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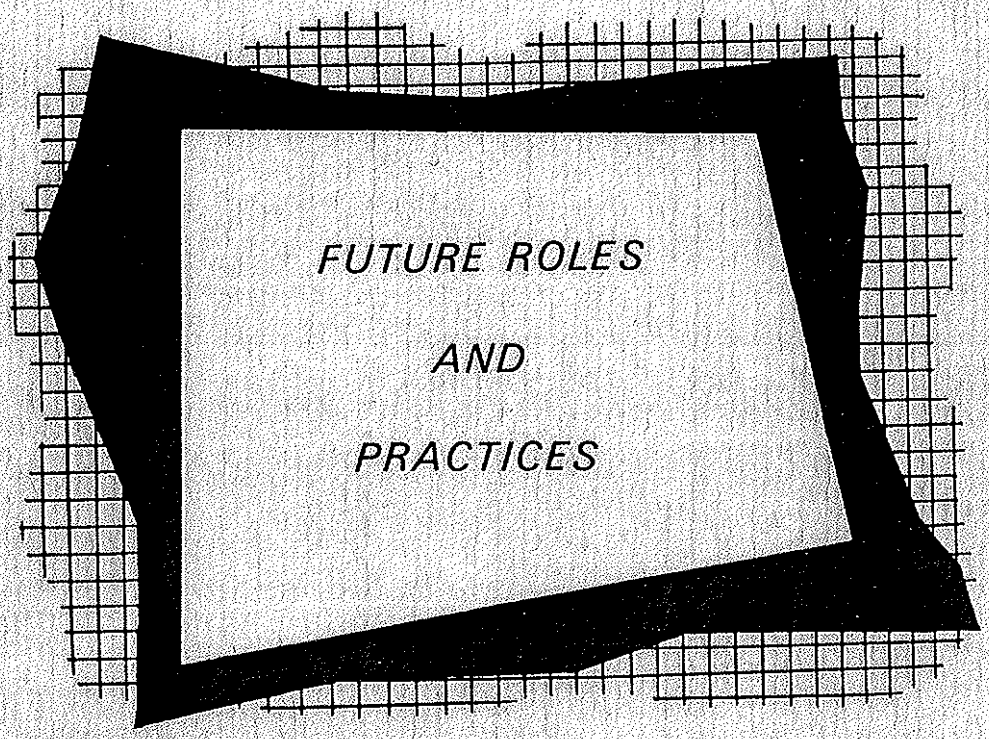
Proceedings of the 20th Annual Conference of The Rural Electric Management Development Council



Denver, Colorado

May 10–12, 1977

S C O P E

Page No.

COUNCIL PREAMBLE

In March 1969 the NRECA membership adopted viewpoints and objectives for rural electrification as prepared by the Long Range Study Committee. This action has significance only when member systems identify with, and develop programs in support of, these viewpoints and objectives. Success in the implementation of such action programs is dependent upon excellent leadership and the effective management of resources, especially human resources.

NRECA, through its Management Services Department, has carried on effective training and development programs for rural electric system managements, both elected and employed, and the results of these programs are obvious in the upgrading of the quality of management in recent years. However, NRECA has limited resources for the research, experimentation, and innovations in management practices that will be required to meet the demands of a rapidly changing social order. Moreover, REA continues to withdraw its advice and assistance to borrowers.

Thus, it is clear that some systems must assume a more active role in assuring competent, dynamic management for the future. There are people within the program who are qualified and willing to see that the necessary study and research are undertaken toward this end. Such people have formed the Rural Electric Management Development Council and the following statements express their viewpoints and objectives: (See minutes on Page 122 for revised statements of viewpoints and objectives.)

OFFICERS AND COMMITTEES FOR 1977 DEVELOPMENT COUNCIL

Chairman	Charles Overman	Term expires in 1978
Vice Chairman	L. P. "Bill" Beverage	Term expires in 1977
Treasurer	Bevis Hanna	Term expires in 1977
Secretary	Barbara Deverick	

PROGRAM

Chairman	Everett Bristol	Term expires in 1978
	Jack Hicks	Term expires in 1977
	Derl Hinson	Term expires in 1978

NOMINATING

Chairman	Clyde Hukills	Term expires in 1977
	Randy Bruton	Term expires in 1978
	Mark McNeil	Term expires in 1978
	Richard Seger	Term expires in 1979

MEMBERSHIP

Chairman	Robert Weathers	Term expires in 1977
	Lawrence Moderow	Term expires in 1978
	Marion Athey	Term expires in 1979
	Olaf Sandvick	Term expires in 1977

MANAGEMENT RESEARCH

Chairman	James Kiley	Term expires in 1978
	Robert Roberts	Term expires in 1979
	Cecil Viverette	Term expires in 1979
	1 vacancy	

A. All committee members and officers elected for a 3-year term.

B. Chairman of each standing committee named by the Nominating Committee and serve for 3 years when elected.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
1977 ANNUAL CONFERENCE REGISTRATION

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Wayne Kump

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Barbara Deverick, Manager Organizational Planning, Admin. Assistant

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Randy Bruton, Office Manager

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Larry Moderow, Executive Asst.

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John Allensworth

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Elwood T. Blackwell

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Olaf Sandvick, Staff Assistant

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Roger Geckler, Personnel-Purchasing Mgr.

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James Golden, General Manager
Ev Bristol, Chief Engineer/Staff Asst.

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James Kelly
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University of Colorado

Dick Wilkerson, General Manager
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* 1977 dues not paid as of 5-12-77.

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20th ANNUAL CONFERENCE
OF
THE RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL

SHERATON AIRPORT INN, DENVER, COLORADO

May 10 - 12, 1977

Tuesday, May 10

8:30	Registration
8:45	Opening Remarks - Charlie Overman, Chairman
9:00	Welcome - Dick Wilkerson, General Manager, CREA
9:15	"What Lies Ahead For Rural Electric Management?" - Charles Weaver - REA
10:15	Break
10:30	"Priorities Of Management" - Bob Kabat - NRECA
12:15	Lunch
1:30	Research Committee - Jim Kiley, Chairman
3:15	Break
3:30	"International Programs-Influence On Management Perspective" Virgil Herriott, Manager, Sioux Valley Empire Electric, Colman, South Dakota Jack Hicks, Manager, Linn County RECA, Marion, Iowa

Wednesday, May 11

8:30	Introduction - "Improving Management Practices" Presentations by REMDC members on their management philosophy and practices-- Bill Beverage, Manager, Four County EMC, Burgaw, North Carolina Cecil Viverette/Barbara Deverick, Blue Ridge EMC, Lenoir, North Carolina Richard Seger, Manager, Morgan County REMC, Martinsville, Indiana
12:00	Group Luncheon Speaker - Jackson F. Fuller, Professor, Department of Electrical Engineering - University of Colorado "Care And Feeding Of The Boss"

Wednesday, May 11
continued

1:30	Continue REMDC member presentations-- Robert L. Roberts, Manager, Pioneer REC, Piqua, Ohio Millard Goff, Manager, Ozarks Electric Co-op, Fayetteville, Arkansas Bob Weathers, Manager, Carroll Electric Co-op, Berryville, Arkansas

Thursday, May 12

8:30 - 9:30	"Load Management" - Willard Grager, Manager, Cass County Electric, Kindred, North Dakota
9:45	"Data Base for Planning" - Jim Kelly, NRECA
10:00	Business Session
10:30	Research Projects and Future Programs

Management Development Conference
Denver, Colorado
May 10-12, 1977

Summary of Remarks
Charles R. Weaver

What Lies Ahead for R. E. Management

Congratulations on the spirit which looks at redirection of MDC.

Mission so important that you have survived these years. Obstacles: time, money, question of mission, membership qualification, people who let you down. Like the bumblebee: "The wonder is not that it flies so well but that it flies at all."

What lies ahead...? Could take all day and talk about President Carter's message, add the facts of financing and other costs, regional rivalries/jealousies, national priorities and the role of government. Will not - but rather focus on other certainties which you will face in your individual operations.

1. "Atmosphere of distrust of institutions"
   "Magnification of wrongdoing"
   (Jim Guy Tucker, Hot Springs MDC meeting)

   "Move Away"
   "Move Against"
   "Move Toward"
   (Gail Dunning)

2. The hard facts of rates

   Problem: distribution costs in isolation still make you want to sell more. History, mind-set, just a piece of the facts...
   Our own thinking
   The member

3. A utility head with a cooperative heart.
   -Can we do it?
   -at home: close the door attitude
   -G/T
   -Merger/Consolidation/Federation: Costs vs. Costs

4. A personnel time bomb

   (Attached Fact Sheet)

Personnel Changes We Will Face

Fact Sheet

I. Age Group Trends

1976 age group	1976 total population (in millions)	Percent increase or decrease To 1980	To 1985
30-34	13.8	+26	+42
35-39	11.6	+20	+49
40-44	11.1	+ 4	+23
45-49	11.8	- 8	- 3
50-54	11.8	- 3	-10
55-59	10.6	+ 6	+ 3

II. Education

	MBA Graduates
1964	6,000
1975	30,000 (10% Women, 5% Minorities)
1985	60,000 (20% Women, 5% Minorities)

III. Demand Facts

1946 - 1976 Industry + 56%, Government + 100%
(4/5 of government employees are state & local)

1976 - Hospitals underutilized
Colleges beginning to show decline
City and suburban school systems declining
Industry and government growth highly doubtful compared to past

IV. Significance for Individual System

Advantages: Jobs for those of us born early!
Good availability of applicants - "Buyers' Market"

Problems: Wage & Salary Market Distortion
Expectation Levels
Promotion
Motivation/Job Design
Motivation/Merit $

COPING WITH CONSERVATION

Robert I. Kabat
Director, Management Services
NRECA

20th ANNUAL CONFERENCE
RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
DENVER, COLORADO
MAY 10, 1977

There is no question that President Carter's proposed national energy policy is going to have a tremendous impact on the rural electrification program and each one of us as individuals. It behooves every one of us to study these proposals carefully and analyze the impact they'll have on our members and the operations of our systems. I predict these proposals will have a major impact on not only our members, but our organization structure power supply, financial condition, rates, the services we offer, etc. - in fact, there will be few areas untouched by these far reaching proposals. For this reason, attached as Exhibit "A" you'll find a fact sheet on the President's Program as issued by the White House on April 21. I suggest you especially read carefully Sections I, III, parts A-2, 3, 4, 5 and 7 and III-E, III-F 1, 2, 3 and 4; III-G and III-H and III-I-2.

These proposals can provide us with an opportunity to reconsider much of what we're doing and in particular in several major areas: (1) are we really working together on a coordinated basis to manage the problems and opportunities these proposals present; (2) are we really doing all possible to be consumer oriented and meet the changing needs of the members in such areas as energy conservation; (3) are we going to be willing to move toward being a full service energy cooperative or will we insist on sticking with our traditional more narrow role of just providing electric service; and (4) do we want meaningful member participation in making decisions in many of these areas which will have such a dramatic impact on their lives.

Many of these proposals will require a more coordinated approach as well as a much closer working relationship with our statewides and power supply systems with more opportunity to participate in the decision making process than, perhaps, ever existed in the past.

No longer can anyone be an island unto himself. For example, can we really undertake individual load management programs without involving our power supplier, especially if it is a G&T. Should we try to develop highly specialized energy conservation technical help in each individual system or should we do it on a group basis through our statewide or G&T? We have the golden opportunity to prove once again that Federation for SErvices works.

We also have the opportunity to completely re-examine our basic energy objectives. Are we in the energy business or are we just electric utilities? Are we going to try to play a role in making available energy from alternative sources such as solar or do we look at our role as being only in the narrow electric energy field. Are we going to be willing to once again pioneer and innovate to help our members effectively use alternatives sources of energy.

Also, we have the opportunity to completely re-examine our member and consumer relations role. Are we going to be a full service energy cooperative and offer our members a complete package of services: energy audits, insulation advice and installation, appliance advice, sales and maintenance, wiring advice and installation advice and assistance on alternative energy sources, etc., or are we going to be a limited service electric cooperative? Are we going to take advantage of the opportunity to work with our members on a one to one basis on energy conservation and weatherization and try to make this available on as wide and most readily available basis as possible or are we going to look at our role as being only a provider of electricity. Are we going to look at our role as being strong advocates of the consumer interests of our members and try everyway we can to help them reduce their energy bills which, of course, may adversely affect our services.

What is done in these major areas - working more effectively together, being an energy supplier, not just an electric supplier, being a full service energy cooperative and an advocate of the consumer interests of our members and developing a strong one to one relationship with our members will require each system to re-think its points of view, objectives and goals as it prepares for the 80's.

Need For Viewpoints, Objectives and Goals

On a statewide and power supply system basis and with a lot of meaningful participation and consultation with their member systems and on an individual system basis with member, director and employee participation we must re-think our energy viewpoints, objectives and goals. Please note the Statement of Objectives of Blue Ridge EMC.

Recently, Jim Kiley, Assistant Manager of Sioux Valley developed these energy viewpoints for the rural electrification program in South Dakota[1]:

1. We believe that energy consumption is a necessary part of living and that energy usage for production of food and fiber, industrial output, transportation and other services is important in maintaining the standard of living which most people seek for themselves and for others.

2. We further believe that these should be a continuing and ongoing effort to more efficiently apply energy to these processes and that there must exist a balance between the need for supplying energy and the effects upon those who are adversely affected by the process.

---

[1]From Statement of South Dakota Rural Electric Association To Comment on Draft of Energy Conservation Plan for the State of South Dakota, April 1, 1977

3. We further believe that our natural resources are here to be used and that responsible stewardship dictates that they be used conservatively and wisely for the benefit of the greatest number of people and that, just as technologies have evolved and changed in the past, that they will continue to change in the future and that energy sources not considered feasible and practical today may very well be the major sources of energy for the future.

4. We also believe that solar, windpower, geo-thermal and other less developed energy resources can make a contribution to our total energy needs but that they must be viewed in perspective as to whether or not they are currently available as significant energy resource alternatives.

5. We believe that consideration of the most feasible and desirable source of energy should consider both the efficiency associated with the conversion and distribution of the basic resource and the efficiency and desirability of the form of energy for its ultimate end use.

6. We further believe that energy suppliers have a responsibility to provide information on the efficient and productive use of energy to all their consumers and that they should have available assistance programs for those who request it.

7. We also believe that insulation standards for buildings, both public and private, should be adopted for residential, commercial and industrial buildings and both mandatory and voluntary measures should be implemented so that the improved insulation standards will be met.

8. We believe that the appliances and equipment which transform energy into its end use form at the point of use should reflect a high rate of efficiency based on the best technology available within the realm of practical economics.

9. We believe that financial assistance programs to eligible persons should recognize the growing importance of energy costs in the total budget of all our citizens, and that mandating changes in the structure of gas and electric rates which are not based on costs should be avoided.

10. We believe that public policy of governmental intervention should be such that it encourages, rather than discourages, the search for and the development of both renewable and nonrenewable energy sources.

11. We further believe that there is no simple solution to choosing sources of energy and distribution methods to best fit public policies.

12. We further believe thad load management programs as reflected through pricing formulas and electrical or mechanical control devices should be utilized only where there is a high probability, based upon authoritative experience, of the benefits exceeding the costs.

13. We also believe that rates should equitably distribute the actual costs of providing service among the various classifications of use and at the different levels of consumption without unwarranted restriction as to the time of use.

14. We further believe that rural electric cooperative members are entitled to the assurance that their cooperative has made adequate and sufficient plans for meeting their necessary electric power requirements for the future and that these supplies will be made available at costs which reflect the optimum in planning and operation of an integrated supply system,

15. We further believe that energy suppliers should support research and development projects which seek to improve the efficiency and effectiveness of energy use and also should contribute to the development of alternative energy sources.

This is not an all inclusive list of viewpoints. Probably there are others that should be developed. Once such viewpoints are developed for your statewide, power supply and individual system, more specific objectives and goals should be developed to implement them. In doing this, all alternatives should be considered and carefully weighed from the standpoint of their social and economic impact. Costs in relation to benefits will have to be considered and the most feasible and practical approaches pursued.

This approach should be carried out in each statewide, power supply and individual system. It will take time and should be done with as much participation and consultation of others as possible.

Many of the above points of view can readily be adopted to a local system, some with little or no change. Then, objectives must be developed - e.g. the local objective - to carry out viewpoint #12 might be: To actively study on a coordinated basis with our power supplier the various approaches to load management to determine the feasibility of their application and to participate in the implementation of such programs providing a high degree of feasibility including the shaving of peaks to cut down on the need for additional generation.

Next, the various alternatives to undertaking such studies must be considered and once the results are obtained, the alternatives to implementing these results must be carefully considered.

The goals to achieving the above objectives might be: In six months working with outside consultants employed by our G&T to have such studies completed and a plan of action for a coordinated approach to load management ready to be considered by our board of directors.

This process of developing energy viewpoints, objectives and goals is time consuming, but if thought out carefully including all the alternatives to implementing it, and if there is meaningful participation and consultation and if done on a coordinated basis, when necessary, it should reap rich rewards.

Developing these energy viewpoints, objectives and goals will raise many questions and a few of these will be explored.

A Full Service Energy Cooperative?

A Full Serivce Energy Cooperative would make availabe to its members a complete package of services including energy audits to determine present energy uses with concrete recommendations on savings which can be made, technical advice and assistance on which appliances and equipment are the most energy efficient and perhaps the merchandising, installation and repair of appliances, technical advice and assistance on insulation and complete weatherization including recommending qualified contractors and inspecting their completed work. Perhaps the system itself might provide the insulation and other weatherizing materials and do the installation. Other services would include advice and assistance on adequate wiring, heating and cooling perhaps including actual installation and maintenance. Then, there are such traditional but desirable services such as advice and assistance on adequate lighting and kitchen and laundry planning. Some may argue what's new about all this? Aren't these the traditional power use type services. The new elements are that the services, are much broader and if you make the commitment to provide them you'll have to have a strong technical staff available that is able to provide these services on an expeditious basis - the demand will be there. The other question that has to be considered is are you going to try to provide a service available to all the members without charge or will they be on a fee basis which can range from a nominal fee to a complete cost recovery basis. I realize that some of these decisions will depend on regulatory requirements but I believe to move toward becoming a Full Service Energy Cooperative they should be made available to all the members at the lowest possible individual charge so your members realize fully you're doing all possible to help them use energy productively and conserve in its use wherever possible.

