members of the cooperative. This was our eighth year to utilize **unclaimed member dividends returned from the state** and we will awarded \$84,000 in scholarships to the winners later this month.

More than 200 students applied to this year's program online. United's Scholarship Selection Committee met on June 29 and reviewed all eligible scholarship applications.

The competition was remarkable but by scoring applications on the basis of financial need (60 percent weight) and leadership, community service and school activities (40 percent weight), the committee was able to select 67 very deserving students.

Of these selected recipients, 64 stu-

dents will receive a \$1,000 scholarship, two students will be awarded a \$5,000 scholarship and one student will win a \$10,000 scholarship.

United's Board of Directors approved these scholarships on July 18. Scholarship winners are now making plans to attend United's Scholarship Awards Banquet, scheduled for Thursday, Aug. 4 for a night of honor and recognition.

Congratulations to the following scholarship winners:

**Alvarado** — Bryan Buzbee, Brittney Lynn Hale, Hannah Shorrock, Catherine Shorrock and Benjamin Welch.

**Burleson** — John Clinton Barkley, Chelsea Barr, Anthony Chianese, Raelynn Ciesynski, Leah Hinzmann, Jessica Menchaca, Robby Nolan Mullens Jr. and Kevin Oates.

**Cleburne** — Erik Bamberg, Garrett T. Mahanay and Timothy Ryan Sinclair.

**Dublin** — Danielle Boucher and Alan Duane Hutchins.

**Glen Rose** — Jimmy Lee Aguilar.

**Graford** — Alyssa Taige Stukey.

**Granbury** — Erin Cummings, Shannon Daly, Katherine Hull, Destinie Kindle, Justin Matthews, Bryce Evan Pearcy, Summer Scott, Benjamin Michael Tabor, Katherine Toon, Maria Trujillo, Lucinda Waits and Marlaina Renae Warden.

**Grandview** — Sarah Kathleen Bowman and Cassi Brown.

**Hico** — Courtney Baley, Terisa Cortez, Chelsie Guinn and Megan Thurman.

**Jonesboro** — Seth Holcombe.

**Joshua** — Ashley Melissa Boyd, Justin Freels, Denise McGee and Marissa Morris.

**Kopperl** — Karyn Ballmann and Travis Sears.

**Mansfield** — Ashley Guinn and Faith Hornbrook.

**Mingus** — Brittany Caudle and Chad Alton Rich.

**Nemo** — Cassie Goebel.

**Stephenville** — Amber Shea Bloemhof, Kellen Thomas Cervetto, Jenny M. Gautier, Korissa Lyn Hart, Kathryn Jeanette Hart, Hayley LaShea McCamey, Jenna L. Murray, Remi Oliver, Jesse Olson, Mallory Leann Ray, Kelcie Denae Ray, Jerald Finley Smith, Sarah J. Voss, Marshall Luke Wallace and Jessica Whiteman.

**Strawn** — Derek Dalton Hinkson.

**Tolar** — Renni Dailene Gawrys.

# The Sweet Smell of Environmental Success

## Keith Broumley Dairy Builds Anaerobic Digester/Phosphorus Removal Project

After several years of discussions, planning and design work, a new project has begun at the Keith Broumley Dairy in Hico, Texas. United member Keith Broumley runs a 900 cow dairy near the North Bosque River and was honored at a recent ribbon cutting ceremony for his methane digester.

In an important move forward toward improving the water quality downstream, the Keith Broumley Dairy teamed up with several other partners to create one of the first projects designed specifically to address the water-quality issues negatively affecting end-users downstream. This innovative project, officially termed the Bosque River Dairy Waste Reduction Demonstration Project, is the only system in the nation that combines technologies to lower phosphorus levels to improve water quality, as well as providing a new distributed energy source to United Cooperative Services.

Brazos River Authority General Manager/CEO Phil Ford, who served as the ribbon cutting's master of ceremonies, said the anaerobic digester/phosphorus removal development took many cooperative efforts to get off the ground.

"This project is significant not only because of what it can and will do to improve the water quality of the North Bosque watershed, but it clearly demonstrates what can be accomplished when many diverse organizations work together and focus on one single goal," Mr. Ford said.

