

# Annual Meeting 2014

*For the 67th time, Graham County Electric members celebrate the tradition of voting for co-op representatives and hearing updates on their company's business*

Although incorporated in 1945, the first Annual Member Meeting of Graham County Electric Cooperative was February 10, 1948, at 10:30 a.m. in the Pima Grade School auditorium.

The 67th Annual Member Meeting was February 8, 2014, at 10 a.m. in the Pima School cafeteria.

In a fast-paced world where most things change at rocket speed, a few things never seem to change.

At that first meeting, Board President W.A. Batty said there are two important reasons for holding annual meetings: to elect the board of directors; and to learn what the cooperative has accomplished and what it expects to accomplish.

And so it remains.

Vice President Reuben McBride conducted the latest meeting and welcomed those in attendance at 10:06 a.m. A patriotic presentation and flag ceremony followed the invocation offered by Kirk Gray.

Election Committee Chairwoman Lynn Daley reported that of the 6,593 ballots sent to members, 812 were returned. Each district is represented by a member of the election committee. Representatives are Leroy Smith, District 1; Daley, District 2; and Gary Ferguson, District 3.

Daley reported the following election winners, all incumbents:

- District 1, Chris Claridge.
- District 2, Dennis Jacob.

- District 3, Gene Robert Larson.

Office Manager Than Ashby introduced students who represented the co-op during the 2013 Washington Youth Tour and announced those who were selected for the 2014 Tour.

- 2013 WYT representatives: Kalee Broadhead, Thatcher High School; Shawn Clonts, Safford High School; Jacy Larson, Safford High School; and Luke McRae, Thatcher High School.

- 2014 WYT representatives: Lindy Lunt, Pima High School; Riley Fite, Safford High School; Weston Wiltbank, Safford High School; Marissa Green, Thatcher High School; and Heather Udall, Thatcher High School.

Arizona Electric Power Cooperative CEO Patrick Ledger's presentation included a brief history of the generation and transmission cooperative's organization in 1962. Founding members were Duncan Valley, Sulphur Springs, Trico and Graham County electric co-ops.

Today, AEPCO generates about 555 megawatts and provides services to roughly half a million people in Arizona, and parts of California and Nevada. The original four Class A member co-ops have been joined by Anza, Mohave and Navopache electric co-ops and numerous associate members.

Ledger said generation is near capacity and rates are down. He noted the extensive transmission system allows for the selling and buying of power to and from other producers, which helps keep member rates as low as possible.

Ledger reported that the G&T is changing back to one co-op after



**Above, cookies and doughnuts await members at the annual meeting. Opposite page, members gather for the business meeting.**



splitting into three: AEPCO, Southwest Transmission Co-op and Sierra Southwest. The anticipated deregulation that would have made that division necessary never materialized.

Ledger reported about the efforts being made to address a U.S. Environmental Protection Agency ruling regarding the regulation of power plant emissions thought to contribute to “regional haze.” If not changed, the ruling could cost approximately \$200 million to implement and could impact rates.

Grand Canyon State Electric Cooperative Association CEO John Wallace explained GCSECA’s role as a voice for member co-ops at the legislature and the Arizona Corporation Commission. He discussed recent regulatory and government issues, and noted Graham County Electric’s Board of Directors has been involved in the process, participating in the annual legislative conference.

Wallace reported that an effort to

streamline rate cases at the ACC, saving co-ops thousands of dollars, was successful. He noted Sulphur Springs Valley Electric Cooperative is filing for a rate increase and expects to save about \$800,000 as a result of streamlining.

Wallace said a bill recently passed requiring the Department of Revenue to use one formula to determine tax rates for all co-ops.

GCEC Board President Gene Larson reassured members regarding the integrity of the election process, and expressed his desire for unity and trust. He invited anyone with questions or concerns to attend board meetings and voice those concerns.

Larson also encouraged members to participate in the grassroots effort to keep rates affordable.

General Manager Steve Lines said it has been a good year for the co-op regarding employee safety and margins.

Lines reported GCEC partnered with Sulphur Springs to interconnect the Stockton Pass line that will allow either

co-op to feed the other during an outage.

The system was upgraded with new poles and a joint air switch located on the smart grid. It can be operated from AEPCO’s headquarters in Benson.