The final question will be whether you want to move toward complete merchandising and repair services or just offer technical advice and assistance. The completely Full Service Energy Cooperative will move toward complete merchandising and repair services but I realize this will vary based on availability of reliable and competent dealers or contractors in your area.

Finally, as a Full Service Energy Cooperative you should be willing to provide technical advice and assistance to your members on alternatives energy sources and perhaps even make available to them equipment, etc. to utilize such alternative sources. Why not consider making available on a rental basis solar water heaters which will be installed and maintained by the cooperative just as we have security lights in the past. This would include advising them on the supplemental water heating which will be required. It will require special cost studies to develop an electric rate for such standby electric service since you'll have to have capacity available to serve what may be an infrequent load. If we don't do this we may lose a major source of revenue, water heating, and have no influence over other energy uses. We'll certainly not be a "Full Service Energy Cooperative" in the eyes of our members who need competent advice on the use and installation of alternative energy sources.

Is a Full Service Cooperative impractical? Not according to one Texas Manager, Doyle Hines of Guadalupe Valley Electric Cooperative (GVEC) who states in the June Rural Electrification Magazine:

> "GVEC investigated and found that no commercial insulation company would consider coming to a rural area to weatherize homes. 'Big insulation companies felt there was no profit in working with rural people. So we moved into the home insulation business to fill the vacuum and provide this essential service for our members,' Hines recalls.
>
> "Since 1973 GVEC has insulated and weatherized more than 1,000 members' homes using some 1.5 million square feel of insulation. Hines explains GVEC entry into the home weatherization business on two levels:
>
> 'First and foremost, we are a full service cooperative. Our members' needs are our prime concern. In every community program, we stand ready to lead and support on local, regional and state level any development project that will benefit our members. Even in the cheap electric days of the 50s we would recommend and advise members to insulate for energy and cost savings.'
>
> "In addition, Hines feels, 'When our co-op went from paying 5 mills to 27 mills per kilowatt hour for wholesale power that was all the incentive we needed to get into the energy conservation business through insulation and home weatherization.'
>
> GVEC recently added window insulating service to their home weatherization program and have been installing storm windows and doors in members' homes since January. Manager Hines adds, 'We want our members to look to us for assistance in weatherizing their homes to help them conserve energy. We are encouraging members to contact any district office for information on the new Farmers Home weatherization program.'"

How Much An Advocate of the Consumer?

In these days of consumerism, the more we can be an advocate of our members' consumer interests, the more acceptance we'll have. It is interesting in considering this to look at the article "A Quiz on Energy: in the New York Times of April 24 in which the opinion analyst Daniel Yankelovich lists 19 questions which he believes will determine whether the people will accept the President's proposed national energy policy. Some of these same questions also will determine how your members react to what your cooperative does about this proposed national energy policy.

One major factor which will influence their acceptance is how much you're willing to become an advocate of their interests as consumers. How much will you encourage them to effectively conserve in the use of energy and will you make available to them the competent technical advice and other assistance they'll need to do this? How much will you do through your newsletter and meetings and employee contacts to make them aware of

practical ways to conserve energy and use the most energy efficient appliances and equipment. How much will you be willing to not only answer their high bill complaints but to urge them to have a co-op provided energy audit to find concrete and practical ways they can conserve energy. How much effort will you make to make available to your members at the lowest possible cost quality weatherization services not only for homes but for the commercial and industrial establishments you serve. Will you be willing to have full time consumer services representatives who make every effort to protect and further the interests of your consumers and might even needle you at times to do more for them?

How Much Participation

In the October 23, 1976 New Republic pollster Daniel Yankelovich stated in an article entitled "What the Voters Want" that above all they wanted Fairness ("a firm commitment and an ability to restore fairness to all areas of our society"), Trust ("People are tired of being promised one thing and seeing the opposite happen. They're fed up not just with deception, but also with well-meant promises that have little chance of being kept.." and"Involving People More in Decisions that Affect Their Lives." The whole article is attached as Exhibtt C. All three of these areas should be kept uppermost in mind as we move toward implementing what will be a new National Energy Policy.

There is no question about the fact that people want to be a lot more involved in the decisions that affect their lives and all you do in developing new energy policies, programs, and services will affect them. They should have the right to effectively participate in this process and I still believe the best way to do this is through active Member Advisory Committees which meet regularly to discuss issues and problems faced by the cooperative as well as the end results being achieved and to make concrete recommendations to the Board and Manager. The committee is broadly representative of the total membership including women, minorities and different occupational groups as well as those who have been vocal in their criticism of the cooperative. If an Advisory Committee member fails to attend two committee meetings in a row, he is replaced on the committee.

The committee may be organized into working subcommittees in areas such as Legislation and Governmental Affairs, Member Meetings, Community Development and Affairs, Energy Conservation and Load Management, Member Services (in a broad sense), Youth and Young Adults, etc. Each subcommittee is served by a key staff member, minutes are kept of all meetings and the committee members are always advised of action taken on their recommendations to the Board and Manager. They are involved, not just being informed. This is the key to developing strong member understanding and support. Your consumer services and energy advisory personnel should play a key role in planning and conducting programs for the Member Advisory Committee and in serving along with other staff members as staff advisors to some of the working subcommittees.

Organizational Impact

What impact will all of this have on your organization structure? We believe basically you need two different types of skills - the first trained and skilled in human relations (the behavioral areas including dealing with change, stress, frustration and even anger and confrontation situations and communications and those skilled in the technical areas - being able to offer advice and assistance in such technical areas as energy conservation, weatherization, alternative energy sources and their utilization, commercial and industrial energy applications, etc. But, let's not return to placing all our emphasis on the technical areas. We must continue to develop our skills in the human relations and communications areas.

We need a department in each rural electric system which has a manager able to supervise these diverse areas and develop innovative and creative approaches as we move into a more energy frugal and conscious economy but it must be a person who is able to effectively involve and communicate with the members. They're going to want to play an active role in determining their destiny and their involvement is all important. At the same time they'll want competent technical advice so he must make sure this is being provided.

Below the department manager level, I believe two types of positions are needed - consumer services representatives, who are skilled in the behavioral and communications area and have sufficient knowledge of the cooperative rates, conditions of service, energy utilization of appliances and equipment and the energy conservation services available for the members that they can answer many of their inquiries and requests for assistance, and the more technically trained and oriented Energy Conservation Specialists who can provide technical advice and assistance on energy conservation, weatherization, wiring, selection of appliances and equipment, electric heat and cooling and industrial and commercial energy applications, etc. Both of these skills are vitally needed in every rural electric system if we're to effectively meet the challenges of a new national energy policy.

It is interesting to observe how a larger system, Blue Ridge EMC in North Carolina, has organized to do this. They have a staff department with a Manager of Member and Public Relations and reporting to this position three key positions: a Director of Area Development (which is still a very important area and is being neglected by many systems); a Director of Communications;and the new position of Director of Energy Management. In each of their district offices they have a Member Relations Director with the new position of Energy Conservation Specialist reporting to this position. Looking at the position guides of the Director of Energy Management and the Energy Conservation Specialist gives you a good idea of the new emphasis on energy conservation.

In particular, the following major responsibilities of the position of Director of Energy Management are most significant:

> Develop and implement system-wide program of energy management including energy conservation, adequate home insulation, weatherization and effective and efficient use of energy available including alternate energy sources.
>
> See that an adequate information program is developed and carried out with the members of the cooperative and the general public that will gain their understanding of why an energy management and conservation program is needed and what they can do to meet their own needs for effective use of energy.

Develop and carry out an information and education program with major groups involved in housing, including but not limited to architects, building suppliers, builders and contractors, lending institutions and governmental bodies to assure need for energy management and conservation programs, use of alternate energy sources are understood and methods for conservation, weatherization and securing adequate home insulation are properly utilized.

See that an adequate program of financing is developed to meet member needs in weatherization and adequately insulating buildings to include the FmHA program, local lending institutions and other sources which will result in the best interest rates for the member.

Develop a program of controls and measurements forthe personnel in districts who are carrying out the energy management program and the necessary system of inspections and audits to assure follow-thru and effectiveness of programs.

And the following major responsibilities of the Energy Conservation Specialist are also interesting:

Advise and inform members, on their premises if necessary, concerning what is needed to properly insulate and weatherize their buildings, giving them guidance as to how the work might be done, how much it should cost, and what they can expect in the way of energy savings and the potential savings in dollars.

Provide information and guidance for general building contractors and insulating firms relating to specifications for the HELP and the weatherization programs approved by the cooperative.

Inspect member's building once it is insulated and/or weatherized to assure it meets cooperative's standards.

Provide information to members and the general public relating to the energy situation to assure understanding regarding the shortage of energy and what they can do to help conserve energy and make use of alternate energy sources

Provide technical assistance to farms, homes, businesses and industries relating to methods of energy conservation and uses of alternate sources of energy.

Handle member follow-up when high bill inquiry or complaint indicates problem may involve conservation measures.

But Blue Ridge with its new emphasis on energy conservation has not neglected the human relations and communication areas and area development. The key is a balanced emphasis in an organization structure staffed by well trained and competent people to meet changing member needs not only in the energy conservation areas but in member involvement and communication as well as industrial, commercial, and recreational development. Let's not return to the narrow power use emphasis of the past.

Conclusion

The new emphasis on energy conservation provides an opportunity for every system to develop a close working relationship with its statewide and its power supply system. Such a relationship is absolutely vital to develop effective load management programs and to provide the highly specialized technical assistance which may be needed in certain energy conservation and alternative energy source programs. Also, it provides the opportunity for every system to revitalize its member relations and get more member involvement in the energy decisions which will affect their future so much and also to develop a real one to one relationship with the members by providing the advice and assistance they'll need to conserve energy and to make a National Energy Policy work.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

MISSION

The basic mission of Blue Ridge Electric Membership Corporation is to provide its member-owners essential and needed services on a continuing basis and demonstrate the advantages and need of a cooperative-type business in our free enterprise system.

OBJECTIVES

A. CORPORATE EXISTENCE - To operate the Cooperative as an enterprise on a continuing and progressive basis in accordance with its charter and other legal and contractual requirements.

B. ELECTRIC SERVICE AND NATURAL RESOURCES (Power Supply)

To assure the availability of high quality electric service in adequate quantity that meets environmental standards, to all persons within the Cooperative service area at the lowest possible cost and to promote the development of the nation's natural resources, in keeping with environmental protection standards, including water, power and nuclear resources for the benefit of the people.

C. MEMBER RELATIONS

To keep member-owners informed on the affairs of the Cooperative and strive to achieve and maintain widespread understanding, involvement and participation of the member-owners in the affairs of their rural electric system and provide them with a real sense of ownership through the demonstration of Cooperative principles and democratic processes.

D. ENERGY CONSERVATION EFFECTIVE USE AND ALTERNATE ENERGY SOURCES:

To effectively use the resources of the cooperative to promote energy conservation, adequate home insulation and weatherization and viable alternate energy sources and provide necessary technical assistance to members to enable them to realize substantial reductions in energy usage and to take advantage of alternate energy sources that would result in economic benefit to the member and help relieve the critical energy shortage.

E. OTHER SERVICES

To identify services that members need and have a desire for and see that these needs are met within the ability of the Cooperative to do so.

F. CAPITAL AND FINANCIAL CONDITION

To seek to develop adequate sources of capital for the system to assure that the Cooperative can carry its full utility responsibility and its obligations as a corporate citizen and provide a means whereby the member-owners can help to build and maintain their Cooperative by contributing a reasonable amount of essential capital.

G. ORGANIZATION AND PRODUCTIVITY

To attain maximum beneficial use of available manpower, physical and financial resources through sound organizational structure, utilization of improved methods of operation, new equipment and techniques, coordination of federated services and a continuous program of self-evaluation and improvement.

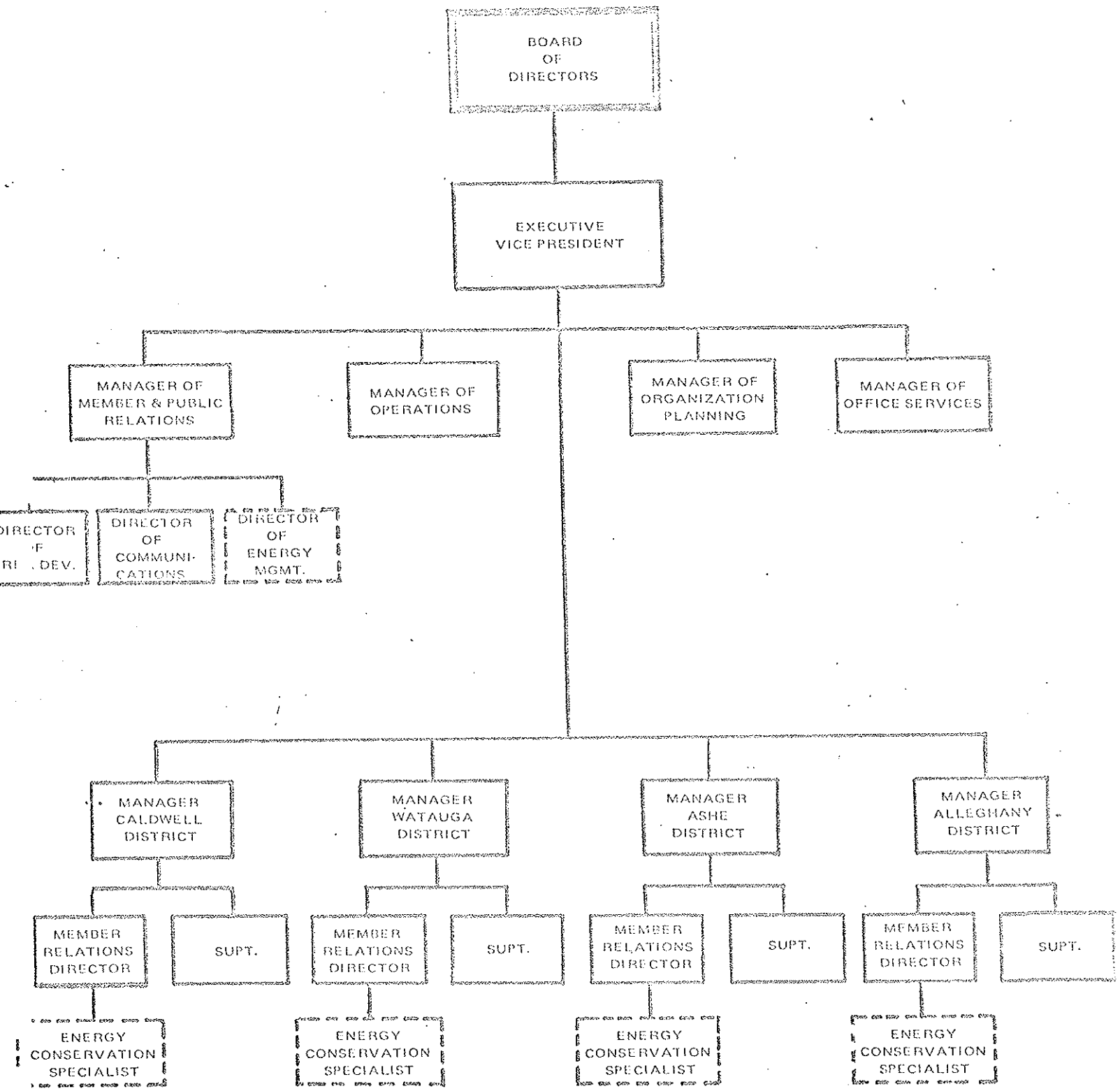
H. EMPLOYEE RELATIONS, TRAINING AND DEVELOPMENT

To recognize that the greatest assets of the Cooperative are its employees and that they must be provided opportunity for development and improvement as a matter of moral obligation as well as one of material advantage; and to reward, encourage progress, inform, train, develop and properly assign all employees in order to attract and retain in the service of the enterprise those who seek a career with the Cooperative so that their lives and work will be given meaning, dignity, satisfaction, and purpose both on and off the job; and to seek to obtain an acceptance of the beliefs which emphasize the social and economic benefits in doing a job in a manner which produces the best results.

I. CORPORATE CITIZENSHIP RESPONSIBILITY INCLUDING AREA DEVELOPMENT

To develop understanding, acceptance and support of the Cooperatives objectives, plans and programs, and to foster and develop the acceptance of the Cooperative as an effective citizen and respected member of the business community; and to provide leadership to cooperate with other community and civic groups in furthering programs of mutual interest which will benefit the Cooperative's service area, the state, and the nation; and to stimulate and support rural area development programs, especially those which will increase and stabilize the economic level of the Coopertive's service area, including those programs which will provide the greatest opportunity for the development of the most important resource - people.

OCTOBER, 1976
Revised, 4/16/77



PROPOSED STAFFING FOR WEATHERIZATION AND ENERGY CONSERVATION PROGRAM

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

ENERGY MANAGEMENT SECTION 730

PURPOSE AND FUNCTIONS Date Adopted: April 18, 1977

The Energy Management Section is one of the sections of the staff department of Member and Public Relations Department. As a major staff section of this department, this section has the responsibility for planning and providing professional and technical guidance and control in all key result areas assigned to the section. The section is responsible for developing for the department technical information, practices, procedures, resource materials, guidelines, and manuals necessary to achieve uniformity of effort, and for carrying out compliance audits which will assure desired results in the functional areas assigned the section.

The section exists to meet the following needs:

PURPOSE: To develop and implement programs which provide service to the members that will enable them to most effectively and efficiently make use of available energy, including alternate energy sources.

MAJOR FUNCTIONS OF THE SECTION ARE:

1. Internal Education On Energy Management: To develop and implement programs of information and education for directors, employees, and member committees which will gain understanding of need for and how the Cooperative will carry out its energy management program to assure positive support and effective assistance in the implementation of the program.

2. Member Education On Energy Management: To develop and implement programs of information and education for members of the Cooperative, to create an awareness of need for the energy management program, including conservation, adequate insulation and weatherization and viable alternate energy sources, and motivate them to develop an energy management program for themselves.

3. Technical Advice And Assistance: To develop and implement a program which will provide for the members the guidance necessary to assure they can realize the best savings possible in energy usage and to take advantage of alternate energy sources that would result in economic benefit to the members and help relieve the critical energy shortage.

4. Information And Assistance To Major Groups Involved In Housing: To develop and implement a program which will assure that all major groups involved in building construction are informed and support energy conservation and weatherization programs and work is done in accordance with specifications approved by the Cooperative.

5. Financing Home Weatherization For Members: To develop the necessary program to assure that members are able to secure necessary financing to weatherize their homes at reasonable interest rates. (Program to include FmHA Financing Plan.)