The ribbon cutting ceremony for the project occurred on June 13 at the dairy. The event was organized by the Brazos River Authority, the agency charged with overall management and oversight for the design, construction and eventual operation of the digester project. Representatives from many of the project partners, media, legislators and several members from the dairy industry attended the morning event.

Texas State Senator Kip Averitt (R-McGregor) attended the ceremony and had an opportunity to chat with many United employees who helped with Mr. Broumley's project. During the ribbon cutting ceremony, he gave thanks for their work and dedication.

"This project could not have happened without the folks at United Cooperative Services," Sen. Averitt said. "Y'all have done an outstanding job of performing technical work and helping the pieces of this puzzle come together to give this

thing a fighting chance of success... and we can't thank you enough."

While giving a legislative perspective, Sen. Averitt also talked about environmental issues and how important the project was for Mr. Broumley and his neighbors living in the region.

"This project goes further to address environmental concerns than any initiative in the watershed," Sen. Averitt said. "If we are successful, this project will provide dual environmental benefits by improving both air and water quality. It will provide a new source of renewable energy and it will do so in a way that respects and recognizes industry investment in the region."

Mr.

Broumley and his family have been United members for many years now, working through four generations on the family farm.

"We love it here, this is our home and we want to stay," Mr. Broumley said. "We've had a lot of dairies in this



Top photo: Dairy owner/operator Keith Broumley shakes hands with State Senator Kip Averitt at the June 13 ribbon cutting ceremony for his new anaerobic digester/phosphorus removal project. Bottom photo (pictured left to right): United Board Member Larry Bays, United's field engineering supervisor Denny Adams, General Manager/CEO Ray Beavers, engineering technician Clay Christian, executive assistant Karen Duckett, Keith Broumley, United groundman Brandon Waters, VP of cooperative planning Cameron Smallwood, VP of engineering Quentin Howard, district foreman Dwain Love, area manager Jake Brooks and VP of marketing Landy Bennett attended the ribbon cutting.



Top left picture: Large agitators/aerators serve as a catalyst to start the phosphorous removal process.

Middle picture: United employees check equipment.

Bottom left picture: Four generations of Broumleys.



watershed area that have picked up and left because of the environmental problems that we have faced and the issues and lawsuits

we have dealt with recently from the city of Waco.”

Over the last few years, Mr. Broumley and other dairy owners/operators in Erath County have been addressing concerns from the Texas Commission on Environmental Quality and the city of Waco. These concerns have been focused on the water quality being fed from the North Bosque watershed. High phosphorus levels, which Waco city officials claim come from dairy runoff, contribute to algae buildup in Lake Waco, causing the city’s water supply to have a bad odor and taste.

Mr. Broumley, who was named in one of the lawsuits filed by the city of Waco against dairymen in the region, has had his project defended as a revolutionary solution to an old problem.

“Lawsuits don’t solve anything,” Mr. Broumley said. “But this project is something that is going to resolve a problem.”

As of early July, the project is almost complete.

According to Cameron Smallwood, United’s vice president of cooperative planning, there are only a few items that still need to be worked out on the interconnection of the generator to United’s electrical distribution system.

“United and Brazos Electric Cooperative, United’s wholesale power provider, have agreed to participate in the energy purchase portion of this project in order to learn more about the process and the results of interconnecting distributed generation to United’s grid of lines and poles necessary for delivery of electric power,” Mr. Smallwood said.

United has been a part of the Broumley Project from the



beginning by assisting in design and donating the equipment to connect the generator and its devices to the United system.

“We must be assured the

interconnection is done properly, metered correctly and installed with all safety concerns satisfied,” said United’s General Manager/CEO Ray Beavers. “Mr. Broumley has invested much effort and time into this possible solution and since he is a member of United, we are definitely interested in the outcome and success of this project.”

United’s Board unanimously voted to invest in this effort to promote economic and

environmental opportunities for the dairy industry. The directors decided environmental issues facing the dairy industry are a reality that needs to be resolved... but the positive economic impact those same dairies bring to our area need to be protected as well.