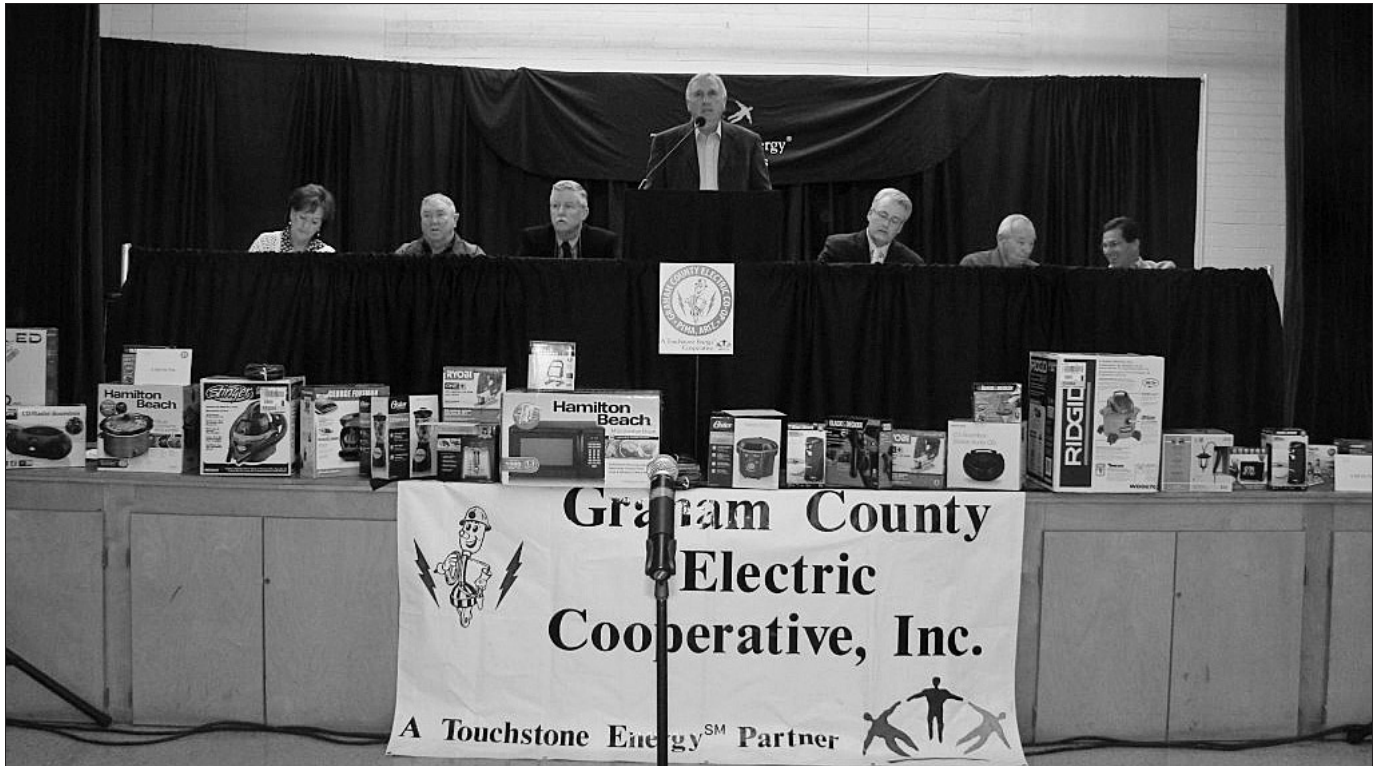
Lines reported GIS mapping of the entire system is nearing completion and will allow for automatic meter reading and other automation options in the future.

Lines discussed the requirements for retiring patronage capital. He explained the board determines each year whether certain criteria have been met to allow for retiring of capital credits. Positive margins are a requirement, along with certain debt equity levels mandated by the ACC and the co-op’s lender, the National Rural Utilities Cooperative Finance Corporation.

Lines discussed capital improvements made to the system during the last 30 years, including renovation.

New substations were built, including

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## Annual Meeting 2014

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the Freeman, San Jose, Swift Trail, Pima and Talley. The Cork, Cactus and Thatcher Plant substations were upgraded. The Talley Substation was built last year by co-op crews at a savings of about \$300,000, according to Lines.

Upgrades to the system allow for switching and re-routing of loads to restore power quickly during outages. The improvements cut the average line loss from nearly 14 percent to as low as 4.5 to 5 percent, resulting in a savings of about \$7.5 million in member line loss costs.