6. Training, Research, and Development: To see that personnel of the Cooperative are knowledgeable about, and designated personnel are properly trained to carry out both the HELP and weatherization programs for buildings and the total energy conservation and management program for the Cooperative and keep members, employees, and the public informed on state of the arts in energy conservation and the applicability of alternate energy sources.

Note: Implementation of the energy management program of the Cooperative will be carried out primarily by the Member and Public Relations Department Energy Management Section and the Districts. The Director of Energy Management has the responsibility for coordinating and directing the program and is accountable for achieving the overall desired results. Districts are responsible for contacts with members and for implementation of the program as defined by the Director of Energy Management. Persons principally involved in the district in the implementation of the program will be the Energy Conservation Specialist, the Member Relations Director, and the District Manager.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

POSITION GUIDE

PART I - POSITION IDENTIFICATION

730

Position Title: Director of Energy Management

Personnel Dept. Review

Department : Member and Public Relations

Incumbent

Approved by:
(Reviewing Supervisor)

Date Adopted: April 18, 1977

PART II - POSITION PURPOSE
(Summary Statement of Principal Objectives of Position)

1. To develop, direct and implement an energy management program, including energy conservation, adequate insulation, and weatherization, and viable alternate energy sources with members, employees, and directors of the cooperative to meet system objectives in conservation and effective use of available energy sources.

2. To provide staff services to the districts, and other system personnel as appropriate, in the area of training and information relating to total energy management, energy conservation and viable alternate sources of energy to assure system program is being implemented and agreed on results achieved.

3. To exercise staff control in all areas of responsibility to assure system needs are met and compliance with approved programs related to energy management obtained.

4. To advise and assist the Department Manager by planning, developing and recommending sound programs, budgets, and developing practices in functional areas assigned to the position and providing reports and information regarding progress and developments so that the department and system objectives are met.

PART III - AUTHORITIES AND RELATIONSHIPS

Reports to: Manager of Member and Public Relations

Supervises: None (Exercises Functional Authority through Staff Role)

Has full and complete authority to carry out the responsibilities delegated to this position; making all decisions necessary within the limits of budgets, policies and system practices. Has functional authority in all areas of delegated responsibility to get action and to implement changes.

Relationships - Internal and External: Shall maintain inter and intra departmental relationships and external relationships necessary to achieving the purpose of this position and agreed upon work results for the section.

PART IV - MAJOR TASKS (Responsibilities and Key Working Relationships) 4-18-77

1. Develop and implement system-wide program of energy management including energy conservation, adequate home insulation, weatherization and effective and efficient use of energy available including alternate energy sources.

2. Develop and carry out an information program with directors and employees that will gain their understanding and commitment to an energy management program for the membership of the cooperative.

3. See that an adequate information program is developed and carried out with the members of the cooperative and the general public that will gain their understanding of why an energy management and conservation program is needed and what they can do to meet their own needs for effective use of energy.

4. Develop and carry out an information and education program with major groups involved in housing, including but not limited to architects, building suppliers, builders and contractors, lending institutions and governmental bodies to assure need for energy management and conservation programs, use of alternate energy sources are understood and methods for conservation, weatherization and securing adequate home insulation are properly utilized.

5. See that employees who will be implementing energy management programs are properly trained and have the necessary information to meet member needs as it relates to energy conservation, use of alternate energy sources, adequate home insulation, weatherization and other areas affecting the use of energy.

6. Maintain necessary resource contacts with schools, colleges, research organizations, building trades, manufacturers, lending institutions, and governmental agencies to assure current information is maintained on the state of the art in all aspects of energy management including conservation, insulation, weatherization, etc., and the applicability of alternate energy sources and see that such information is shared on a timely basis with the employees, members and public.

7. Administer the total energy management program for the cooperative, including conservation, the HELP project, weatherization, use of available alternate energy sources to assure the best possible results for the member-consumers.

8. Develop necessary system practices and procedures in all areas of energy management, making sure they are consistent with system policies. Take necessary action, including communication and training, to assure that these practices are administered and carried out by system personnel to achieve best results for the cooperative.

9. See that all programs administered by the cooperative meet or exceed building code requirements.

10. Establish and maintain the necessary professional contacts to keep up, personally, with progress being made in energy management and to assure exchange of information.

11. Study and research in all areas of responsibility. Make evaluations and implement changes within delegated authority and make recommendations for changes in areas outside delegated authority to assure the best energy management program for the cooperative.

12. Develop annual system goals in energy management program in consultation with district and member relations department personnel.

13. Assist Department Manager in the development of long range (2 - 5 years) goals for the energy management program.

PART IV - MAJOR TASKS (cont'd)

14. See that an adequate program of financing is developed to meet member needs in weatherization and adequately insulating buildings to include the FmHA program, local lending institutions and other sources which will result in the best interest rates for the member.

15. Develop a program of controls and measurements for the personnel in districts who are carrying out the energy management program and the necessary system of inspections and audits to assure follow-thru and effectiveness of programs.

16. See that all programs developed in areas of responsibility are implemented throughout the cooperative.

17. Develop and implement controls and reports to be used in evaluating costs and measuring progress toward meeting responsibilities of the position and attaining stated goals.

18. Provide staff (professional) guidance in all areas assigned to assure personnel carrying out program understand the program and the methods of implementation.

PART V - JOB REQUIREMENTS 4-18-77

Education: Four-year college degree desirable. Emphasis in business management preferred. However, will consider individuals with either a business administration, architectural, engineering, and/or liberal arts educational background. Closely related job experience may substitute for part or all of educational requirements. Specific vocational preparation in home building (construction methods, building codes, insulation materials and methods, etc.) highly desirable.

Knowledge & Skills: Must possess thorough knowledge of residential and commercial energy utilization and conservation principles, residential and commercial construction methods and building codes, insulation materials and insulating techniques, and electric heating and air conditioning equipment.

Knowledge of alternate energy sources desirable for hiring/mandatory for full implementation of position.

Must be an effective speaker and writer (English language) to carry out internal and external, written and oral communications responsibilities with employees, directors, members, building contractors, architects, government institutions, colleges and universities.

Must be able to develop and effectively administer the cooperative's practices and procedures for a home weatherization program, including development and implementation of a financing program.

Must have a demonstrated ability to effectively exercise functional (staff) authority, with requisite interpersonal skills (human relations and motivational techniques, etc.).

Experience: Work experience with an electric utility or regulatory commission desirable, but not mandatory. Must possess demonstrated management expertise - 3-5 years (minimum) experience in staff (functional) project management and/or program planning and supervisory position.

Additional experience as teacher/instructor/job trainer desirable.

Physical Characteristics: No specific physical requirements.

Exempt Status: This position is exempt from the overtime requirements of the Fair Labor Standards Act, as amended - administrative definition.

Non-Discrimination: This position, shall be filled solely on the basis of the individual's qualifications for this position and without discrimination on the basis of race, color, religion, sex, age, national origin, handicap, or veteran's status.

Position Level: This is a middle management position. This position is responsible for the execution and interpretation of policies throughout the organization, in assigned areas of responsibilities, and for the successful operation of certain responsibilities assigned the Energy Conservation Specialist(s), MRD'S, and the District Managers. This position has a high degree of responsibility for individual initiative and judgment, acting under policies and directives of top management. This position has the responsibility for recommending new or revised policies and for establishing objectives and goals for the energy management function for the cooperative. Results will be generally accomplished through the District Energy Conservation Specialist(s), MRD'S and District Managers and others. The staff function of energy management (programs) is assigned this position.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

POSITION GUIDE 115, 215, 315, 415

PART I - POSITION IDENTIFICATION

Position Title: Energy Conservation Specialist Personnel Dept. Review_____

Department: District

Reports to: Member Relations Director Incumbent_____

Approved by:_____ Date Adopted: April 18, 1977
(Reviewing Supervisor)

PART II - PURPOSE OF POSITION
(Summary Statement of Principal Objectives of Position)

1. To carry out those activities which will meet member needs in the areas of energy management, to promote energy conservation, adequate insulation, weatherization and viable alternate energy sources, providing the necessary technical assistance to enable members to make the most effective and efficient use of energy, obtain desired results and reach system and district goals.

2. To see that members are aware of and have available to them adequate financing to provide for adequate home insulation and weatherization.

3. To see that insulation and weatherization work meets established system standards.

4. To provide guidance to members, builders and contractors, insulating firms and other persons affecting the quality of the insulation and weatherization of buildings to assure good work is done.

5. To carry out a continuing education program with employees, members, the public and organizations involved in the building and insulating trades to assure they understand the energy situation and the best methods of energy conservation and use of alternate energy resources.

6. To see that members are informed on a continuing basis about general energy conservation measures and results they can expect when these measures are put to use.

PART III - AUTHORITIES

Within approved policies, practices, work plans, system programs and budgets of the cooperative the Energy Conservation Specialist is held accountable by the Member Relations Director for the following activities and is granted the authority to:

1. Carry out the energy management program for the district, subject to staff guidance and the limitations set forth above.

2. Process loan papers for FmHA loans for district members.

3. Advise and inform members of other financing available for insulating and weatherizing their buildings and interest rates payable under these plans.

4. Advise and inform members, on their premises if necessary, concerning what is needed to properly insulate and weatherize their buildings, giving them guidance as to how the work might be done, how much it should cost, and what they can expect in the way of energy savings and the potential savings in dollars.

PART III - AUTHORITIES (cont'd)

5. Provide information and guidance for general building contractors and insulating firms relating to specifications for the 'HELP' and the weatherization programs approved by the cooperative.

6. Inspect member's building once it is insulated and/or weatherized to assure it meets cooperative's standards.

7. Maintain contact with persons and firms in the housing business or building supply business to assure they have current information on energy conservation methods and materials as well as alternate energy sources.

8. Provide information to employees on a systematic basis to assure that they are fully aware of the energy situation, the need for conservation of energy and are taking measures to conserve energy at home and at work.

9. Provide information to members and the general public relating to the energy situation to assure understanding regarding the shortage of energy and what they can do to help conserve energy and make use of alternate energy sources.

10. Provide technical assistance to farms, homes, businesses and industries relating to methods of energy conservation and uses of alternate sources of energy.

11. Handle member follow-up when high bill inquiry or complaint indicates problem may involve conservation measures.

12. Keep current information on methods of conservation available and be knowledgeable of resource assistance available to Energy Conservation Specialist and to employees, members and organizations in the housing trade regarding new methods, materials, appliances, etc., and share information with these groups.

13. Get energy conservation ideas from employees and members and see that these ideas, where practical, are utilized in the system's energy management program.

14. Keep district employees informed on the system's energy management program and seek feedback from all employees on how well the program is accepted and utilized by the members and what the results with the members are.

15. Provide information, articles and pictures, for the "ALONG (District) LINES" and "EMPLOYEE CHATTER" to assist in promotion of the energy management program.

16. Keep the Member Relations Director informed in all areas relating to the Energy Conservation Specialist's work.

17. Provide background information to system personnel when they are assigned to assist in the district energy management work.

18. See that program is carried out in accordance with staff directives and when problems develop, provide feedback to supervisor and staff director.

19. Do necessary day by day planning and scheduling with supervisor to assure best utilization of time with maximum contacts and benefits to the members.

Education: Should be a high school graduate or equivalent. Post high school formal education very desirable (degree not required). Must have sufficient facility with the English language to be able to effectively communicate orally and in writing with individual members, with groups of members in a group leadership role, and with employees.

Knowledge and Skills: Must be able to deal effectively with the public and present a good member and public relations image to all consumer-members. Must be able to effectively administer the cooperative's energy conservation policies and practices. Must be (or become) thoroughly familiar with the cooperative's energy conservation and home weatherization programs, including residential and commercial building methods, building codes and insulation materials and techniques. Must have sufficient knowledge of financing methods to administer weatherization financing program and execute loan agreements.

Experience: Experience as a customer service representative for an electric or gas utility (or equivalent face-to-face contact with consumers) very desirable.

Physical Characteristics: Must be in good general physical and emotional health. May be physically handicapped, but not in such a manner as to prevent carrying out of job responsibilities. (Inspection function of position requires close examination of attics, basement crawl space,etc., of existing homes and buildings, and new homes and buildings under construction.)

Exempt Status: This position is exempt from the overtime requirements of the Fair Labor Standards Act, as amended - administrative definition. This job will require attending and conducting night meetings on a periodic basis without additional compensation.

Non-Discrimination: This position shall be filled solely on the basis of the individual's qualifications for this position and without discrimination on the basis of race, color, religion, sex, age, national origin, handicap, or veteran's status.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

ENERGY MANAGEMENT
SYSTEM PROGRAM GOALS AND TARGET DATES

May 16, 1977

I. INTERNAL EDUCATION AND TRAINING PROGRAM

1. Key Positions Filled

Positions of Director of Energy Management (DEM) and Energy Conservation Specialists (ECS) filled with qualified personnel by May 20, 1977.

2. Training - Information and Practices

A. First training session held for Director of Energy Management, Member Relations Directors and Energy Conservation Specialists in home weatherization and other conservation areas, in general office of Blue Ridge Electric on June 13, 14, 15. (See attached outline of training program)

B. Follow-up training session to be held three weeks later (see attached outline) with plans developed for continuing systematic update and training for personnel directly involved in the program implementation.

C. Employee-Director information program will be developed by DEM and presented by ECS immediately following completion of training session held June 13-15. It is anticipated that the development of the program should take about three days to one week and the following week the ECS's would present the program to system personnel in a planned employee information session in each department. (Schedule established for follow-up sessions)

D. Employee-Director information will be presented to the July Board of Directors meeting by DEM. July 15 or 16.

E. Simultaneously, with the development of the Employee-Director training programs, the DEM will also be developing basic practices and procedures needed to implement the program. June 20 - 25.

II. PROGRAM FOR INFORMATION AND ASSISTANCE TO MAJOR GROUPS INVOLVED IN HOUSING AND BUILDING CONSTRUCTION

1. Development of Building Industry Information and Contacts Resource File

DEM, working with ECS's, will develop a resource file and contacts within the building industry relating to weatherization program and see that necessary contacts are maintained to achieve positive program results. Basic list developed and contacts made June 16 - 25.

2. Development of approved building contractor lists

A. DEM initiates the development of the lists, providing basic criteria; ECS's do legwork to determine which building contractors should be approved and provide recommendations to DEM. June 16 - 25.

B. Development and refinement of continuing communications and update program with approved building contractors. DEM with input from ECS.

C. Establishment of systematic contacts with all building contractors in area. ECS - June 16 - 25.

3. Building Codes

A. Determine needs of counties served by Blue Ridge Electric for building codes, or update and proceed to develop or revise building codes. DEM will initiate and develop, working with appropriate district personnel.

B. Building codes meeting Federal and State requirements and needs of county presented to local governing bodies for action. DM's, MRD's, DEM.

C. Audits of building construction to assure building code is being met. ECS.

III. MEMBER EDUCATION AND TECHNICAL ADVICE AND ASSISTANCE ON ENERGY MANAGEMENT

1. Publicizing Weatherization Program

A. Advertising of the program available to members will begin three weeks after basic training session has been completed and will be directed first to employees and directors and then to members with electrically heated homes, and then to the general membership.

DEM initiates and coordinates - Begins July 11, 1977. Program will be directed to employees and directors for three months, to members with electrically heated homes. Following this, program will be directed to general membership.

B. A continuing program of a information on the basic energy management, alternate sources of energy, and conservation program will be developed by the DEM in coordination with Director of Communications and implemented.

2. Home Audits

A program of home audits based on guidelines developed by DEM to the member to determine needs and give guidance in the weatherization program will be carried out upon request by ECS. To be begun three weeks plus a day or two following completion of basic training program. It is anticipated that initially 10 audits per person per week will be made picking up to 15 the second week. (DEM may assist initially with the home audits.)

3. Technical advice and assistance

Technical guidance and assistance will be provided directly to the members requesting it by the ECS's beginning with the weatherization program and including, but not limited to, other methods of energy conservation, practical alternate sources of energy and in total energy management. Beginning at the same time as the home audits and continuing as required by the members.

III. FINANCING HOME WEATHERIZATION FOR MEMBERS

1. FmHA Program Administration

A. DEM develop guidelines, based on FmHA'a instructions, for administering the FmHA financing program available to members who qualify and who wish to make use of the funds available for weatherizing their home.

B. ECS will administer program with members, forwarding loans to Director of Management Information System for processing.

C. DEM will maintain continuing contact with FmHA personnel for receiving information and updating financing program.

2. Other Financing Plans

A. DEM assist ECS in becoming aware of financing available to members for Weatherization purposes other than FmHA program and providing such information to members upon request.

B. DEM develop with appropriate system personnel recommendations on financing program for members which may be implemented by Blue Ridge Electric and make recommendation to Department Manager.

C. DEM keep informed on a continuing basis on financing programs available to members and see that ECS are aware of these programs.

IV. RESEARCH AND DEVELOPMENT

1. Alternative Energy Sources

A. DEM will develop program which will enable him to stay aware of the state of the arts in alternative energy sources (such as solar, wind, geothermal, etc.) and systematically provide information to ECS which may be shared with the members and utilized in their technical assistance to members regarding practical application of alternative energy sources.

B. DEM will develop a program of systematically providing general information to directors, employees and members on alternative energy sources and advances being made in the field.

C. ECS will see that information on use of alternative energy sources is shared with members and practical examples given which could relate to the members' needs.

D. ECS will see that general information on alternative energy sources is shared with employees in the district.

2. Total Energy Management and Conservation and Training to update knowledge and skills.

A. DEM will develop a program which will enable system personnel involved in the energy management program implementation to be fully informed on new methods in energy management and conservation, including weatherization and energy saving appliances, as well as users of alternative energy sources.

B. ECS will see that current information on new methods in energy management and alternate sources is provided to district employees.

3. Training

A. DEM will develop necessary training programs, in coordination with appropriate system personnel, to keep personnel involved in implementation of the energy management program and other personnel informed so that best results can be obtained in the energy management program and system goals met.

This abbreviated work plan is to serve to launch the program, provide some check points and move the program into 1978. Goals for the energy management program will be incorporated in the annual work plans for the system, Member Relations Department, and Districts for 1978.