“United is excited to be a part of this demonstration project and it will help meet many objectives: improving the environmental quality of dairy operations, studying impact of distributed generation sources on the United electric distribution grid and studying the viability of other such projects in the United’s territory,” Mr. Beavers said. “But most of all, we have enjoyed the opportunity to help our members do business in the communities they call home and look forward to working with other members in the future. United salutes the vision and courage of people like Mr. Broumley who deal with challenges affecting the dairy industry.”

United will study this project for two years. Major partners of the project include the U.S. Environmental Protection Agency, Texas Commission on Environmental Quality, USDA — Natural Resources Conservation Services, Texas State Soil and Water Conservation Board, the U.S. Department of Energy, Altria Group, Texas Farm Bureau, the Texas Institute for Applied Environmental Research at Tarleton State University, Cascade Earth Sciences and Leonard Water Services.

For more information about United Cooperative Services’ distribution generation and interconnection requirements, please go to [www.united-cs.com/dg.htm](http://www.united-cs.com/dg.htm).

## How Does the Digester Work?

The system, although complex in overall design, is made up of six steps for processing. The course of action begins with a flushing operation that occurs during cleaning periods each day at the dairy when necessary. The results first pass through a solids separator before entering the digester.

When the liquid enters the digester, a chemical reaction takes place that produces methane gas. The large covered area traps the gas, which is then piped over to a generator that produces energy. This generator first supplies the electric energy required by the digester pumps and other motors; any excess generation is then pass on to United.

After the digested process, the liquid is fed into a biological phosphorous removal process. When this step is completed, the water is then reused in the flushing process or applied to the surrounding land in accordance with the dairy’s nutrient management and fertilization plan. Solids that are a result of the process are removed as necessary and hauled off-site to a local compost facility.



**Weekend fishermen  
are part of  
your electric co-op.**



Your Touchstone Energy® Cooperative 

As a member of United, you know many things are part of your electric co-op. Your neighbors, family and friends are often members... but other parts of your cooperative include values — such as integrity and accountability — and standards for incorporating technology and efficiency. All these facets are part of the power that connects us.

Beginning in the next regular insert into the Texas Co-op Power magazine, United will introduce a new advertising campaign designed to show how all these things are integrated together to connect us all.

**The p<sup>ower</sup>  
that connects us.**

You think. You dream.  
You see a future that is bright.  
We plan. We build.  
We connect you to your dreams.

United Cooperative Services.  
The power that connects us.

## Do You Have to SCREAM to Make Your Voice Heard? Nah... Just Go Online & Join Rural Friends/ACRE

Rural Friends/ACRE is the non-partisan political action committee (PAC) committed to helping supporters of electric cooperatives seeking election to the Texas Legislature and to the U.S. Congress. The PAC operates under the guidelines and policies of a board of directors composed of electric cooperative leaders from around the state.

Rural Friends/ACRE is subject to all state and federal campaign finance laws and reporting requirements.

Membership consists of people living in mostly rural areas who have an interest in preserving and defending their local electric cooperative. These members care enough to contribute to the progress and growth of their cooperative and the communities it serves.

Contributions go to political candidates for state and federal office who have continuously demonstrated support for electric cooperatives. Support is based on their voting records on legislation affecting electric cooperatives, their

statements on cooperative issues and their historical stance on those important issues.

Rural Friends contributes to state office candidates and ACRE — the Action Committee for Rural Electrification — contributes directly to candidates for the U.S. Congress.

Joining is easy! Simply go to [www.united-cs.com](http://www.united-cs.com) and click on the Rural Friends/ACRE page. There you will see a mail-in form to print out. Fill out this form and mail it along with your check in order to add your voice to those electric co-op leaders who are “making a difference” for electric cooperatives in Austin and Washington.

Also, a Rural Friends/ACRE booth will be set up at United’s Annual Meeting on Oct. 6 in Glen Rose. Be sure to stop by the booth to learn more about the political action committee and how other members of United are making a difference by letting their voices be heard.