Lines explained that being able to use capital patronage to finance system upgrades allowed GCEC to avoid additional long-term debt. He said he doesn't anticipate any major projects in the near future, and that the time is right to approach CFC and the ACC for permission to begin retiring patronage capital.

Lines encouraged members to join the grassroots effort to combat the EPA's war

on coal by sending in the cards that were included in the handouts and available at the co-op's office. If the EPA is successful in its efforts to place unreasonable requirements for the use of coal and natural gas in power generation, members could face a 75 percent increase in power bills, he said.

Lines reminded members that GCEC's last rate increase was in 2008. He said the co-op is working hard to keep rates as low as possible. He noted efforts are being made by AEPCO representatives to get hydropower allocations, which would allow for continued stable rates or possibly reduced rates.

Unlike the first annual meeting that lasted 5½ hours and included a lunch, the latest meeting featured morning refreshments and wrapped up for another year at 11:45 a.m.

Although not mentioned at the first annual meeting, a third important reason for the gathering may be the awarding of door prizes. At that first meeting the grand prize was an electric mixer won



**Above, Lynn Daley announces results of voting. Top, Vice President Reuben McBride welcomes members.**

by Evans Coleman. Ona Welker won a hot plate and Alma Bryce an iron. Light bulbs were won by Lucille Boyle, Wilford Crockett, Jen Pollock, Larry Peck and Frank Echandia.

A plethora of prizes were awarded at the recent meeting, with TVs going to Nelson Peck and Arnold Norton. ■

# Electricity Remains a Good Value

We are headed into the summer months. As you know, the months we need to cool our homes mean high electric bills. In fact, the farther away from 75 degrees the thermometer rises, the more you will pay to cool your home.

While popular demand and short supply drives up the cost of everyday necessities, electricity remains a good value compared to the cost of other commodities. Some price tag changes—such as the cost to fill your car’s gas tank—are obvious to anyone driving down the road. Other increases at the grocery store are more subtle, but still affect your family’s bottom line.

The graph at right compares the average price increase of a few household expenses to the rising cost of electricity. The results might surprise you.

The cost for a gallon of unleaded gas shot up 5.4 percent on average every year between 2005 and 2013, according to the U.S. Bureau of Labor Statistics. Eggs didn’t go over easy, either, with an increase of 5.8 percent. Bakers watched the price of white bread rise 4.2 percent, while coffee buzzed upwards 2.3 percent and milk cost an extra 2.1 percent—every year.

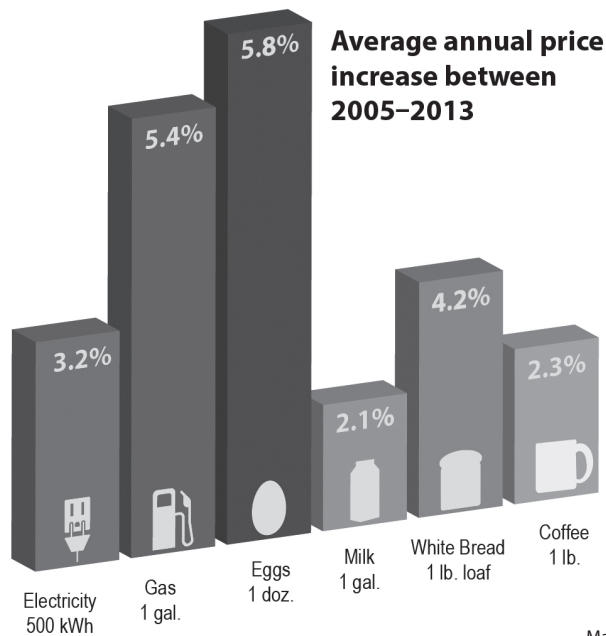
The cost of electricity grew at just 3.2 percent per year, on average. The U.S. Energy Information Administration reports homeowners across the nation pay an average of 11.7 cents per kilowatt-hour. In Arizona, however, electric cooperatives keep residential costs even more affordable. The average price for power at Graham County Electric Cooperative Inc. is 11 cents per kWh.