/fs 5/4/77

TRAINING OUTLINE FOR DEM AND ECS's

INITIAL SESSION

1. Home audits.
2. Recommendations following audit.
3. Monetary savings following work actually completed.
4. Timetable on spending priorities.
5. Retrofitting.
6. New construction.
7. Total weatherization inspections (including storm windows, storm doors, etc.)
8. Overall "Energy Specialists Workshop".
9. Arkansas Story.
10. Initial research controls needed.
11. Mobile home audits and recommendations.
12. Contractor contact (including your lists of recommended contractors in our area).
13. Other conservation needs in building (appliances).
14. Member and Public relations.
15. Farmers Home Administration Program and administration.
16. Heating/Cooling units.
17. Costing Guides.
18. Building supplier contact.
19. Employee information.

FOLLOW-UP SESSION

1. Savings and Loans and Banks.
2. Contractor training.
3. New Mobile Home construction and recommendations.
4. Advanced building techniques on conservation.
5. Adaptation of alternative energy systems.
6. Materials supply.
7. "An Example House" in each of our districts.
8. Other financing alternatives.

/fs 5/4/77

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

May 3, 1977

INITIAL LINE UP OF RESPONSIBILITIES OF THE DIRECTOR OF ENERGY MANAGEMENT

1. Formal Training

   a. General building techniques (with emphasis on techniques which can alter efficiencies of structures).
   b. Audit of existing structures to determine weatherization needs of the structure.
   c. Ability to calculate potential savings of the retrofitting of existing homes or the weatherization of new homes.
   d. Inspection of structures to assure adequate insulation and weatherization have been properly conducted.
   e. Maintaining adequate controls for research purposes on weatherized homes.
   f. Total weatherization techniques for existing homes and dollar savings if work is done.
   g. Retrofitting existing mobile homes and availability of energy efficient mobile homes.
   h. An ability to communicate with those involved in the building industry the purposes and program details of our conservation thrust.
   i. Development of guidelines on pricing in the North Carolina/South Carolina area for retrofitting existing homes or weatherization of new homes.
   j. Availability of materials and listing of qualified contractors.
   k. Meeting and dealing with the members and public.
   l. Farmers Home Administration forms administration.
   m. Weatherstripping and storm windows and doors.
   n. All other communications and techniques (appliances, etc.).
   o. Heating, cooling units.
   p. Familiarity with Blue Ridge practices and policies.

2. Building Industry Information and Contacts (with Energy Conservation Specialist).

3. Building Contractor Lists (approved contractors).

4. Employee Information Program - Develop.

5. Development of Practices and Procedures.

6. Advertising - Development and Coordination.

7. Financing - Farmers Home Administration.

8. Home Audits (with Energy Conservation Specialists).

9. Alternative Energy Sources:
   a. State of the Arts
   b. Practical application of
   c. Information to employees, directors, and members (development of)

10. Alternative Financing Plans (Development of)

11. Building Codes Developed for government systems.

ENERGY CONSERVATION SPECIALIST - INITIAL LINE UP OF RESPONSIBILITIES

1. Training

   a. General building techniques (with emphasis on techniques which can alter efficiencies of structures).
   b. Audit of existing structures to determine weatherization needs of the structure.
   c. Ability to calculate potential savings of the retrofitting of existing homes or the weatherization of new homes.
   d. Inspection of structures to assure adequate insulation and weatherization have been properly conducted.
   e. Maintaining adequate controls for research purposes on weatherized homes.
   f. Total weatherization techniques for existing homes and dollar savings if work is done.
   g. Retrofitting existing mobile homes and availability of energy efficient mobile homes.
   h. An ability to communicate with those involved in the building industry the purposes and program details of our conservation thrust.
   i. Development of guidelines on pricing in the North Carolina/South Carolina area for retrofitting exisitng homes or weatherization of new homes.
   j. Availability of materials and listing of qualified contractors.
   k. Meeting and dealing with the members and public.
   l. Farmes Home Administration forms administration.
   m. Weatherstripping and storm windows and doors.
   n. All other communications and techniques (appliances, etc.).
   o. Heating, cooling units.
   p. Familiarity with Blue Ridge practices and policies.

2. Building industry information and contacts (with the Director of Energy Management).

3. Builder-Contractor List (approved contractors).

4. Employee Information Program (implement).

5. Input to practices and procedures.

6. Advertising (implementation of).

7. Home Audits (with Director of Energy Mangement).

8. Financing (Farmers Home Administration).

9. Information to Employees - Members (implementation of).

10. Information on alternative energy sources (implementation of - communication with members and employees).

11. Alternative financing plans (implementation of).

12. Building codes to government bodies (with Member Relations Directors - Director of Energy Management - District Managers).

13. Building contractor audits (implementation of).

STATEMENT OF

SOUTH DAKOTA RURAL ELECTRIC ASSOCIATION

TO COMMENT ON

DRAFT

OF

ENERGY CONSERVATION POLICY PLAN

FOR THE

STATE OF SOUTH DAKOTA

April 1, 1977

STATEMENT OF SOUTH DAKOTA RURAL ELECTRIC ASSOCIATION TO COMMENT ON DRAFT OF ENERGY CONSERVATION POLICY PLAN FOR THE STATE OF SOUTH DAKOTA

Introduction

The SDREA is a voluntary association representing 33 rural electric distribuition cooperatives and two generation & transmission cooperatives in South Dakota. These cooperatives serve nearly 95,000 member-owners with central station electric service. These consumers, primarily farmers and ranchers, consume nearly 1.5 billion kilowatt-hours of electricity annually.

These rural electric systems are locally owned and controlled by the consumers they serve and the policies and plans which dictate the actions of these systems are determined to a major extent locally and individually. SDREA serves as a spokesman for these systems on legislative matters and other matters of mutual concern.

The determination of a statewide energy policy is of major concern to rural electric members and requires that the point of view of rural electric member cooperatives be considered in the process of determining a statewide energy policy.

It is through this statement that we wish to represent what we feel to be the point of view of the vast majority of our member consumers.

We wish to compliment the South Dakota Office of Energy policy and the committee members representing all segments of the State's economy and energy users for the excellent job that they did in assembling the draft of the energy conservation policy plan.

We appreciate very much the opportunity to comment on the proposed Energy Policy Plan for South Dakota.

COMMENTS

The following comments are presented with a twofold purpose in mind--first, to recite our point of view regarding the policy statement and, second, to present constructive comments on how we feel the policy statement could be improved

In certain policy areas our comments will be brief and general in nature; in others where we have a specific and strong point of view, our comments will be much more expansive.

ENERGY CONSERVATION POLICIES

(The proposed policy statements are underlined and our comments follow each policy statement.)

Essential Energy Requirements

It is the policy of this state to assure its citizens access to a basic amount of energy necessary to the citizens' social and economic well being.

Rural electric cooperatives fully subscribe to this policy statement--we believe it to be well written and that it should be the number one policy statement. We also feel that the last sentence of the annotated comments could be improved if it were changed to read ".....full implementation of appropriate conservation measures".

The point of view of rural electric cooperatives in this regard can be stated as follows:

> We believe that the individual's right to choose his own value system, priorities, life style and standard of living should be preserved to the extent that it is not immoral or illegal as measured by laws, rules and regulations of authorities having jurisdiction within our system, and
>
> We believe solid reliable data relative to energy resources is an important first step in policy development.

Reduction in the Rate of Energy Growth

The annual growth in total energy usage in the state should be consistent with the basic economic and social needs of its citizens. However, South Dakota citizens must recognize the existence of limits to the energy growth and consumption as it has been traditionally perceived. The state, recognizing these limits, establishes a policy, the goal of reducing South Dakota per capita growth in consumption of widely used types of energy to one-half percent (.5%) by 1980 and to zero percent (0%) per capita energy growth within the next decade.

While we have no quarrel with the commendable goals recited in this policy statement and while we agree with the practicality of many of the conservation measures contained in the report, we have some difficulty in determining the social & economic impact from a per capita growth rate of .5% and a 0% in energy consumption in South Dakota.

According to our review of the data presented, net energy consumed in South Dakota in 1974 was distributed as follows:

Agriculture	22%
Commercial & Industrial	15%
Transportation (incl. agricultural transportation)	41%
Residential	22%
	100%

Based on estimated energy requirements in South Dakota in 1980 of 189.1 trillion BTU's and Gov. Kneip's commitment to seek a reduction of this figure by 5% or 9.5 trillion BTU's, we feel we need answers to the following questions:

1. Is the 5% reduction in energy requirements expected to apply equally to the four sectors of our economy?

2. Does the growth rate in energy requirements vary from sector to sector?

3. To what extent will certain energy requirements in 1980 be met by forms of energy other than they are today?

4. What portion of the 5% reduction is expected to result from the implementation of mandatory conservation measures and what portion through voluntary conservation measures?

5. What growth rates in terms of population, agricultural output, commercial and industrial products & services and transportation demands have been used in coming to these conclusions?

South Dakota's rural electric systems have been promoting the "wise, beneficial and efficient use of electricity" their consumers for years. Our only purpose for existence is to provide our member consumers with a vitally needed energy source.

Our point of view can be stated as follows:

> We believe that energy consumption is a necessary part of living and that energy usage for production of food and fiber, industrial output, transportation and other services is important in maintaining the standard of living which most people seek for themselves and for others.
>
> We further believe that there should be a continuing and ongoing effort to more efficiently apply energy to these processes and that there must exist a balance between the need for supplying energy and the effects upon those who are adversely affected by the process.

We further believe that our natural resources are here to be used and that responsible stewardship dictates that they be used conservatively and wisely for the benefit of the greatest number of people and that, just as technologies have evolved and changed in the past, that they will continue to change in the future and that energy sources not considered feasible and practical today may very well be the major sources of energy for the future.

We also believe that solar, windpower, geo-thermal and other less developed energy resources can make a contribution to our total energy needs but that they must be viewed in perspective as to whether or not they are currently available as significant energy resource alternatives.

Conservation as a Source of Energy

Conservation of energy resources is as critical to South Dakota's well being as is the continued development and use of traditional energy resources. Conservation can be achieved through the elimination of wasteful uses and practices, increasing the efficiency with which energy is used, and reducing use through substitution of other activities or materials. The state believes that significant energy conservation is possible with little impact upon our standard of living since current patterns and types of energy use were established when supplies were perceived as cheap and plentiful.

We fully subscribe to the intent of this policy statement. We feel that all energy suppliers, including electric utilities, can and should do more to promote and encourage energy conservation. The pie chart on page 5 of Section VI of the report dealing with the Residential Sector shows that 75% of the energy consumption of the residential sectors is used for heating. Programs designed to make possible improved insulation and weatherization of homes can significantly affect energy use. Residential energy use is stated to be approximately 20% of our state's total energy consumption. With heating representing 75% of this and if a 15% energy savings could be achieved by full insulation and weatherization, then this program could affect total energy requirements by over 2%. To be more realistic, perhaps, if one-half of the homes in the state achieved full insulation and weatherization by 1980, this program alone could achieve a 1% reduction in energy demand, or 20% of the stated goal.

Rural electric cooperatives have available today a federal program designed to help many of our consumers finance full insulation and weatherization of their homes and buildings. There are or will be other programs available to rural electrics to accomplish the same results.

In addition, other utilities, both gas and electric, already have such programs underway. An intensive effort, strongly supported by state government, seems clearly in order here.

The rural electric point of view on this can be stated as follows:

> We believe that consideration of the most feasible and desirable source of energy should consider both the efficiency associated with the conversion and distribution of the basic resource and the efficiency and desirability of the form of energy for its ultimate end use.
>
> We further believe that energy suppliers have a responsibility to provide information on the efficient and productive use of energy to all their consumers and that they should have available assistance programs for those who request it.
>
> We also believe that insulation standards for buildings, both public and private, should be adopted for residential, commercial and industrial buildings and both mandatory and voluntary measures should be implemented so that the improved insulation standards will be met.

Economics of Energy Conservation

The state should continue to recognize, the financial necessity for investing in energy conservation. For energy conservation to be fully implemented it will require consideration equal to that given the investment in new energy development. Energy conservation efforts can utilize labor intensive methods which support individual economic development.

The key to this policy statement seems to reside in the second sentence. Both energy suppliers and energy users need to recognize this if a concentrated statewide effort is to become a reality.

Regarding the third sentence of this policy statement, we are not sure we understand its implications. Perhaps some specific examples would clarify this for us.

Our position on this is as follows:

> We believe that economies associated with energy usage will and should be a factor as decisions are made and actions are taken.
>
> We further believe that energy policies should be made only after there had been an identification and an evaluation of the trade-offs involved.

Energy for Residential Use

The State should use its powers and resources to ensure the continued availability of basic amounts of energy for current and future residential needs; while recognizing the large potential for energy conservation in this sector and the financial limitations of individual residential energy consumers.

As stated earlier, we fully agree that a great potential for energy conservation is in the residential sector. We do have some concern over the influence that might be taken from the annotated comments on this section regarding programs and actions directed "especially to those residences occupied by the elderly, handicapped and low-income persons". While we subscribe completely to the proposition that no elderly, handicapped or low-income person should be denied the opportunity to participate fully in residential conservation programs and activities, we feel that such programs designed to achieve maximum conservation in the residential sector should be applied to all residential consumers of energy.

This raises a question regarding conservation programs for people occupying residences. Will "home improvements" such as full insulation and weatherization increase home valuations and individual tax bills in the process?

Our point of view on this is as follows:

> We believe that the appliances and equipment which transform energy into its end use form at the point of use should reflect a high rate of efficiency based on the best technology available within the realm of practical economics.
>
> We believe that financial assistance programs to eligible persons should recognize the growing importance of energy costs in the total budget of all our citizens, and that mandating changes in the structure of gas and electric rates which are not based on costs should be avoided.

Energy for Agriculture, Commerce & Industry

Continued availability of adequate supplies of energy to agriculture, business and industry is essential in order to maintain a diverse and stable economic base. The state should use its power and resources to assure such availability, recognizing the large potential for energy conservation by these sectors.

We fully subscribe to this policy statement recognizing at the same time that the section in the draft report which deals with the Agricultural Sector may be commented on by some of our rural members.

The rural electric point of view on this is as follows:

> We believe that individual rural electric systems should engage in programs and activities which relate to energy uses where electricity has possible application and that other energy issues should not be reflected in those action programs.

We believe that the national objectives of reducing unemployment, improving the standard of living and increasing the output of agriculture, industry and commerce are worthwile objectives and that energy policies which are contrary to the achievement of these objectives should be avoided wherever possible.

State Actions

The state has initiated some actions and programs that are designed to reduce energy consumption by public agencies through conservation practices that maintain the required level of public services and meet program objectives. Continued efforts will be made to set examples in the energy conservation area.

We commend the implications of the conservation measures reflected in this policy statement that would be undertaken by the State of South Dakota. This type of leadership can do much to foster similar actions by other segments of the state's economy.

Our point of view on this is as follows:

We believe that public policy of governmental intervention should be such that it encourages, rather than discourages, the search for and the development of both renewable and nonrenewable energy sources.

We further believe that there is no simple solution to choosing sources of energy and distribution methods to best fit public policies.

We further believe that load management programs as reflected through pricing formulas and electrical or mechanical control devices should be utilized only where there is a high probability, based upon authoritative experience, of the benefits exceeding the costs.

We also believe that rates should equitably distribute the actual costs of providing service among the various classifications of use and at the different levels of consumption without unwarranted restriction as to the time of use.

Local Actions

Local governments should be encouraged to utilize public programs and regulatory capabilities that encourage energy conservation in all sectors. The state should provide technical assistance and services to the extent feasible in order to meet these objectives.

This statement recognizes the need for a coordinated effort between state and local government and the private sector. We have no further comment--only commendation for the recognition of this important factor.

Public Agencies

Public agencies should be encouraged to adopt conservation measures that will significantly reduce energy consumption while providing a demonstration of existing or innovative energy conservation methods.

Here again we fully subscribe to the policy and recognize the potential for energy conservation in this area.

Energy Production & Distribution Systems

The efficiency of energy production and distribution systems have a tremendous economic impact upon citizens. It is recommended where feasible, that commercial, industrial and residential sectors reuse and recycle current "waste" materials, and implement other effective local energy production and distribution measures. In addition, the state should encourage energy suppliers to continue conservation efforts not only through efficient energy production and distribution systems but also by providing to their customers conservation education and conservation program measures.

Rural electric cooperatives represent a segment of the Energy Production and Distribution Systems and, as such, we fully recognize our responsibility for contributing to the most efficient and effective use of available energy resources.

An important part of that responsibility is that we fairly represent electricity as an energy source for our consumers. Even after all reasonable conservation measures have been implemented there will remain a net energy requirement of the various sectors of our state. How best these net energy requirements should be met will involve difficult and complex considerations. Some of these considerations involve the availability of a basic required resource, other considerations are economic and still others are political. While these decisions will be difficult and complex, the process can be made considerably easier if we can be guided by a state and national energy policy that we can understand and subscribe to.

We will comment more specifically on the section of the report (Section III) which deals with energy suppliers but, to provide a basis for our comments and for your policy consideration, we offer the following as our point of view:

> We believe that in this region of the nation where the base-loaded, coal-fired, electrical generation is integrated with the hydro-electric resources of the Missouri River that consideration should be given to applying electricity to meeting the stationary energy needs wherever possible so as to relieve the demnd on oil and LP gas so that it might be available for mobile uses.

We also believe that strip mining, power plant siting, construction and operation can all be accomplished without lasting significant, adverse impact, and the costs associated with this kind of planning and this method of energy production are a logical part of the cost of supplying the energy so produced.

We further believe that rural electric cooperative members are entitled to the assurance that their cooperative has made adequate and sufficient plans for meeting their necessary electric power requirements for the future and that these supplies will be made available at costs which reflect the optimum in planning and operation of the integrated supply system.

We further believe that energy suppliers should support research and development projects which seek to improve the efficiency and effectiveness of energy use and also should contribute to the development of alternative energy sources.

COMMENTS

SECTION III - ENERGY SUPPLIERS

The following comments are presented for the purpose of securing clarification and for offering the rural electric cooperative point of view on this particular section of the report.

Energy Conservation and Electric Power Generation

Rural electric systems recognize the need that our basic energy resources be converted to useable energy forms in the most efficient manner possible. The determination of which type of energy resource could and should be converted for a particular end use need would be greatly simplified were it not for the fact that some energy resources; namely, fossil fuels such as coal, oil and natural gas, are in diminishing and limited supply; therefore, the determination of which basic energy resources should be converted is affected directly by its abundance and availability. Cost of course is an additional factor.

We feel that both the quantities and costs of traditional sources of energy, particularly for fixed end use applications, make it quite obvious that the best and most efficient energy conversion in South Dakota and this region for the future will be to convert a portion of our vast coal resources into electric power and energy.