### Bylaws for United’s Board of Directors

**Number and General Powers** — The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by Applicable Law, the Cooperative’s Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

**Qualifications** — No person shall be eligible to become or remain a director of the Cooperative unless such person: (i) is at least 21 years of age; (ii) has been a Cooperative member in good standing for the previous twelve months; (iii) is not a close relative of an incumbent director or an employee of the Cooperative; (iv) is receiving Cooperative Services at his primary residence located within the district he does or would represent; (v) is not employed by or financially interested in a competing enterprise, a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; and (vi) does not hold an elected public office in connection with which a salary is paid, unless in the board’s determination such salary is de minimus. No employee will be eligible to serve as a director of the Cooperative for a period of five (5) years after termination of employment with the Cooperative. Nothing in this Section 4.02 shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

**Nominations** — In the month of June following the second annual meeting and each June

thereafter, the Board shall appoint a Committee on Nominations, consisting of a number of members equal to the number of Directorate Districts of the Cooperative. Members of the Committee on Nominations shall be neither (i) current Cooperative employees, agents, officers, directors or known candidates for director nor (ii) members of the same household of such current employees, agents, officers, directors or known candidates for director. Members of the Committee on Nominations shall be selected such that each of the Cooperative’s Directorate Districts shall have representation thereon. The Committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days prior to the meeting a list of nominations for directors to be elected, listing separately the nominees for each Directorate District. Any five percent (5%) or more of the members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, such petition for nomination to be delivered to the General Manager at the Cooperative’s headquarters in Cleburne, not less than forty-five (45) days prior to the meeting. The General Manager shall have full authority to validate such petition by verifying that at least five percent (5%) of the members of the Cooperative have signed it. Once such petition has been validated, and any such nominees are qualified to stand for election, the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least

ten (10) days prior to the date of the meeting, a statement of the names and addresses of all qualified nominees for each Directorate District from which one or more directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. The chairman at such meeting, after all nominations so made have been duly announced, shall call for additional nominations from the floor, and shall ascertain and announce after any nominations made from the floor, the particular Directorate District from which any additional candidates have been nominated. Following the announcement of any additional candidates, each nominee, or the nominee’s chosen spokesperson, shall be allotted three (3) minutes in which to address the members at the annual meeting regarding the nominee’s nomination. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of directors.

**Election** — At each annual meeting of the members, directors shall be elected by secret written ballot by the members and from among those members who are natural persons. The election of a director from any particular Directorate District (defined below) shall be decided by a plurality of the members voting thereon. Drawing by lot shall resolve, where necessary, any tie vote.

*Taken from United’s Bylaw Article IV — Directors; Sections 4.01, 4.02, 4.07 and 4.04.*

# United Employees Work One Million Hours With No Lost Time Accidents

Employees of United Cooperative Services achieved a monumental accomplishment at the close of business on June 30 — the office personnel and outside work crews from all of United's seven offices reached a unified goal of working one million hours with no lost time accidents. According to United's General Manager/CEO Ray Beavers, the employees, board members and all United members have something new to be proud of because of this success.

"Very few businesses in this modern day can claim the blessing of this tremendous record," Mr. Beavers said. "I have told our employees to be proud of themselves and their co-workers... and I'm sure their families are thankful for this precious gift because it means their loved ones come home safe every night. Congratulations to all our employees and their families for encouraging and promoting safety every day."

This historic achievement marks the first time United Cooperative Services — or the former Johnson County Electric Cooperative (JCEC) and Erath County Electric Cooperative, as they were known before United's consolidation in April 2000 — has gone this long without having a major work-related accident. Working with no lost time is a result of constant attention to analyzing the hazards of the job, working safely using the right equipment and making sure employees maintain an intense focus on safety.

Warren Stanley, United's job training and safety/loss control director, said the co-op's priority of "Safety First" happened by choice and not by chance.

"Our employees' dedication to this safety culture is evident by our accomplishments," Mr. Stanley said. "By achieving this goal, we show our members how United employees work safety 24/7. It provides a significant cost savings to the cooperative and it means everyone is at work and nobody is home recuperating from a work-related injury."