GCEC works hard to keep rates stable. You can play a role in the price of power by making the most of your energy dollar. See how little changes add up to savings at [www.TogetherWeSave.com](http://www.TogetherWeSave.com). ■

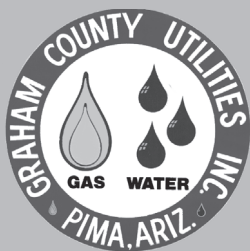
*Adapted with permission from an article prepared by Sandy Thompson, Johnson County REMC, Franklin, Indiana.*

## Compare Annual Price Increases

Electricity continues to be a bargain, especially when compared to other consumer goods. As demand for energy rises and fuel prices increase, your electric cooperative is committed to providing safe, reliable electricity and keeping your electric bill affordable.



Mainstream Graphics



## Graham County Utilities Member Meeting is June 21

You are invited to join your friends and neighbors at the 25th annual Graham County Utilities Member Meeting Saturday, June 21, at 9 a.m. in the Pima School cafeteria. Hear what has taken place with the gas and water utility and what is pending. Members in attendance will be eligible to win door prizes.

Petitions are available for those interested in serving on the Graham County Utilities Board of Directors. Three directors are elected each year from the membership to serve three-year terms. Petitions must be turned in by 5:30 p.m. Thursday, May 15.

Ballots will be sent out soon after and are due back in the office by noon Thursday, June 19.

## Backing AEPCO's Regional Haze Plan

*Residents and regional community leaders testify in support at state hearing*

**By Geoff Oldfather**  
Arizona's G&T Cooperatives

A milestone has been reached in the process of controlling power plant emissions—which are thought to contribute to regional haze—as Arizona environmental regulators review public testimony on a plan better than what the U.S. Environmental Protection Agency sought.

A recent Arizona Department of Environmental Quality public hearing in Benson focused on Arizona Electric Power Cooperatives' alternative regional haze plan for controlling emissions at the Apache Generating Station near Cochise, east of Benson.

Regional community leaders and residents testified unanimously in support

of the AEPCO plan. The ADEQ public hearing followed a four-week public comment period when people could mail or email comments.

Many of those testifying said the original plan that would have been required under a November 2012 U.S. Environmental Protection Agency mandate would have “serious and negative impacts” on rural electric co-op members and the area's economy.

“Our members simply cannot bear the cost of the EPA regulations as they were originally proposed,” said Alan Baker, director of the Willcox Chamber of Commerce.

Baker said the chamber represented almost 200 businesses and industry, mainly in the agricultural area, and that not only those businesses would suffer, but others as well.

David Woodall, superintendent of the Benson Unified School District, said electricity is the second-highest expense the district has after personnel “and we support the alternative plan.”

“I'm a runner and a hiker and I love the outdoors and I value a clean environment very much, so I wouldn't testify in support of something I thought was going to put that in danger,” Woodall said. “I support this plan.”

Woodall pointed out that more than 60 percent of students in the district come from families that qualify for the free- or reduced-fee lunch program, which means they live at or below the federal poverty level.

Costs associated with overregulation would severely affect those families, Woodall said.

In the EPA's “final ruling” in December 2012, AEPCO was told to lower emissions at the Apache Generating Station that are blamed for contributing to regional haze in national parks and other federal Class 1 areas.

The screenshot shows the NRECA website with a navigation bar and a main content area. The navigation bar includes links for 'Jobs', 'Vendor Opportunities', 'Store', 'Location & Directions', 'Contact Us', and 'Privacy Policy'. Below the navigation bar is a blue banner with the text 'COOPERATIVE ACTION NETWORK'. Underneath this banner is a large blue box with the text 'Contact the Environmental Protection Agency Now America Needs an All-of-the-Above Strategy'. To the left of this box is a circular graphic with a question mark and icons for 'NUCLEAR', 'RENEWABLES', and 'NATURAL GAS'. To the right of the graphic is a grey box with the text 'WE CAN'T AFFORD AN ALL BUT ONE APPROACH' and a green box with the text 'TAKE ACTION' and 'LEARN MORE'.

### We Need You to Make Your Voice Heard

Your not-for-profit electric cooperatives are working hard to make sure rural Americans have safe, reliable and affordable electric power, but it could all be in jeopardy because of the current administration's “all-but-one” approach to generation—a policy aimed at eliminating coal as a source of fuel for generating power.

Help make sure this nation has an “all-of-the-above” energy policy that includes a sensible mix of conventional coal- and natural gas-based generation, as well as renewables and alternative sources of generation. Visit [www.action.coop](http://www.action.coop) and send the U.S. Environmental Protection Agency that message today. Thanks for your support.