We are concerned that some who read this report might question our conclusion in light of the statement that "this electricity is generated through the expenditure of 70 trillion BTU's in other energy resources--a conversion efficiency of 18%". This statement is elsewhere expanded upon to explain that the 18% efficiency figure includes transmission losses, hydro power inefficiencies and inefficiencies due to under utilization of off peak capacity. An additional, somewhat misleading statement says "in order to meet peak load demands, generation facilities are constructed with nearly 50% excess capacity and operate with load factors of 40 to 53%". This somewhat questionable statement is further expanded upon with the conclusion "this not only wastes energy through inefficient management, but artificially increases the cost of electricity as well".

We feel it is important that additional information regarding the so-called "efficiencies of electric power generating" be expanded upon to more accurately describe the situation as it exists in South Dakota and in this region. We feel that rural electric cooperatives through their joint ownership of generating plants located adjacent to the vast lignite coal fields in North Dakota have been designed to be operated on a "base load" basis. Base load means that these plants run at full load around the clock, year round, with the exception of the periods when they are shut down for scheduled maintenance. In the case of the two plants operated by Basin Electric Power Cooperative in North Dakota, representing in excess of 650 megawatts, these plants have a historical record of being available for base loading at between 85 and 90% of the time.

We feel it should also be mentioned that this base load operating mode is made possible only through the integration of the operation of these plants with the Missouri River hydro electric facilities. The existence of such coal-fired, base load plants not only saves water on the Missouri River but, in addition, "creates" additional firm power to be used within the region.

The table of Existing and Projected Electrical Capacity in Region VIII shown on Page III-29 indicates that there is an additional 1000 megawatts of hydro electric power projected in South Dakota. We assume this refers to the proposed "hydro peaking" capability that has been under study for the past few years. While we subscribe to the fact that energy conservation is less expensive than additional energy production, we feel strongly that the low-cost, non-resource consuming nature of this potential hydro electric development should have the full support of everyone in South Dakota that is interested in meeting our future energy needs. It is also interesting to note that 86% of the projected 30,400 megawatts of additional generation to be added in the region will be using coal as an energy resource.

We subscribe to the practice of locating needed additional electric generating facilities as close as possible to the energy resource and then to distribute the electric power via transmission lines and interconnected power pools. We are most concerned that siting legislation and similar legislative proposals do not make it impossible for the construction of needed generating plants and transmission lines in a manner consistent with our previously stated point of view.

Load Management

Rural electric systems feel that every possible opportunity should be pursued to keep all peak demands for electric power at a minimum. We also believe that certain types of loads lend themselves to interruptability. For example, an electric appliance such as a water heater could be mechanically taken off the line during certain peak periods. Also, service to irrigation consumers could be interrupted during certain peak periods of the day or the month. These practices are already in effect and practiced by some utilities.

The report states "the most feasible method for accomplishing load management is through electric rate structures which provide incentives to the consumer for using electricity during off peak hours". We would suggest that recent experience of utilities, both in the U. S. and abroad, raise serious question about the validity of this conclusion. Measurements of the price elasticity of electric power; that is, the actions of consumers to change their electric use patterns based on the price charged for the electricity, have not shown that electricity sales to residential and other small use type consumers is, in fact, price elastic. In fact, certain "time of day" and "time of year" pricing schemes that have been carefully monitored fail to indicate any definable load pattern change resulting from price inducement.

The so-called "Green Tariff" introduced over 10 years ago by Electricite de France, the French National Power Authority, contained ingredients of time of day, season of the year and peak load differentiated electric rates. In fact, this particular

tariff is quoted in the report. The motivation for the introduction of the Green Tariff was to favorably influence electric use patterns in a manner suggested in the report. The unfortunate result of this experiment was that consumers have created new additional electric peaks just before and just after the peak periods recited in the Green Tariff. The French Utility decided, in 1973, to abolish their peak load rate for residential and other low voltage customers. Mr. Lorgeou of the French Utility stated "there is hardly any price elasticity because electricity is generally only 1% of the annual family or business budget." (Hans E. Nissel, Public Utilities Fortnightly, March 17, 1977.)

It is also interesting to note that the French Utility has returned to declining block rates with a fixed charge covering customer costs. This brings us to the comments in the report regarding various alternatives in terms of rate design and pricing of electricity.

The action of the South Dakota Legislature in 1976 (SDCL 49-34A-8.1) quoted in the report which, in effect, instructs the South Dakota Public Utilities Commission to "develop a policy alleviating the financial burden to electric and gas consumers of the declining block rate structure and other pricing structure presently used by electric and gas utilities in the state of South Dakota", is, in light of available data and actual experience, a highly questionable mandate to the PUC and the electric and gas utilities of the state. Numerous experiments for the implementation of time of day electric rates and of the application of marginal costing techniques are underway around the country. Marginal costing can be defined as the additional costs incurred by increasing output by one unit. This approach is being utilized in place of the traditional average historical cost approach for determining utility cost and revenue requirements. The application of the marginal cost approach also presents problems of either excess revenues or insufficient revenues for the utility because of the arbitrary adjustments in costs that need to be made to permit the utility to stay within the revenue constraints established by the regulatory body.

To summarize the rural electric position and concern regarding the subject of load management and electric rate design, we feel that because we are consumer-owned electric utilities, we have an obligation to price our commodity, electricity, as close to cost as possible and to equitably distribute these costs to all classes of consumers served. While we are carefully monitoring new experimental and innovative approaches to load management and to rate design, we feel that any major changes in the traditional approach of using average historical costs and declining block rates, which quite closely track these costs, should be undertaken only after careful and thorough investigation. We would also suggest that the S. Dak. PUC carefully evaluate their mandate as expressed in SDCL 49-34A-8.1.

Facility Siting

We recognize that the siting of generation and transmission facilities is a geographic, environmental, economic and political matter. Assuming that reasonable & necessary

conservation measures have been implemented and they are successful, then predictions still call for substantial additional electric power generation facilities. We would be happy to have the rural electric cooperatives' record in both North Dakota and Wyoming reviewed by those who would object to the construction of our generating plants and our transmission line construction. Land restoration programs near our North Dakota generating facilities where lignite coal has been strip mined serve as an example of how the adverse environmental impact of strip mining can be kept to an absolute minimum. The leadership demonstrated by our representatives at the Missouri Basin Power Project in Wyoming in working with state agencies and local groups to anticipate the impact of this plant's construction on the area and the people in the area is an example we are most proud of.

In any event, facility siting questions are not clear cut and involve trade-offs between environmental impact and the needs of the people. Our basic position is that all reasonable factors be considered and various trade-offs be evaluated before ultimate siting decisions are reached.

Energy Audits

We fully subscribe to the idea of energy audits. Programs are already under way at several rural electric cooperatives in South Dakota to work with the individual consumer in determining ways of reducing his electrical consumption. One new load that is fast growing in South Dakota is irrigation and representatives of our rural electric systems are working with irrigators to make individual efficiency studies of irrigation installations.

Weatherization Incentives

We have discussed earlier in our comments our commitment to participation in a weatherization program. Because the vast majority of our consumers are farm and residential, we feel that an opportunity for major energy conservation exists in the full insulation and weatherization program. We will encourage widespread participation by rural electric cooperatives in this program.

Energy Utilities Conservation Plans

Many of our rural electric cooperatives have already undertaken educational programs through articles in their local publication and through meetings with their consumers in an attempt to get consumers conservation oriented. We pledge our full cooperation with any statewide or federal programs designed to better inform our consumers of energy conservation opportunities.

Remote Sensing

While we have no information of any specific undertaking by a rural electric cooperative to utilize infrared photography and other techniques for determining insulation and weatherization needs, we are aware of efforts successfully undertaken by other utilities such as Cengas in Sioux Falls. We are most interested and we pledge to pursue the possibility of rural electric cooperative participation in

either aerial or ground thermoscans that could be utilized in the rural area.

CONCLUSION

As we stated at the outset, the South Dakota rural electric cooperatives appreciate this opportunity to comment on the proposed Energy Conservation Policy Plan for the state of South Dakota. We feel that we all must do everything possible to make the best and most efficient use of our available resources. We hope that those responsible for the ultimate determination of the state's energy policy will consider our comments, our questions, and our suggestions in the constructive manner in which we attempted to present them. We also wish to express here our interest in and commitment to participating in federal and state energy conservation programs that are developed as the result of implementing the South Dakota Energy Policy Plan.

#

INTERNATIONAL PROGRAMS - INFLUENCE ON MANAGEMENT PERSPECTIVE

Virgil Herriott, Manager
Sioux Valley Empire Electric, Colman, S. D.

Jack Hicks, Manager
Linn County RECA, Marion, Ia.

Comments touched on -

Benefits in serving on an international survey team.
Opportunity to travel in foreign countries.
Meeting new people and making new friends.
Being a part of and observing other organizations in action.
Having an opportunity of trying to help people in another land.

Herriott commented on -

Value of temporary isolation from your normal environment to give you an opportunity to do some objective thinking about your home organization.

TRAVEL Herriott reviewed his assignment in southeast Asia and stated that seeing such dense population and subsistence living on such a large scale made quite an impact on him.

NEW FRIENDS Herriott served with a working team including George Cornog, team leader, Charlie Ham and Don Cooper.

New friends were made. Mention was made of the USAID mission personnel and their interest, support, friendliness and concern - that they wanted to learn more about rural electrification.

People in foreign governments were friendly, helpful and curious, and sometimes there was a bit of a language problem.

OBSERVE OTHER ORGAN-IZATIONS Observed way NRECA/IPD handles international program.
Observed USAID personnel. They are bureaucrats but admire them for their tenacity. AID director in Indonesia good example. In Philippines found people in government putting great emphasis on cooperatives and the involvement of local people in the development of the cooperatives.
In Indonesia the state owned power authority and department of cooperatives struggling to determine which group will have the responsibility for Rural Electrification there.
Cooperatives certainly aren't the same the world over.

MISSION Team mission was to study the feasibility of rural electrification program for Indonesia and if feasible, how program might be implemented.

OPINION Noted that engineers in Indonesia which were educated in the U. S. were very proud of construction with steel poles, double crossarms, etc. much heavier than needed. Wonder if we may not have educated them as engineers, but did not help them to relate to the needs of their country.

QUESTIONS

Can we transport ideas used in the United States in Rural Electrification?
(1) Commitment by U. S. government to rural electrification.
(2) Must be an agency within central government with resources to carry out rural electrification.
(3) U. S. had standard design specifications and engineering standards to assure uniformity in rural electric construction.
How do you introduce rural electrification ideas from USA to Indonesia?

WHY RE IN INDON-ESIA

Was curious as to why people in Indonesia wanted rural electrification. Reasons were (1) Concern over birthrate - with rural electrification birthrate will decline. Rural electrifications will be a means to reduce the birthrate. (2) Desire of government to do something for rural people so they won't rise up in revolt.

TIME FOR THINK-ING

While in southeast Asia had time for evaluation and thought. Thought about what I wanted to do in later years. There was no television, no radio and ten days for a letter to come from USA. Isolation was good for me, because I wasn't bothered by things happening in the United States and at Sioux Valley Electric Co-op.

COMPARE LIFE

Indonesians living way Indians were living in USA 200 years ago. To really absorb the way of life there you would need about three months--we were gone four months. I looked closely at the way southeast Asians live and it made an impact on me.

Urge each person to take advantage of the opportunity to be a part of an international team if possible; it will make an impact on you too.

Hicks commented on -

His assignment as part of an international team to Papua, New Guinea and the island of Bougainville in the Solomons.

The use of solar collectors for water heading which are being used on New Guinea.

The possible use of a micro hydro plan for rural electrification on some of the islands.

His experiences closely paralleled Herriott's in terms of his personal reaction and evaluation.

Exciting experience - urged each person to participate in the program if the opportunity presents itself.

MANAGEMENT PHILOSOPHY AND PRACTICES

"PLANNING"

L. P. "Bill" Beverage, General Manager
Four County EMC, Burgaw, N. C.

Gave basic history of cooperative.

Discussed operating cost statistics and pointed out that Four County EMC had to make every dollar count. Stated that cooperative has excellent staff.

Established planning policy in January, 1958.

Reviewed policy and guidelines. See attached exhibits.

Have 110 different classifications of consumers so that billing statistics can be broken out in many different categories, and mailings made to different groups.

Now reviewing and updating viewpoints in the areas of equal opportunity and full service to members.

Staff meets jointly with the Board of Directors in developing system objectives.

Objectives are carried down to the last level in the organization to determine what the real situation is.

Emphasized methods used in development of ideas, analyzing ideas, coming up with solutions.

Stressed need for openness and no judgemental action during development of ideas.

Use buses to transport members to annual meeting and provide lunch; directors sell tickets for this and arrange to get members aboard buses, etc.

Staff department managers are responsible for capturing ideas which are not used currently for future use.

Staff uses reference idea file in annual work planning.

Use programmed work planning for major work projects.

QUESTIONS

Q: How do you evaluate on-going projects?
A: Results reviewed with general staff. Must be realistic in establishing goals. Set realistic goals. Employees will build on them.

Q: How are minority directors put on the board?
A: Board was enlarged by two, to eleven members, minority directors will be moved into regular seats on board as attrition occurs.

Q: How much does annual meeting transportation and lunch ticket cost?
A: $1.00 ticket includes bus trip and meal.

Q: Will members approve plan which cooperative has for donations?
A: Yes, I believe they will. We must get back in community service.

Four County Electric Membership Corporation

GUIDE FOR PLANNING

I. Establishment of ideals, beliefs, etc. by Board of Directors.

II. Incorporation of these ideals into the general objectives of the cooperative.

III. Researching pertinent data to acquire insight into situations, possible and alternate solutions, anticipated results and resource requirements.

IV. Forecasting to predict results of possible courses of action.

V. Development of long-range plan.

A. Defining the objective or purpose of the plan.

B. Outlining the situation or problem.

C. Recommending solutions or possible courses of action.

D. Describing the activities required for completion.

E. Determining total resource requirements.

F. Specifying deadlines and program schedule.

G. Identifying goals (which also serve as measurement of progress).

VI. Development of Short-Range or Work Plan.

A. Specifying program objectives or purposes.

B. Defining the situation or problem.

C. Recommending possible and alternate solutions.

D. Forming action outline.

E. Prescribing resource requirements.

F. Stipulating sequence and time schedule.

G. Identifying goals.

H. Setting progress evaluation standards.

VII. Review of current policies and update or redetermination if necessary.

VIII. Establishment of standard procedures to handle predominant problems with predetermined decisions or rules for decision making.

IX. Determination of time schedule for plan and coordination with all departments involved to assure that it is incorporated into their work schedules.

X. Resource determination of plan requirements so as to incorporate budgetary demands into cooperative budget and assure that adequate funds are available.

Four County Electric Membership Corporation

LONG RANGE PLANNING GUIDE

PURPOSES OF SHORT AND LONG RANGE PLANNING

1. To establish uniform objectives to clarify the values Four County hopes to achieve in the immediate future and its priorities.

2. To define each employee's role so as to better coordinate the total group activity and eliminate duplication, discrepancy, discontinuity or omission of duties.

3. To establish a basis of control so that work plan progress and standards are available against which to check results.

PURPOSE OF MANUAL

1. To provide the staff with a convenient reference source of various planning tools used by Four County Electric.

2. To promote uniformity and consistency in the planning function.

3. To define planning terms.

4. Provide a guide to the "Thinking Up and Doing" process.

GENERAL POLICY NO. 220

SUBJECT: PLANNING

EFFECTIVE: January 1, 1958

OBJECTIVE:

To provide a means of guiding the functions of the Cooperative toward attainment of the over-all General Objectives; to assist in achieving the Objectives in balance one with another; to provide a basis for making day to day decisions which may have a long-term effect on the success of the Cooperative.

POLICY:

All major functions including, but not limited to Management Personnel Relations, Power Use/Marketing, Finance, Plant, Public and Member Services shall be executed under a short and/or long term plan.

These plans shall be developed to give the maximum degree of permanency, yet they shall be flexible to the extent necessary to bring them in line with current conditions and needs.

Plans shall state specific objectives and goals, the ways and means we expect to accomplish these objectives, how much and when we expect to accomplish them, provide for means to measure our progress toward their attainment.

Plans shall be formulated for specific time periods, current, one year; short-range, two and five years; and long-range, ten years and periods beyond for plant investments.

DATE: November 26, 1971

Four County Electric Membership Corporation

LONG RANGE PLANNING GUIDE

DEFINITION OF PLANNING TOOLS

Planning is the determination of a course of action to achieve a desired result. It is, at the same time, the envisaged, the line of action to be followed, the stages to go through, and the methods to be used.

Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

The major planning tools used by Four County Electric are as follows:

A. OBJECTIVES - are thoughtfully considered statements of the end in view. They are the raison d'etre, "the be-all and the end-all".

   Statements of objectives are used to unify our minds and sights and focus on the end in view. They give purpose and meaning to ideals, plans, programs, policies, procedures and decisions.

B. RESEARCH - is the systematic study, review, and compilation of facts available from within and outside the organization, to be used to bring into clear focus factors affecting or that may affect the situation.

C. FORECASTING - is a systematic probe of the future by inference from known facts. At the present time, we make forecasts in these areas: number of member-consumers, KWH use, finance and electric system improvements. Forecasts are usually made as a prelude to policy formulation, the think-up action program and the establishment of goals.

D. LONG RANGE PLAN - is the total look phase of over-all management. It is the predetermined course of action for the long term future covering all of the major elements of the cooperative. It is the guiding star on which work programs and day to day decisions are based. It is the preview of things to come, the prognostication and estimation of the future. It is the tool used to give us perspective and guidance to keep moving on a deliberately selected course.

E. WORK PROGRAM - is a sequence of activities designed to implement a particular phase of the long range plan, implement policy, and change the present mode of operation.

F. POLICY - is a continuing decision to cover repetitive or recurring situations without having to consult up, yet assures decisions are consistent with established principles and move toward achieving objectives.

G. PROCEDURES - are a prescribed method that assigns responsibility for getting action through coordinated effort.

H. SCHEDULES - is the process of time sequencing to coordinate and balance the work to be done.

I. BUDGET - is an appraisal of expected use of time, units, money and material which may be compared against anticipated available time and income.