In April, while working toward the million-hour goal, Mr. Stanley said United employees reached a marker of working three years straight with no lost time accident and helped reduce United's workers' compensation insurance drastically. In fact, because of all the hours worked with no lost time, United's lowered experience modifier (which is a multiplier used by insurance companies to account for the frequency and severity of on-the-job accidents) has dropped, saving the co-op more than \$100,000.

United is known throughout the electric industry as a cooperative with top-of-mind safety awareness. The co-op earned safety accreditation last year after an intensive review by the Rural Electric Safety Accreditation Program, which is an organized analysis of a cooperative's safety and loss control programs. The accreditation, which lasts for three years, represents a collaborative record of cooperative safety policies and

procedures, along with an on-site field observation to evaluate the physical aspects of the co-op.

"Preparing for the accreditation process helped us reaffirm our focus on safety but honestly, it's been a top goal for several years," Mr. Stanley said. "We do all we can to make sure our employees work safely. Our safety department and line foremen perform daily site inspections, have safety training in the field and provide in-house training on various topics — some pertaining to specific tasks and many others that are not technically work related, such as driving safety and learning how to lift and load heavy items correctly."

On top of all these achievements, Mr. Stanley is also now the newest Certified Loss Control Professional, a distinguished honor he received after extensive education and training through a program offered by a national safety association. Mr. Beavers said Mr. Stanley's expertise is just another way to prove United's commitment to safety.

"Again, I want to personally thank the employees at our Cleburne, Stephenville, Burleson, Granbury, Meridian, Possum Kingdom and Glen Rose offices for their individual efforts in working safely to contribute to this milestone," Mr. Beavers said. "Because our employees conscientiously plan to work tasks carefully, attend safety training and practice safe work habits, this milestone was accomplished."

## Board Member Hoyt Cantrell Retires After 36 Years



At the June Board of Directors meeting for United Cooperative Services, longtime board member T. H. "Hoyt" Cantrell announced his retirement from serving members of the co-op living in District Four.

Mr. Cantrell began serving as a director in March 1969 and represented United members living in and near Bluff Dale, Tolar and southwestern Hood County. Having worked as a

farmer for most of his life, Mr. Cantrell has previously served on various boards for his local church and Farm Home. He also spent nine years on the board of the Agricultural Stabilization Conservation Service (now called the Natural Resources Conservation Service) and once served as the secretary for United's Board of Directors.

Mr. Cantrell enjoys raising cattle, fishing and traveling. He attends the First United Methodist Church in Morgan Mill and has been married to wife Rosie for more than 60 years.

During October's Annual Meeting, United's General Manager/CEO Ray Beavers, along with Board President Jack McCaslin, will present Mr. Cantrell with a letter of commendation and a plaque for his more than 36 years of service.

"Hoyt added so much to our board due to his commitment and long tenure representing his district," Mr. Beavers said. "His retirement will definitely leave a void and we will miss his humor and caring nature. It will be a hard task to replace his spot on our Board of Directors."



# Manager's Message

By Ray Beavers  
General Manager/CEO

## Breakdowns Do Happen

Every year around this time, I remember how it was on the farm when the dry hot weather became such an issue. We raised wheat and getting the ground ready for sowing was a major concern. When a much needed rain would finally come, we had a narrow window of opportunity to plow the ground before it got too hard.

We had an older International tractor that we took extremely good care of to insure the tractor would be in working order when the conditions were right to plow. My Dad always said that we didn't have time for costly breakdowns and more importantly, we couldn't afford to hire the people with the equipment to do our plowing for us. There were people in town who did contract plowing; however if you had to use them with very little notice, you had to pay more than if you contracted in advance and definitely more than if you could do it yourself.

Our farming situation reminds me a lot of how power markets work in Texas. Every since deregulation has come to our electric utility industry, the volatility in the price we pay for electricity has become a major issue. The price sensitivity to the demand of electricity has created prices that will spike up as high as \$0.99 per kWh on the "spot" market (which is the ceiling that the price is allowed to meet). Keep in mind, the average market price for wholesale energy has hovered around \$0.06.