**Patrick Ledger, CEO of Arizona's G&T Cooperatives, testifies at a March 26 public hearing in Benson on AEPCO's plan to control regional haze emissions. After reviewing public comments and studying the proposal, the Arizona Department of Environmental Quality will forward it to the U.S. Environmental Protection Agency.**

The EPA also said the state of Arizona's part of the process, the State Implementation Plan, didn't adequately address the issue. The controls that would have been required under the EPA's plan would have cost more than \$200 million—a capital expense that would have raised rates by 17 percent or more and eventually could have forced the plant to close.

AEPCO proposed a revised plan to convert one of its coal units to natural gas and perform other emissions control upgrades that achieve better visibility improvements at a much lower cost—\$32 million instead of more than \$200 million.

This revised plan was the focus of testimony at the ADEQ public hearing.

ADEQ will respond to the written and oral comments in writing and approve or deny the permit application. If it approves, the revised plan will be sent to the EPA. A final decision from the EPA is expected in the fall. ■

## Arizona's G&T Cooperatives

Arizona Electric Power Cooperative, Southwest Transmission Cooperative and Sierra Southwest Cooperative Services collectively make up Arizona's G&T Cooperatives.

AEPCO owns and operates the 605 (combined gross) megawatt Apache Generating Station at Cochise, Arizona, east of Benson. SWTC owns and maintains more than 620 miles of transmission lines and 27 substations that transmit wholesale power from the Apache Generating Station to six member distribution cooperatives in southern Arizona, northwestern Arizona and California.

Combined, the distribution cooperatives that receive AEPCO's wholesale power serve more than 147,000 meters representing more than 350,000 individual residential, commercial, agricultural and industrial customers.

The six Class A member cooperatives that receive wholesale power from AEPCO include five in Arizona—Sulphur Springs Valley Electric Cooperative in Willcox, Duncan Valley Electric Cooperative in Duncan, Graham County Electric Cooperative in Pima, Trico Electric Cooperative in Marana and Mohave Electric Cooperative in Bullhead City—and one in California, Anza Electric Cooperative in Anza.

These member cooperatives own the Arizona's G&T Cooperatives and, by extension, the G&T Cooperatives are owned by the members of those cooperatives: the people at the end of the line who use the power.

The cooperatives are borrowers of the Rural Utilities Service, a federal agency.

The G&Ts and its member cooperatives are not-for-profit utilities.



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Steve Lines



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**Manager's Message**

# Water 'Rules'

While many Gila Valley residents are under stringent water use rules, it occurs to me that water does, in fact, "rule."

As most of Arizona and the Southwest in general are experiencing extreme drought, other parts of the country have been devastated by flooding and mud slides.

Water—or, in some cases, the lack thereof—often determines whether or not a community can thrive. The very reason our ancestors settled in this valley was because of the proximity to the water in the Gila River. While farming has been the mainstay of our community for more than a hundred years, now some fields lay barren from the lack of water to irrigate. Some farmers are hanging it up after generations because their wells are dry and there is not enough water from the canal system to support the needs of the farming community.

The U.S. Environmental Protection Agency's arsenic ruling that presented itself as a dilemma in 2000 has turned into a blessing for our water company. To meet stricter regulations regarding the arsenic content in potable water, we elected to drill new, deeper wells in search of arsenic-free water. It was a gamble that paid off. We were able to achieve our arsenic goal and avoid having to implement costly procedures to remove the arsenic from our water. Most importantly, we were able to increase our water capacity to meet the needs of our members now and support growth well into the future.

Water is one of our most important resources. Even though there are no rules regarding water use on our system, with drought conditions being what they are, we all have the responsibility to be wise stewards of this valuable resource. Mark your calendars now to join us for the 25th Annual Graham County Utilities Member Meeting Saturday, June 21, at 9 a.m. in the Pima School cafeteria. This is the time each year when our gas and water utility consumers get the opportunity to hear about what has taken place with their co-op during the past year and what is on the horizon. And, of course, there will be plenty of door prizes and handouts.

Petitions are available now for anyone wishing to vie for a position on the Graham County Utilities Board of Directors. Three directors are elected each year from the membership to serve three-year terms. Petitions must be turned in by 5:30 p.m. Thursday, May 15. Ballots will be sent out soon after and are due back in the office by noon Thursday, June 19.

Be sure to exercise your right as a co-op member to vote.

—General Manager Steve Lines



**Join us Saturday, June 21,  
for the Graham County  
Utilities Member Meeting**