Four County Electric Membership Corporation

LONG-RANGE PLANNING GUIDE

NORMAL PLANNING SEQUENTIAL STEPS

STATEMENT OF IDEALS - BELIEFS

GENERAL OBJECTIVES

RESEARCH

FORECAST

Long-Range Plan	Work Plan (Short-Range)
1. Objective	1. Program Objectives
2. Define Situation (Problem)	2. Define Situation (Problem)
3. Possible Solutions	3. Possible Solutions
4. Activity Outline	4. Action Outline
5. Resources Required	5. Resources Required
6. Deadlines	6. Sequence and Time Schedule
7. Goals	7. Goals
	8. Progress Evaluation Standards

POLICY

PROCEDURES

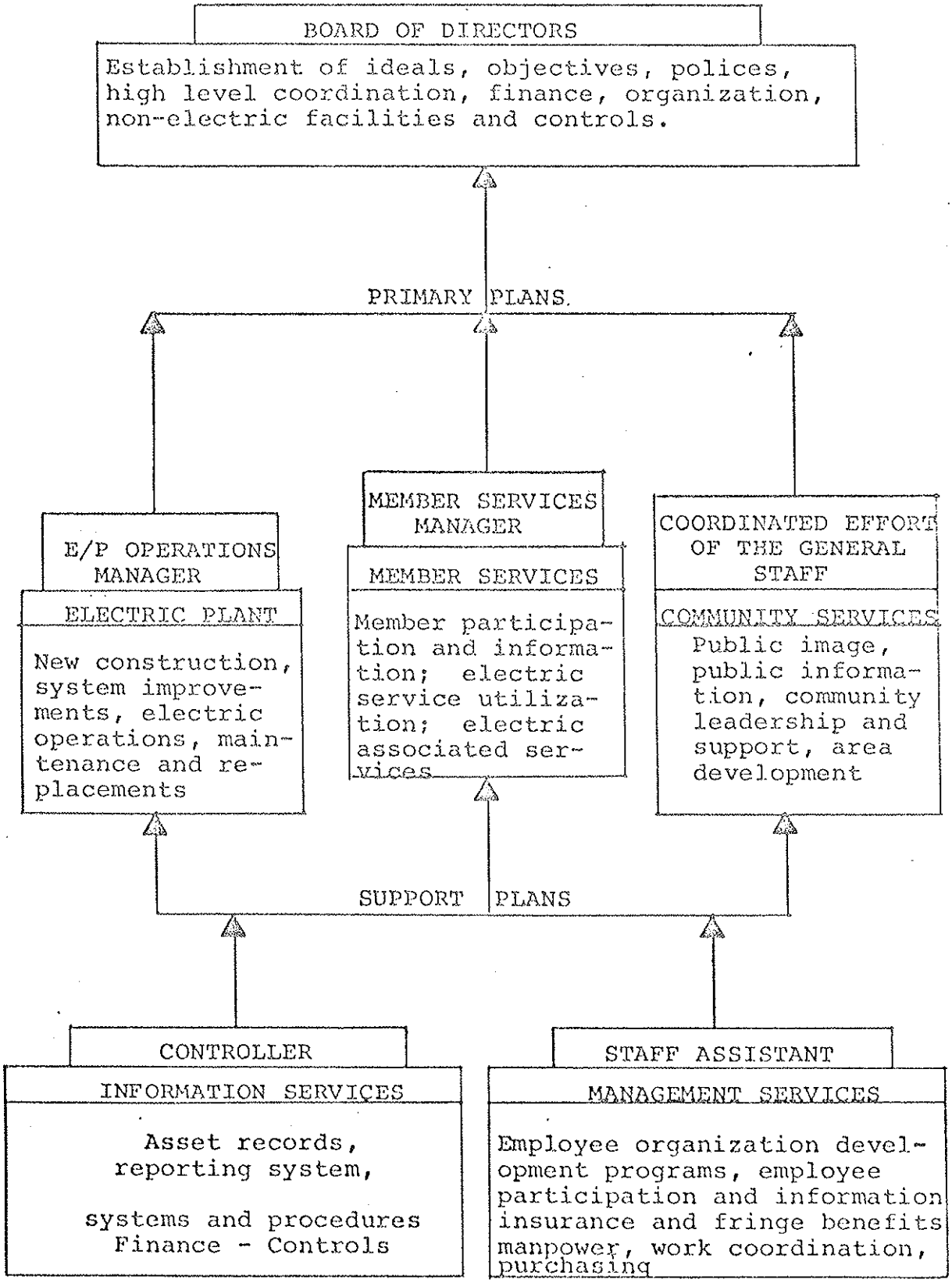
SCHEDULE ADJUSTMENTS

BUDGET

Four County Electric Membership Corporation

LONG-RANGE PLANNING GUIDE

WHO PLANS?



Four County Electric Membership Corporation

LONG RANGE PLANNING GUIDE

WHAT IS OR WILL BE THE SITUATION - PRESENT AND FUTURE

Clear and concise statements on; (a) where we stand now, (b) what road blocks are in the way and will be in the way, (c) what are others (outside the cooperative) doing that we should or could coordinate our efforts with; which may have a bearing on or stand in the way of attaining the planning objective.

Uncover the real problem (find the crux) and your planning job is virtually complete.

Let's face the facts as others see them. We must recognize them.

The problem that appears on the surface is not always the real problem. Take a critical look; look beneath the tip of the iceberg to better understand the real problem.

Prognostications and forecast of trends and events which will have a favorable or unfavorable effect on our ability to attain the objective.

What unfavorable factors were uncovered in the research and forecast activity?

What are others doing that may or should help us to attain this objective?

Four County Electric Membership Corporation

LONG RANGE PLANNING GUIDE

THINK-UP POSSIBLE AND ALTERNATE SOLUTIONS

Individual and collective thoughts on the ways and means we can use to overcome the obstacles standing in the way of accomplishing the objectives.

Creative thinking up new and better ways of accomplishing the objective. There are always better ways of doing things. All we have to do is think them up.

What approaches have other businesses, particularly electric cooperatives, taken to accomplish a similar objective?

Are any innovations possible within framework of present activities and practices?

There are alternate ways of accomplishing every task. What are some of the alternates?

We must put our ideas on paper. We cannot think creatively when we pause to criticize an idea. The criticizing step comes when we have exhausted our creative thinking efforts.

FOOTNOTE: After developing solutions, place them in order of priority per resources required and deadlines(urgency).

Four County Electric Membership Corporation

LONG RANGE PLANNING

GENERAL ACTION OUTLINE

The general course and time sequence which will be followed to attain or carry-out the planning objectives.

The total job cannot be accomplished in one big jump. Visualize the total job and break it down into major steps or phases.

State these steps in general terms (yet in sufficient detail to outline important factors to facilitate transferals to an action program now or at a later date) covering what you would like to do and how you would go about doing it, gleaning ways and means from previously stated solutions.

When the major steps or phases have been outlined arrange them in order of importance and priority.

Assign a time for starting and completing each step or phase.

"BOARD/MANAGER RELATIONSHIPS"

AND

"MANAGER'S RESPONSIBILITY FOR LONG RANGE STRATEGIC PLANNING"

C. E. Viverette, Executive Vice President
Blue Ridge Electric Membership Corp.
Lenoir, N. C.

Three things important to a manager - (1) Personnel (2) Board/Manager Relationships and (3) Leadership/Planning.

Manager can't operate without good understanding with the Board of Directors.

Directors are the policy makers - not system operators.

Communications with Directors are most important if manager and board members are to understand each other.

Policy - Sets ground rules. One basic policy which each board and manager needs is one dealing with the board/manager relationship which clearly enunciates manager's responsibilities and authorities and what board's responsibilities and authorities are. Points where it is possible that each may infringe on the other's area should be very clearly defined and reviewed often enough to be familiar to all concerned. This is an excellent tool for use in orientation of new board members. The policy may be used by either party for clarification of position.

Communications - This is the key to effective board/manager relationships.

Types used - Written and mailed each month -
- Employee newsletter sent out monthly, tells what is going on with employees and in the operations of the various departments.
- Director newsletter sent out monthly, between board meetings, tells directors current happenings which they need to be updated on and thinking about.
- Basic monthly report, updating directors on key results and progress being made in financial and operating areas of concern to them.

Planned Visits - One day each month is spent with a different director to discuss any subjects the director or manager may wish to discuss, visit members, etc. These visits are scheduled in the annual work program. Contact is made two weeks before visit to set up itinerary for the day.

Other Reports
- General Manager's verbal report to the board with comments on results achieved in the past 30 days.
- Review of progress in key result areas on a scheduled basis.
- Monthly report is an update report on items which may have been reported in the director's newsletter. This gives the board an opportunity to discuss and question.

MANAGER'S RESPONSIBILITY FOR LONG RANGE STRATEGIC PLANNING -

- Manager gets board involved in developing the strategic long range plan for the system and then backs off and gives encouragement and guidance as the board then develops a sense of direction for the cooperative.

This strategic plan becomes the basis for annual work planning. Strategic plan and system key results areas are interrelated. Strategic plan tracks the system objectives, as do key result areas.

Use of Board Committees - Board Committees are part of the communications link in board/manager relationships. These committees at Blue Ridge evaluate results and recommend actions to the full board. Committees serve in the following areas:

(1) Long Range Planning

(2) Member and Public Relations

(3) Human Resources

(4) Policy, Bylaws, viewpoints, objectives

(5) Audit

(6) Financial Resources

Mrs. Deverick

BREMC CURRENTLY
Executive Vice President to Board of Directors

Volume 14 - No. 130
May 3, 1977

1. I will be in Washington Tuesday and Wednesday of this week attending the second meeting of the NRECA Energy Conservation Committee and the NRECA Legislative Rally. I will be representing Region I at the meeting of the Energy Conservation Committee.

2. Next week I will be attending a meeting of the Rural Electric Management Development Council in Denver together with Barbara Deverick and we will be participating on the program presenting information about the things we are doing at Blue Ridge EMC in management and staff development.

3. The North Carolina EMC Board meeting will be held Tuesday, May 10. Wayne Keller will represent me at the meeting. President Tom Cockerham will report for the Operating Committee at the meeting.

4. On May 17 North Carolina EMC and Farmers Home Administration will hold a workshop at Crescent EMC on FmHA financing for the weatherization program. We will have six people from Blue Ridge EMC attending.

5. We are selecting the surveyors to contact our members who will participate in the FEA Project. They will be trained at the Research Triangle Institute June 6 - 7 to do the survey work. Hopefully we can obtain surveyors from each district to work with people in that district. This is budgeted for and is part of our contribution to the FEA Project.

6. Blue Ridge EMC was selected as one of 1,500 tax exempt corporations to have a special audit by the Internal Revenue Service. We were visited by two IRS auditors and the regional director from Atlanta last week who did the audit. The regional director advised that this was a special program initiated by IRS and these firms which were selected by computer would be audited each two years. We were pleased to be one of the firms selected and look forward to the report from IRS inasmuch as we endeavor to operate completely in compliance with IRS and all governmental regulations governing our type of business.

7. The HUD solar energy exhibit, located at our offices in Lenoir and West Jefferson for two days at each location last week, drew many interested persons, lots of school children, and a good number of builders and contractors. We were pleased with the response to this exhibit and the favorable comments received. Hope many of you were able to visit the exhibit.

8. We were saddened by the death of Mr. W. B. Austin, a fine citizen of Ashe County, past president of our Board of Directors, and a dear friend. A copy of the article from the Winston-Salem Journal about "Mr. Bill's" death is attached.

9. Betty Overcash, Director of Data Processing, will leave May 21 for an NRECA assignment with CRE in Bolivia. She will be in Santa Cruz three weeks continuing the work which Gary Frazier began in electronic data processing with CRE.

10. Bob Moretz is completing the last of three two-week sessions in the NRECA Management Internship Program at the University of Nebraska. Bob is the sixth employee to complete this program from Blue Ridge EMC.

11. Capital Credits refund checks have been written and will be ready to give to our members at the district meetings: Watauga, May 16; Ashe, May 17; Alleghany, May 19; and Caldwell, May 20.

12. The fuel charge for this month has dropped about 40% below the February peak fuel charge.

13. This week Blue Ridge EMC received payment for a 1940 $40.00 loan contract from a former member, Mr. T. L. Bingham. The amount received from Mr. Bingham was $88.32. This contract had been written off in 1948 because Mr. Bingham said he did not get the wiring called for in the contract. Mr. Bingham's letter said that he now worked for a Cooperative and felt they are good organizations and that he should pay the bill, plus interest!

14. KWH sales for the month of April were three percent below estimates for the month for the first time this year, due to the warm weather. For the year to date we are still ahead of last year by twelve percent.

15. We are recruiting for the positions of Director of Energy Management and Energy Conservation Specialist. We have several good applicants for these positions and expect to have the positions filled by May 13.

16. Blue Ridge EMC sent a memorial tribute to the coronary unit of Ashe Memorial Hospital for Mr. W. B. Austin who served as president of the hospital from 1939 to 1960.

17. Directors scheduled to attend NRECA Institutes this summer are:

Institute No. 506.2 titled "Understanding The Strangers With Whom You Work" to be held July 1 and 2, 1977 at Hilton Head Island, South Carolina: Charles Suddreth, Oren Teague, Richard Shepherd.

Institute No. 530.2 titled "Planning - The Board's Primary Responsibility" to be held in Gatlinburg, Tennessee June 27 and 28: Charles Edwards.

18. Attached is a copy of an essay from Time Magazine which Bob Partridge quoted last week in helping a group of RE personnel to understand the possible consequences of failing to plan to meet future energy needs in the world. Of course it is fiction but I believe when you read it you can ask the question, "That could happen, couldn't it?"

"Some folks as they grow older, grow wise,

but most folks simply grow stubborner . . . . . "

-John Billings

Attachments: 2

SPECIAL IRS AUDIT

C. E. Viverette, Executive Vice President
Blue Ridge Electric Membership Corporation
Lenoir, N. C.

In early May, 1977, Co-op was advised by the IRS group manager in Atlanta that the co-op would be receiving a special IRS audit. The group manager, an IRS agent for exempt organizations and an IRS agent who was an exempt organization specialist came to the co-op to make the audit.

The group manager explained that the co-op has been selected by computer, through the use of special criteria developed by IRS, as one of 1500 non-profit, tax exempt organizations, with exemption under Internal Revenue Code Section 501(c) for a special audit. He stated that these organizations would be reviewed each two years on a rotating basis and may or may not have a complete audit at that time. We welcomed the group and explained that all our records would be open to them and asked that they give us any suggestions for improvement during their auditing work. We reported to them that we had been audited about eighteen months previously by a regular IRA auditor who found our records to be in conformance with IRS requirements.

When the regular IRS auditor had made his audit, he was primarily interested in whether or not all consumers receiving service from the co-op were members, whether our capital credits were allocated on a current basis and any benefits which directors or employees might be receiving, such as use of automobiles which were not reported on the regular statements of earnings.

The special audit covered the year of 1975 and the agents asked for the following:
Printed history of the cooperative, if available, and copy of bylaws.
REA accounting manual and any related manual which the cooperative may have developed.
Annual report to members.
Copy of the 1975 external auditor's report.
Lease and joint use agreements under which the cooperative was doing business.
Minute books for the years of 1974, 1975 and 1976.
1975 work plan and budget.
Computer print out of cash disbursements for one month to do some random sampling of expenditures.
Asked for member copies of membership and service applications and system used in obtaining members' signatures on applications.
Asked about percent of revenues received from members.
Reviewed form 990 filings (IRS Report for tax exempt corporations).
Looked at 1099 forms filed for directors.
Made review of all travel expenses and reimbursements for employees and directors.
Looked at all expenses for directors and employees.
Looked carefully at margins to see if they are too high, that rates do reflect the "cost of service".
Reviewed unrelated income.
Reviewed charges made to various types of consumers.
Looked at billing records to assure fair rates. Look at large power contracts.
Looked at contract agreements and calculations of cost of service for consumers served directly from the transmission facilities.
Asked how many people were furnished automobiles by the cooperative. There are none furnished.
Looked at membership records and membership applications.
Reviewed income from pole rentals (joint use) and raised question as to whether or not such income can be construed to be Unrelated Business Income. Much discussion, no conclusion, agents will seek technical ruling. We are working with our general counsel who is also attorney for the statewide to help resolve this question. We do not

believe it is Unrelated Business Income. IRS will seek clarification on this.

Results of audit:

IRA agents stated all records are OK. There is no change in co-op's exempt status.

In giving report, agents stated that they made a cursory review of general ledgers and some analysis of supporting records, relying heavily on the audit report made by the external auditors.

OPERATIONS AUDIT - TASK FORCES -- TRAINING EXPERIENCES

Barbara Deverick, Manager of Organizational Planning
Blue Ridge EMC, Lenoir, N. C.

Operations Audit - Developed format with department managers. Discussed use of audit in staff meetings, reviewed contents of audit. Requested that department managers do audit with their staffs and provide feedback to administrative assistant to be used in developing audit profile for system.

Reviewed operations audit questionnaire. Pointed out that form was developed around the key management functions of organization, planning, directing, controlling, resource use, member relations and operations overview. See copy attached.

Audit completed and results were reviewed in staff meeting and plans formulated for system action. Department managers had already taken action at department levels to make improvements as indicated in the audit for their department. All department managers reported good results in using the audit form. Stated that it provided a structured means of reviewing all areas of their management responsibilities with their staff and taking action as needed, as well as providing information on system needs.

Audit will be administered each two to three years.

Use of Task Forces in departments to evaluate programs and projects. Staff agreed that use of task forces to evaluate programs and projects in each department from a member viewpoint and institute changes where needed was desirable.

Guidelines developed. See copy attached. Action taken in departments. Reports provided at monthly staff meetings. Much information gained, in addition to action taken by the task force which will aid staff managers in development of system work plans. Each department manager indicated use of task force had brought about improved coordination and better communications within their department, between sections, etc.

Use of task force in departments has served as springboard for zero base budget concept which will be used extensively in 1978 work planning and budgeting preparation.

Make the most of training experiences - To make the most of all training experiences at Blue Ridge EMC we start with board and operating policy setting forth guidelines for determining training needs and implementing training. Personnel practices for use of supervisor gives him guidelines in helping the employee to prepare for the training, to participate in the training and to make use of the knowledge or skill gained in his present work. Tools for assisting the supervisor in carrying out his responsibilities and the employee in carrying out his responsibilities in a training experience were reviewed. Copies are attached.