If for some reason the right amount of power isn't scheduled in advance, a premium is usually going to be required to purchase the power from the market when the demand is already heavy. So, if a utility doesn't have the generation capacity or enough market power bought in advance and the weather is hot (creating a high demand), they will probably be stuck paying a much higher price for the power.

Well, the previous scenario is exactly what happened to Brazos Electric, the generation and transmission co-op from which United buys all the power for our members. Brazos Electric, like all generating facilities in Texas and across the country, has been dealing with the skyrocketing gas prices since approximately three-quarters of the electric generation in this state comes from natural gas fired plants.

Brazos has been planning to handle the adversity in the power markets with price stabilizing measures and has done so with great success during the past years of this volatile natural gas market. However, sometimes even with best planning, things can happen that have costly effects.

Last month, more than 10 percent of Brazos Electric's generating capacity was lost when a power plant went off-line and had to be repaired. The timing for this unforeseen incident couldn't have been worse. Brazos Electric was forced to purchase power at a time when demand is the highest because of the hot weather.

These supplemental purchases have been (and may continue to be) quite costly until the new generating facilities Brazos Electric owns comes on line this fall. As mentioned in the Power Cost article on Page 2 & 3 of United's insert in this magazine, a brand new, highly-efficient gas generator in Jack County is nearing the final phases of construction. Even though it is fueled by natural gas, its cost to produce electric energy will be less than having to buy "short term replacement power" from the current high priced energy market.

Furthermore, Brazos is forging ahead on plans to break a dependency on natural gas as the primary fuel used to run generation plants by investing in the construction of a state of the art coal-fired facility. This action should help stabilize our fuel cost in

an effort to keep United members' price per kwh as one of the lowest in the state.

We must begin planning now because construction time on coal plants can take several years before completion and the results to flow back to you the members. The new coal-fired plant is projected to take five or six years for completion. Until then, United and all the other distribution co-op members of Brazos Electric will do what we can to hold the price volatility down as much as possible.

You know, my family was lucky in that we always made it through each of the hot summers and took care of our own plowing needs. However, we held our breaths a few times when it looked as though we were going to have trouble.

When the price for wheat was low, we couldn't afford to take any chances. The cost to get someone else to do our plowing would have been greater than twice the cost to do it ourselves, mainly because it would be at a time when they would have to work us in at peak demand times and maybe plow all night to get it done

My Dad knew what he was talking about when it came to taking care of that old tractor. When the opportunity came to be in the field, nothing got in the way. There were no vacations during this time and we had no time to waste — the ground had to be plowed expeditiously.

A part of me would love to find that old tractor — the very one I spent so many hours bouncing up and down on, even though, back then quite frankly, I couldn't wait until I grew up and never had to drive it again. Now that more than 30 years have gone by, that tractor represents something very important to me. I know that even with the best of care, sometimes with equipment or even the best made plans... **breakdowns do happen** and can be costly.

Mr. Cantrell is retiring with his three-year term unfulfilled, but his board position is not up for election this year. Per the bylaws, as such when a board vacancy occurs, the Board President shall appoint a Director Search and Selection Committee comprised of three directors from the board and three members from the area in which the vacancy exists.

Once this committee is appointed and ratified by the board, they shall consider candidates who reside in the area where the vacancy occurred and who meet the Statement of

Qualifications. This committee shall recommend three candidates to the board by order of preference.

After discussion of the recommendations, the Board of Directors, by an affirmative vote of a majority of the directors, shall appoint a new director to fill the vacancy from the committee recommendations. This director will serve until the Annual Meeting of the year in which their term expires or until their successors shall have been elected and shall have qualified. For District Four, this will occur in 2006.