Results at Blue Ridge EMC indicate better use is made of training experiences, and better selection practices are followed by supervisors in determining who should have what training.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

OPERATIONS AUDIT

Department _____

Date _____ Signed _____

I. ORGANIZATION

A. SYSTEM

		Yes	No
1.	Are the functions of each department clearly understood by key department staff members, including the department manager?	____	____
2.	Does each department staff member understand the concept of joint accountability?	____	____
3.	Can each department staff member identify those areas where joint accountability applies in his job and the position(s)which has this joint accountability with his position?	____	____
4.	Does each staff member understand line/staff relationships as they apply at Blue Ridge Electric?	____	____
5.	Does each staff member understand the staff relationships that apply to his position and staff positions he has these staff relationships with?	____	____
6.	Does each staff member understand what "Functional Authority" means?	____	____
7.	Does he know whether or not he has functional authority, and if so, the areas and related positions?	____	____
8.	Does he know those positions which have functional authority that affect his job delegations?	____	____
9.	Are position descriptions for other personnel that department staff members interact with clearly understood?	____	____
10.	Are Board and Operating Policies clear and meeting current needs?	____	____

	Yes	No
11. Are system practices clear and meeting system needs ?	____	____
12. Are key department personnel involved enough in development of operating practices in areas which affect their delegations ?	____	____

Comments: _____

_____

_____

B. DEPARTMENT

1. Are department functions clearly defined ?	____	____
2. Have the functions been clearly communicated to department personnel ?	____	____
Are they understood ?	____	____
3. Have system objectives been reviewed recently* with department personnel and related to department functions ?	____	____
(*recently means past twelve months)		
4. Have all Board and Operating policies been reviewed in depth by department manager and his staff in the past twelve months ?	____	____
5. Are there areas of non-conformance to policy in the department which have not been corrected ?	____	____
6. Have all system operating practices been reviewed with the department staff for conformance in the past twelve months ?	____	____
7. Are there areas of non-conformance to system practices which have not been corrected ?	____	____

	Yes	No
8. Have obsolete policies or practices been called to the attention of the appropriate staff person for updating?	___	___
9. Do you have department procedures?	___	___
10. Do department procedures conform to system policies and practices?	___	___
11. Are department procedures written down? (desk procedure manuals?)	___	___
12. Are department procedures reviewed with appropriate department personnel when changes are made in system operating policies or practices to assure conformance?	___	___
13. Are sections responsibilities clearly understood by key department personnel?	___	___

Comments: _____

_____

_____

II. PLANNING

A. SYSTEM

1. Do the key department personnel, including the department manager, have sufficient input in the development of the annual work program for the system?	___	___
2. Are annual work plans identified closely enough with system objectives?	___	___
3. Are annual system work programs broken down into definable goals which your department staff can relate to?	___	___
4. Are system progress reports on annual work program issued frequently enough?	___	___
5. When changes in system work plan are made, is there sufficient involvement of your department personnel if areas changed affect their work?	___	___

B. DEPARTMENT

	Yes	No
1. Are your department work program and goals periodically (monthly or quarterly) reviewed with department staff and progress noted and necessary re-planning for department done?	___	___
2. Do you feel your department work planning and goal setting is realistic?	___	___
3. Are all your key department personnel involved in annual work planning and goal setting?	___	___
4. Do department and section goals relate to system goals?	___	___
Are you managing by objectives in the department?	___	___
5. Are all employees in each section aware of section work goals and projects?	___	___
6. Do you measure performance in your department against work goals (amount of work, time schedules, costs, etc.)?	___	___

7. Check how frequently you measure department's general progress.

Weekly ☐ Monthly ☐ Quarterly ☐ Annually ☐

8. Are changes in the work plan

Frequent ☐ Infrequent ☐

Comments: _____

_____

_____

III. DIRECTING

A. SYSTEM

	Yes	No
1. Are you receiving adequate staff assistance in the screening, selection, and development of personnel?	___	___

	Yes	No
2. Is training assistance adequate in -		
____ Member and Public Relations	____	____
____ Operations Techniques and Knowledge	____	____
____ Clerical Techniques and Knowledge	____	____
____ Other _____ (describe)	____	____
3. Are personnel policies and practices adequate to meet system personnel administration needs ?	____	____
4. Are system work rules adequate to meet system needs ?	____	____

B. DEPARTMENT

1. Are you satisfied with the quality of personnel in your department ?	____	____
2. Do you have basic performance standards for all key department positions ?	____	____
3. Are these performance standards kept current - updated at least annually ?	____	____
4. Does each department employee have a copy of his current job description ?	____	____
5. Does each department employee know what performance is expected of him ?	____	____
6. Does each department employee know how his supervisor measures his performance ?	____	____
7. Do all department personnel know and understand the work rules ?	____	____
8. Do all department employees know their basic benefits and rights ?	____	____
9. Do all department supervisors know and administer fairly and firmly system personnel policies and practices ?	____	____

	Yes	No
10. Do you have a major problem in:		
___ Employee Relations	___	___
___ Employee Communications	___	___
___ Employee Accidents	___	___
___ Employee Absences	___	___
___ Other _____ (describe)	___	___

Comments: _____

_____

_____

11. Are personnel in the department adequately trained ?	___	___
12. Is there a back-up person for each key position ?	___	___

IV. CONTROLLING

A. SYSTEM

1. Are system control procedures adequate (Information received is on time and correct for measuring progress and re-planning) ?	___	___
2. Are the system key result areas meaningful ? How about key indicators ?	___	___
	___	___
3. Is there too much control data being provided for the system ? Not enough ?	___	___
4. Is system financial data useful to you ?	___	___
5. Do you know who (the department and person) is responsible for exercising control in each system key result Area ?		

	Yes	No
6. List one area in which you feel system controls should be strengthened.		
_____		
Comments _____		
_____		
B. DEPARTMENT		
1. Is control data furnished to you by staff departments adequate ? (Timely and correct)	___	___
2. Do you know the key result areas and key indicators for your department ?	___	___
Your Section ?	___	___
3. Do you review the department key result areas and key indicators at least monthly?	___	___
4. Are department goals and budgets used in measuring progress and re-planning ?	___	___
5. Do key department personnel make systematic progress reports to department manager in their key result areas ?	___	___
6. Are reports issued on unusual items such as overtime, personnel problems, member problems, etc. ?	___	___
Are they action type reports ?	___	___
7. Are summary reports on your department or section results made by staff departments beneficial to you ?	___	___
8. Are there any reports your department or section receives which you could do without ?	___	___
If answer is yes, please list report(s).		
_____		
V. RESOURCES		
A. System		
1. Do key department personnel know the primary sources of system capital ?	___	___
Operating Funds ?	___	___
2. Do you believe system makes the best use of resources available- manpower, money, materials, (equipment)?	___	___

Yes No

3. List any area(s) in system operations you believe are hampered by lack of resources.

4. List your suggestions for improving use of system resources.

B. DEPARTMENT

1. Are department resources - manpower, money (budget) - materials (equipment) properly used ? ___ ___

2. List any area(s) where department operations are hampered by lack or misuse of resources.

3. List your suggestions for improving use of resources in the department.

VI. MEMBER RELATIONS

Members are the business of the Cooperative.

A. System

1. Are you satisfied with system member relations program? ___ ___

2. List any area(s) where you believe improvement can be made.

	Yes	No

B. DEPARTMENT

1. Do all department personnel understand the importance of good member relations ? ____ ____

2. Do all department personnel know their role in member relations ? ____ ____

3. List how you can improve member relations in your department work.

VII. OPERATIONS OVERVIEW

A. SYSTEM

Please write on one page how you see the total system operations, giving strong areas and weak areas with any suggestions for improvement.

B. DEPARTMENT

Please write on one page how you see the total department operations, giving strong areas and weak areas with any suggestions for improvement.

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

JANUARY 21, 1977

MEMORANDUM TO: All Department and District Managers

FROM: Barbara H. Deverick, Administrative Assistant

SUBJECT: Departmental/District Task Force (committee) To Review Departmental/District Operations

To implement one of the basic goals agreed on for 1977 - develop a Task Force in each department to review programs and projects in each department/district from members' viewpoint and eliminate or change those which may be questionable from a member viewpoint - we are suggesting the following guidelines:

1 Department/District Manager, in consultation with their key staff people, appoint task force and give assignment.

2 Task Force may seek input from all personnel in the department/district as to which programs or projects they should focus on. Task Force should not focus on more than three, nor less that one area, depending on the nature and complexity of the area chosen to review. Task Force for each staff department should seek input from districts as to areas in their department which districts believe might need a close review. This information will be used in helping the Task Force to determine which area(s) it should focus on.

3. Task Force should seek assistance from appropriate staff directors in their work, particularly in review of findings and recommendations. (Example: The Director of Management Information should be involved if project is related to office operations, collecting of accounts, processing information, etc.)

3.A. Task Force in staff department should see that there is input from appropriate district personnel if area chosen for review involves district personnel in implementation, etc.

4. Task Force should make report of its findings and recommendations to the department manager who will review the report and seek input from appropriate staff manager before approving report and directing Task Force to proceed with implementation of the recommendations. (Example: if area chosen to study is in electric operations, recommendations should be reviewed with Manager of Operations.)

4.A. Staff Department manager should review report findings and recommendations of Task Force with district managers if districts are affected in any way by the findings and recommendations.

A progress report on the work of the Task Forces will be made by each department/district manager at the March, 1977 staff meeting with a final report on the work of the Task Forces made at the April, 1977 staff meeting.

The Executive Vice President says he looks upon this as one of the most important functions of the management staff members in the 1st quarter of 1977

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Memorandum to: Cornelia Cornell, Georgia Benfield, Mary E. Smith, Sue Laws, and Judy Raby

From: Henry S. Parker, Manager of Finance

Subject: Task Force Assignment

Date: January 31, 1977

MEMO

You have been selected by your supervisor to serve on a Task Force. Attached is a copy of what this Task Force is to do. Please review this before the Task Force meets.

I am asking that the Task Force meet on Wednesday morning, February 2, 1977 at 11:00 A. M. in the downstairs conference room. At this time I will review with you the Task Force assignment and ask that you select a chairman.

HSP:mes

Attachment

G-21
3-76

BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

May 9, 1977

Memorandum to: Barbara Deverick

From: Wayne Keller

Subject: Department Task Force Report

Our Department Task Force has suggested the following areas for further investigation:

1. Saturday morning office hours.

2. Improved member communications on reconnect fees.

3. Time involved in connecting new services.

4. District Construction Layout Technicians Training.

We plan to hold one more meeting for the purpose of providing additional information to the committee and to agree on a final plan of action in each area. At this point I feel the following will be the most probable conclusions for the above areas.

1. This will require more study to determine what needs to be done, if anything. We will be seeking member opinion on office hours in the new member opinion survey being made this year. This area will probably be part of our work goals for next year.

2. We plan to explore this area further with Member and Public Relations Department.

3. We feel this area will not be considered a problem area when additional information is provided to the committee.

4. We have already made some strides in this area with the training session held for the Construction Layout Technicians recently at Caldwell Community College.

Again, these are my conclusions at the present time and will be subject to further consideration at the final meeting of our Task Force Committee which will be held during this month.

Wayne Keller:LMW

SPEECH FOR

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

Richard Seger, Manager
Morgan County REMC
Martinsville, Indiana

Philosophy

Good Morning, Fellow Managers! When Ev Bristol called to ask if I would take a part in the program this year and describe my management philosophy and how I apply it at the Morgan County REMC, I was, of course, flattered but also hesitant because I find it easier to be a student of management rather than the professor. My preparation for this presentation has been a very valuable self-evaluation, and although it may not help you people much, it certainly has been a benefit to me to document my management beliefs and to evaluate how well I practice what I believe. I must admit early in my talk that there are some days when I feel like the pilot on a Hawaii bound airliner when asked how the flight was going responded "Well, it's this way— we're lost but we're making very good time." But perhaps the reason that I'm lost is that I don't keep my eyes on the objectives. I believe in management by objectives but I also recognize that there are times when I manage by exception; manage by imitation; manage by regulations; and, yes, when I manage by and under duress.

Perhaps it would be appropriate at this point to try to explain my personal philosophy.

Who am I?

> A mere individual with no more or no less value than all other individuals or elements of the universe. A part of ages and eras; a part of now; and a part of the future.

Why am I?

> I am, therefore I can assume I have a purpose and that I must cooperate in fulfilling this purpose or forfeit my reason for existing.

What am I?

> I am what my mind, my intellect, and my will has permitted me to be. The mind is the limit and capability of the organic element of my being which permits me to feel, to perceive, to think, and to reason. The intellect is the power of knowing and the capacity for knowledge which results in rational thoughts and judgments. The will is what I desire to be; what I consent to be; and what I determine to be.

I believe that what I am is determined by my values and standards. Since we are created with a desire for self-preservation, we must continue to reaffirm our reasons for being and we justify these reasons by comparison to principles and values which we have established through our intellect. Therefore, to live, I must believe in my purpose for existence and I must grow in knowledge in order to provide reasonable purpose. My values, standards, and principles must provide goals for my intellectual progress and these goals must be consistent with my beliefs in order that they will provide stimulation to my will.

What are the three things which are so important to me that without them life would no longer have a purpose?

Faith - A belief that I am part of a total and that I am contributing towards my purpose for existence.

Hope - A will and desire to cooperate with life in order that I may grow enough in understanding to continue to have a purpose in life.

Charity - An understanding of myself and others so that I may be content in relationships with myself and others.

I believe companies must have a philosophy also.

Companies, including rural electric cooperatives, are the creations of man and provide collectively for the needs of man.

Companies, like men, exist to fulfill a purpose and must accomplish this purpose or forfeit their reason for existence.

A company too, like man, has a corporate mind, intellect, and will as provided by those responsible for the company's purpose and function. It also must have an awareness of its purpose and a motivation for its continued existence. It must also have the ability to grow because the objectives of a successful company are never complete. Its objectives are always alive, dynamic, innovative, and functional.

I subscribe to management by objectives because I think we all have objectives that we are trying to accomplish. The objectives of a cooperative should represent that cooperative's hopes, desires, and aspirations. Objectives say what we are trying to do. Objectives are what we want our future to be. Whether or not we have fully and clearly stated our objectives, or whether or not we have the proper objectives, is something each cooperative has to decide for itself through frequent evaluation of those objectives. After the objectives (the whys) are carefully developed by the management powers of the cooperative, and

understood and reasonably subscribed to by all those who may in some way contribute to their accomplishment, we need to move to the planning (how) stage. This is where we describe the performance criteria by which we hope to accomplish our objectives.

We sometimes procrastinate on our planning duties because the demands of the present are always more compelling than the demands of the future, or sometimes we find it attractive to move to the how stage without careful consideration of the whys. This is where it is easy to fall into management by imitation. The new technique worked for Joe so it should work for me. We don't take time to see if Joe's objectives and ours are the same, so we can't be sure Joe's technique fits our objectives. Sometimes we find it hard to plan and we stifle our ideas by predicting unimaginable events which could affect our planning.

One thing I have discovered is that we cannot be afraid to guess the future for it is in this way that we can recognize changes as they occur and we will be able to manage by exception until the plans can be modified to better meet the objectives. Another instance of management by exception occurs when the short-range goals fall short of what you know is needed to accomplish your objectives. Management by exception also occurs when there are failures or near failures of plans. If your plans appear to be in harmony with your cooperative's objectives, the standards of performance toward your goal should be fairly well understood or easily described and the next management task is to frequently measure the actual performance against the standards which have been established.

I think this can best be accomplished by maintaining and providing information to the management team so the progress can be compared to plans and objectives. A business can be compared to a machine and information as the lubricant which keeps it running. The right information at the right time saves a lot of guesswork. Now a girl in a bikini also saves a lot of guesswork and the only reason I mention this is to indicate that information can be brief if it is the right information and is attractive enough to demand attention. Information is the basis for management actions and decisions so it is vital to the management of your cooperative that information be provided in a timely manner, structured in such a way as to cover all the necessary performance areas, presented so that it can easily be understood, and thorough enough to permit amplification if necessary. These regular evaluations will keep us in touch with our position in relationship to our plans and goals and we won't be like the airline pilot who was lost but making good time.

Before moving into a discussion concerning the techniques and applications, I would like to explain what I meant when I said I find myself managing by regulation and managing by duress. First, management by regulation occurs when the cooperative policies are too restrictive and do not permit deviation from and adjustment to plans. The objectives may be sterling but they are going to be difficult to attain if there is too much management by regulation within a cooperative organization. Now we all have some management by regulation and it has its place; for

example, safety rules should be administered with strict regulation but only after the objectives have been fully explained. There is no room for an optional decision in certain areas of electrical safety.

Secondly, management by regulation also occurs when the management team lets the satisfying of rules and regulations by external regulatory bodies such as REA, Public Service Commission, CFC, Equal Employment Opportunity, etc., become the primary objectives of the management team. This person or cooperative is so dumbfounded with the letter of the law that the spirit of the law is not evident; therefore, these rules and regulations are considered management under duress because they feel threatened and restricted by the law.

Management by and under duress sometimes occurs when there is lack of concurrence between members of the management team to the objectives and plans which can cause some delicate situations. Our cooperatives are not one-man businesses, and if we fully recognize the ownership of our member-consumers and their influence on our directors, we can see the effects that a loud minority group can have on policy and even on plans for accomplishment of the cooperative's objectives--yes, and even influence the development of objectives. I'm not saying that minority groups should not be heard or that we shouldn't try to reason with them. They are the owners and we should try to create understanding between their objectives and what appears to be the objectives of the majority; but their duress is felt by directors, managers, supervisors, and employees. In certain circumstances, a director or an employee may use the vocal reasoning of the minority groups to support his personal opinions. In real life we also know there are indiviual directors and managers who manage by duress in order to give priority to their own objectives over those adopted by the cooperative. This is the way it can be and we must recognize this situation if we are to deal with it.

How can we change management by and under duress to management by objectives? I believe this can be done only through a step-by-step process of (1) involving the management team in the development of objectives (whys); (2) total involvement in the preparation of plans (hows); and (3) the reporting of progress with the good and bad news (standards and values). The good news reinforces; the bad news allows for involvement in alternative plans and also a reaffirmation of the cooperative's objectives. This process, together with proper involvement, solidifies management in the belief of their objectives and this involvement also makes it easier to deal with questions concerning the purpose and reason for certain cooperative activities. The objectives are obvious to management; the plans are understood; and progress can be readily compared to plans and deviations explained. Now, the board members, general manager, department managers, foremen, and employees can better explain the cooperative's purpose and activities if these areas are documented and measured. This process makes change less threatening and those involved in management decisions feel less restricted because they are involved in the objectives and the plans for their accomplishment.