## Find Your Local United Office:

### Cleburne Office — Headquarters

3309 N. Main ♦ P.O. Box 16  
Cleburne, TX 76033  
(817) 556-4000

### Stephenville Office

1200 Glen Rose Hwy. ♦ P.O. Box 290  
Stephenville, TX 76401  
(254) 965-3153

### Burleson/Alvarado Office

2601 S. Interstate 35 ♦ P.O. Box 308  
Burleson, TX 76097  
(817) 447-9292

### Granbury/Hood County Office

320 Fall Creek Hwy. ♦ P.O. Box 5129  
Granbury, TX 76049  
(817) 326-5232

### Glen Rose Office

1301 NE Big Bend ♦ P.O. Box 1967  
Glen Rose, TX 76043  
(254) 897-9439

### Meridian Office

7975 Highway 22 ♦ P.O. Box 755  
Meridian, TX 76665  
(254) 435-2832

### Possum Kingdom Lake Office

1722 Park Road 36  
Graford, TX 76449  
(940) 779-2985

## Notice of Nondiscrimination Compliance

United Electric Cooperative Services, Inc. is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, sex, religion, age or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Ray H. Beavers, General Manager/CEO. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Administrator, Rural Utilities Service, Stop 1510, 1400 Independence Avenue, SW, Washington, D.C. 20250-1510; or the Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; or call (202) 720-5964 (voice or TDD).

USDA is an equal opportunity provider and employer. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

## Board of Directors

Jack McCaslin — President  
Larry Bays — Vice President  
Patsy Dumas — Secretary/Treasurer  
Clifford Deal      Johnnie Rollins  
Billy Poland      Casey Tipps  
Paul Wilkerson



**Power Talk** is a monthly publication produced, written and inserted into this magazine expressly for the members of United Cooperative Services by Communications Director Jocelyn Janota. For information, call (817) 556-4036 or write to [jocelyn@united-cs.com](mailto:jocelyn@united-cs.com).

United's Events Calendar is now available exclusively online as a free service for United's members and their communities.

Check event listings at: <http://www.united-cs.com/events.htm>

## Events Calendar

Aug. 1 – 3 — Come join the fun at the **Cross Timbers Fine Arts Council Art Safari Camp**, located at 204 River North Blvd. in Stephenville. There will be two sessions a day: a morning session from 9:30 – 11 a.m. and the second session from 1:30 – 3 p.m. For more information or to register for this summer camp, please call (254) 965-6190.

Aug. 5 — The **Third Annual Royal Retreat** will take place at the Beaumont Ranch in Grandview. For reservations, please call (817) 573-9477.

Aug. 8 – 13 — **Johnson County's 113th Pioneers and Old Settlers Reunion** will take place in Alvarado. A beauty pageant will take place on that Monday with a parade at 6 p.m. A baby contest takes place on Tuesday, bluegrass bands perform on Wednesday, gospel singers take the stage on Thursday and fiddlers' contest takes place on Friday. Jesse Mears and Fiddlin' Fever, a country-western swing band performs on Saturday and a carnival opens every evening at 6 p.m. For more information, please call (817) 790-3503.

Aug. 21 — The First Christian Church of Stephenville is sponsoring a **Blood Platelet Drive For Cancer Patients** from 10 a.m. – 6 p.m. This blood drive will have a two hour donation process. For an appointment or more information, please call Paul Ganther at (254) 965-4878.

Every Friday & Saturday Night in August — **The Promise** is a musical drama on the life of Christ. Performed at the Texas Amphitheater, performances are at 8:30 p.m. For info, call 1-800-687-2661 or visit [www.thepromiseeglenrose.com](http://www.thepromiseeglenrose.com).

Every Thursday, Friday & Saturday in August — **Warm Country Heart Theatre** produces a show that pays tribute to the Masters Festival of Master Greats; Floyd Cramer, Chet Atkins and Boots Randolph. Shows are in downtown Glen Rose at 7:30 p.m and also on Saturday at 1 p.m. For info, visit [www.warmcountryhearttheatre.com](http://www.warmcountryhearttheatre.com).

## Touchstone Energy Tidbit

*By pooling resources with other cooperative utilities, the electric cooperatives who are members of Touchstone Energy can quickly and effectively provide their own co-op members with quality information and create awareness of their member-focused services as the electric utility industry evolves. It's the Power of Human Connections.*

Your Touchstone Energy® Cooperative

**Check Out United's 2004  
Annual Report in the September  
Issue of Texas Co-op Power &  
Remember to Vote in the Board  
of Director's Election.**