In the past five years our cooperative has had a change of general manager; three of the four department managers are new; and six of our eleven directors have been on the board less than five years with two less than one year. This turnover of management has had its advantages and disadvantages. The change has required us to review our objectives and our management processes. We have had the challenges of providing education in order to equip our directors and managers with the knowledge to perform the responsibilities of their positions. The new directors have taken advantage of NRECA director courses, conferences, and meetings. We have initiated a new director orientation program in which we thoroughly review certain basic management material and cooperative philosophy with the new directors. I have also called on our CFC representative to conduct capital credit workshops and a financial discussion for the directors and staff. The new board members are immediately assigned to committees and become more thoroughly informed in various areas of the cooperative's operations. The new department managers had NRECA management training and other management prior to accepting their responsibility. However, extra time has been spent in developing both the directors and the managers in their new responsibilities. New control requirements have been established in order to cover areas which were not fully explained or understood. I believe this has benefited the cooperative. Long time directors and managers have a tendency to make assumptions without enough questions being asked. New directors and managers, who are trained to ask why, can certainly reveal areas which need improvement or change and are less prone to assume that everything is all right.

I would like to discuss with you our procedure for preparing the annual work plan. We use work plans in our cooperative to measure performance, so the work planning concept becomes a year-round task in the fact that it conditions our department managers and directors to better prepare the next year's work plan. Our work plan is pretty much developed by the four departments of engineering, operations, office services, and member services with the general manager preparing an overall summary of the work plan.

Our work plan outline is developed into 11 sections with the
1st section being - Major Activities to be Accomplished
2nd section - Capital Investments Required
3rd - Manpower Requirements
4th - New Positions and Organizational Changes
5th - Distribution of Manpower
6th - Materials and Supplies
7th - Contract Requirements
8th - Rental or Lease Costs
9th - Training and Safety
10th - Other Projected Expenses, and
11th - Activities and Standards by Which the Department Expects Their Work Performance to be Judged.

Our formal process of preparing our work plan is to hold preliminary meetings of all the staff in August to discuss work plan preparation for the next year and some of our general objectives and general restrictions. Secondly, the manager holds individual meetings with department managers and the department managers will meet among themselves to exchange information. Department managers also meet with personnel within their departments in the development of work plan data and information. In September we come back again for group meetings of all the staff to discuss the various portions of the work plan and try to smooth out the rough edges and develop coordination between the departmental plans.

Following this, normally the latter part of September, the staff meets for the first time with the Budget and Work Plan Committee of the Board of Directors. The work plan is discussed very thoroughly with this committee and the committee has functioned very well in questioning various aspects of the work plan and asking for justifications. This process requires that the staff put their very best efforts into the development of the work plan in order to fully understand the reasons and justifications for their proposals.

Following the meeting with the board committee, another staff meeting is held to review possible areas of the work plan that need improvement or modification. This modified plan is then taken back to the board committee for another discussion of changes and normally the board committee and staff will reach concurrence in the work plan. Following this, the formal work plan is prepared and presented to the Board of Directors, normally at the end of October. This gives them time to carefully study the work plan for the ensuing year, and a large portion of the November board meeting is devoted to a discussion of the following year's work plan. If changes are to be made as the result of the Board discussion, the approval of the work plan is deferred until the December meeting, although there have been occasions in which it has been approved at the November meeting. The discussion process is thorough enough and involved enough that the Board of Directors and staff understand and accept the work plan and also the philosophies used in its development. This process develops our commitment to the plan and permits the plan to be used throughout the year to measure performance.

Detailed reports are given to the Board of Directors each month. I try to take various areas of the report and amplify these areas, making comparisons to work plans and budgets as well as other standards which are available.

I would like to review the format of our monthly report to the Board of Directors with you. We make these reports up in bound booklets in order that they might easily file them for reference and use, with the first page of the report being the agenda for the forthcoming Board of Directors Meeting. Our normal agenda starts off with the approval of minutes; service order report of the connects, disconnects, delinquencies, etc.; followed by staff reports each quarter; and next a manager's report in which I discuss various phases of the operation

as well as introduce subjects to the board which require their consideration at this meeting or future meetings. My report is then followed by committee reports with the following being listed on the agenda each month: Executive Committee, Personnel Committee, Policy and Bylaws Committee, Budget and Work Plan Committee, Member and Community Service Committee, and Legislative Committee. These committee reports are followed by special reports of the Safety Committee of which I provide most of the report information with the Board possibly recommending changes in safety policies. This is then followed by a report of our Hoosier Energy Division Operating Committee representative reporting on the operations of the generation and transmission. The Indiana Statewide representative then reports on activities of the Statewide Association. Our attorney makes his report concerning current litigation involving our REMC or other REMCs which might be pertinent or of interest to our cooperative. He also takes opportunity throughout the year to educate the Board of Directors as to their various responsibilities and potential liabilities as directors from a legal point of view which is part of the educational process of the cooperative. He also reports to the Board of Directors concerning statutory changes which would affect the co-op's operations. The normal agenda then calls for the usual unfinished and new business.

The agenda is followed by a copy of the minutes of the previous board meeting, and since these reports are mailed in advance, the minutes are not read during the meeting but any corrections can be made promptly with each director having a copy of the minutes available for his use at any time.

Following the minutes, I give a brief report of some of the highlights of each department's operations during the month and some of the usual and also unusual happenings during the month. For instance, in Operations I informed the board that "February was a slow month for new sign-ups because of the weather so our construction crews had more time to spend on bad-pole changeouts and maintenance. We have also been changing the location and phasing of min-max voltmeters." By being able to do this, it relates to the work which was indicated by the Operations Department in their work plan and detailed reporting of quantity will occur in the quarterly reports by the staff. Another example, one of the items in the Engineering Department report states that "Dan Kernan and Jon Elkins, Operations Manager, attended the underground seminar at Purdue University on February 23 and 24." A Member Services Department example would be that "Because of the cold weather in January, the high-bill complaints were still heavy in February. Bud Skaggs made 12 calls in the field to check high-usage complaints. One member continued his complaint to the Public Service Commission with the matter being resolved at that level." Office Services reports, for example, compares the number of new applications for new services for the past five years.

Following this report, we move into the financial and statistical data. We do include copies of REA Form 7; however, this is just a matter of general information because we have chosen to be more detailed in our reporting of financial information and we show operating statements with some rearrangement and different breakdowns than the REA Form 7 report.

We show monthly information compared to the past year, of course, but we also show the data as a percent of total revenue by item. This permits the board to make a quick comparison of the proportioning of our various expense items.

We have chosen some key indicators in the area of miscellaneous general information such as revenue per mile; however, this has not been as reliable in recent years with the number of rate increases and can be deceiving. We do pick out some of the major budget items such as tree trimming and Hydro-Ax clearing and show the dollars being expended both for the month and year-to-date so that the progress toward fulfilling the contract requirements can be easily compared to the work plan and budget. We make an analysis of revenue, cost per kilowatt hour averages, as well as average consumption usage and average bills. Purchased power and line losses as well as total power cost per kilowatt hour are shown. Services status of connects, retirements, and idle services is presented regularly in this information. We follow this with a three-year comparison of payroll information and compare kilowatt hours sold per permanent employee, revenue per permanent employee, and members served per permanent employee on our reports. Plant investment statistics per member and per thousand dollars of plant investment are also shown on this page. A three-year comparison of our balance sheet is shown as well as the status of cash reserves as related to eligibility for REA loan advances. Cash flow is given to the Board of Directors, both input and output. We still list payroll and general fund receipts and expenditure summaries but have not found it necessary to spend a great deal of time on these lists.

We also show the calculation of the fuel adjustment as it has been submitted to the Public Service Commission of Indiana and as it will be applied to the members' billing the following month. This permits the directors to be informed as to what the fuel adjustment charge will amount to and its method of calculation and has helped greatly in explaining fuel adjustment to the members in their area. Each quarter we also include an outage report giving comparisons by cause and by consumer hours.

As I indicated during the discussion of the board agenda, the board committees also report on activities within their key areas of responsibility. Our department managers appear before the Board of Directors quarterly to give progress reports in comparison to work plans. We try to make up our reports in such a manner as to cover all areas of responsibility. The Board of Directors have various consultants appear before them to submit independent reports and recommendations. Meetings are held for the members in each director's district in order to provide them with information as well as to secure input into our organization which might affect objectives and plans.

The manager and his staff hold regular staff meetings and department and crew meetings are held more frequently. As occasions require, meetings are held for all of the employees. A weekly employee newsletter is also published entitled "You Should Know." Employees attendance and

involvement in meetings, courses, and workshops are carefully planned and a detailed record is kept by our personnel co-ordinator which is then used for review and discussion with each department head supervisor.

In conclusion, I believe the Morgan County REMC has tried to develop the philosophy that people are to be loved and things are to be used and we don't want to get them reversed.

Richard P. Seger
General Manager
Morgan County REMC

CARE AND FEEDING OF THE BOSS
OR
HOW TO TRAIN A GOOD BOSS

Jackson Fuller, Professor
University of Colorado

Professional "worker" is rare.
There are many, many professional "managers" but few "workers."
When asked to do something, there is no substitute for a good firm "no."

Professional manager man be likened to the Indian Chief.
Professional work may be likened to the Indian braves who do the "whooping and hollering" and go to battle.

Good bosses don't happen. They must be trained by employees. Some employees have no notion how to train bosses.

There are some tried and true methods of boss training.
The field is, however, wide open.
Boss training requires risk. One must have no fear of losing his job.

You may or may not give boss notice of training.
When bosses are made aware of the fact that you are training them they may react - with red faces, some excitement, etc. - or you may sit down and have a thoughtful discussion.
To do effective boss training you must do it with tact, firmness and tender, loving care (TLC).
Give it a little at a time.
Boss must understand it is to both your and his advantage.
Boss trainer should not become arrogant.
Arrogant boss trainers sometimes promoted so that they can learn humility.

Help boss get self-assurance to handle being boss.
He doesn't have to be "one of the boys." He is the boss, let him sit behind his desk instead of arranging a "friendly" group seating arrangement. You know he is the boss, so help him to know it by keeping him seated behind his desk.

Boss wants to know what is going on on the firing line.
Evaluate reporting techniques. Evaluate time required to provide information requested and let him know.

One of the boss's main duties is to handle paper work, not pass to people down the line.

Boss who needs to know as much about everything as his people do, needs training. Limit reports to two pages.

In boss training, if there is need to send letters to his superior, make sure timing is right in advising the boss that the letter has been sent. Sender is at risk.

Employees ask to be recognized as capable individuals who can make a positive contribution and want firm, fair and competent bosses. This is an important part of boss training, to help bosses understand this.

Give boss feedback. Let him know when he has done a good job - made a good tough decision.

MOTIVATION THROUGH MORALE

Robert Roberts, Manager
Pioneer REC, Piqua, Ohio

I have chosen morale as my topic today because I believe it is the most important single factor responsible for whatever measure of success I have had in motivating the employees of our organization in a positive and productive manner.

We constantly deal with men and women who are filled as we ourselves are with feelings of pride, the ambition to achieve and the desire for esteem and affection. We are all different and we are all acting and reacting in different environment. Only through studying others, and encouraging them to talk about themselves and their interests can we learn what makes employees happy or unhappy in their work and what they percieve to be the strengths and weaknesses of our organization. In my judgement, it is more important to know people's thoughts and to anticipate their reactions than to draw up and issue all of the neatly worded manifestos we can write.

But, it is not enough to listen and observe. We must examine and appraise. By looking at a subject from another person's viewpoint, we perceive the things that need to be cleared away before he will be able to see the good points of our plans and proposals.

In May 1976 our staff considered the potential values and risks of engaging an independent management consultant to conduct an "employee opinion survey." I say values since such a survey would cost about $2,000 ($1,500 labor and a $500 fee) and the benefits would need to be worth at least that amount. I say risks because we might find we were not as good as we thought in supervision, and morale would suffer if the problems discovered were not later dealt with properly. We had no particular problem which we hoped the survey would solve, and thus were not "witch hunting." We simply wanted to know more about the attitudes of our people in general.

The consultant conducted the survey which consisted of a series of 100 questions, covering sixteen categories. The questions were arranged in a manner which would penetrate problem areas from several directions which could later be grouped into categories.

Only the employee himself and the consultant were permitted to see the employee's answers and comments in order to insure anonymity and confidence. We in management saw only the summary, the comments and the consultant's analysis.

In addition to breaking down the results into categories, the summary showed the results by department, the total organization, supervision (except the manager) and a standard which is the average or norm based upon more than 100,000 employees in a broad range of companies of various types.

All questions were worded in such a way that a "yes" or "no" was all that was needed. The summary was expressed as a percent of the total group or department which responded in an unfavorable way to each respective question. Thus, the lower the percentage of response shown in each case, the more desirable the result was for the cooperative.

The results of our survey showed a number of things, both good and bad, and we learned and benefited from the results. However, we concentrated more heavily on the most negative categories, which were:

1. Downward communications
2. Supervisor image
3. Upward communications
4. Supervisor human relations effectiveness

When compared with the average or norm, our organization compared least favorably in supervisor image and human relations effectiveness. Actually, we were better than the norm in all but these two and downward communications, so we felt we at least "passed" in thirteen of the sixteen categories.

The supervisor's summary sheet and the separate comments made by the non-supervisory employees both tended to agree and support the results of the employee summary.

After reviewing the survey with the consultant our staff started working toward solutions and improvements. Within one month of the survey we met with each department and held open, frank discussions about the results and potential solutions. These meetings were enlightening and extremely helpful. We will be taking another survey within the next four months to determine if we have, in fact, identified and solved some of the weaker areas in our organization. We hope to find that some of our solutions have improved us.

Some of our conclusions based upon the survey were:

1. Our supervisors were well trained in technology, but needed more training in human relations and in their actual roles of supervisors.
2. We were not giving sufficient recognition for achievements of our employees.
3. Our communications in all directions were not nearly so good as we had thought.
4. Job responsibilities were not well enough defined, even though we had job descriptior for all jobs. Our job descriptions were not being used.
5. Our wages and fringes were adequate, or perhaps more than adequate.
6. Training was not well enough organized.
7. Supervisors were engaging openly in fierce competition with each other rather than cooperating.
8. Management needed to improve greatly on listening skills.
9. Our written policies appeared to be adequate but were not being used effectively.
10. The Operations Department would need far more attention than the other departments.

Some of the "highlights" of actions taken to date are:

1. Six supervisors have taken evening courses in supervision and human relations at our local two-year college (Edison State).
   Four supervisors have attended NRECA schools for supervisors sponsored by our statewide organization.
   We are conducting monthly foremen's meetings for the Operations Department the first Wednesday evening of each month.

2. We are recognizing achievement and positive actions of employees.
   a. A bi-weekly employee newsletter (one page) distributed in the paycheck envelope noting the activities and achievements of employees.
   b. A "blood donor" honor roll displayed in our office lobbies.
   c. We are introducing one employee each month to our members by publishing a brief article and the employee's picture in our monthly newsletter to our members.
   d. Encouraging supervision to recognize achievement of subordinates when deserved.

3. We are holding two-hour monthly department meetings, during working hours, in all departments. As a brief part of these meetings, individuals from one department are asked to present material at another department's meeting.
   We are concentrating more heavily on communications at our bi-weekly staff meetings.
4. Our training programs for new employees have been better defined and made more uniform.
   We are attempting to make more and better use of job descriptions.
5. We are working toward more productivity from the level of wages and fringe benefits paid. (We are not in a position to reduce wages and fringes since we are competing in the labor market with other utilities whose pay scales are comparable.)
6. We are sticking closely to our training program plans.
7. Supervisors are encouraged to compete, but in a more cooperative manner, and to compete more with their own respective records than with other supervisors.
8. All of us in management are working diligently to improve our listening skills.
9. Policy bulletins are being discussed and reviewed instead of just being written, issued and filed.
10. Operations Department supervisors are working together to improve supervisory skills. All of these people have been promoted from within the organization, having been employed originally as linemen or trainees, and are all well trained in technology but have little experience or training in supervision. We had never really considered this weakness to any great degree.

This summary of the results of our Employee Opinion Survey is only highlighted and we, of course, are continuing to do many things we have been doing for years in the area of employee morale and human relations.

I do not want to leave the impression that I think our survey has been a "cure all", and that we have made some great magical change in our organization. We weren't bad to start with and we certainly aren't beyond improvement today. I think we have made some important changes and improvements, and feel the benefits from the survey to date far exceed the cost.

Our foremen have agreed that our crews came out of the "winter doldrums" this spring with the best attitudes we can remember, and this winter was one of the longest and worst. We will be watching carefully in an effort to see that these good attitudes continue.

Continued Morale Builders

1. Promote from within, where possible (but this tends to minimize ideas from outside, and does not always necessarily get the best possible candidate).
2. Encourage and assist employees in obtaining new employment outside of our organization.
3. Use suggestion boxes.
4. Our policies apply fairly to all employees alike.
5. We apply our Equal Employment Opportunity policy.
6. We share costs of employee education in job-related courses.
7. Each time an employee leaves the organization we re-examine our structure looking for improvement.
8. New "attitude posters" are posted bi-weekly.
9. Varied working hours are permitted when employee and organization can benefit.
10. Purchase and permit use of recreational equipment.

11. We encourage and work with our Union.
    a. Negotiate during working hours.
    b. Encourage membership and active participation.
    c. Permit Union to send one representative to Union School one week each year.
12. Insist on "open door" policy by all supervisors.
13. Always conduct "exit interview."
14. Provide annual employee picnic and employee Christmas party, using different employees each time on committees.
15. Provide Thanksgiving turkeys, Christmas hams, and Christmas bonuses for all employees.
16. We provide at least one day's education each year for all employees. This has been presented by NRECA, the Ohio State University Extension Service, outside consultants and our local two-year college staff. We generally share this with two neighboring electric cooperatives.
17. All Operations Department personnel are permitted to go to the OREC Annual Equipment Show.
18. "Mix" with all employees at coffee, in field, department walk-through, rainy days, etc.

DEPARTMENT CATEGORY SUMMARY

	Total Company (36)	Base Comparison	Operations (22)	Office (10)	Public Relations (4)
1. COMPANY IMAGE	18	28	24	11	0
2. MANAGEMENT IMAGE	23	29	29	17	7
3. HARMONY OF WORK FORCE	17	25	20	17	4
4. DEPARTMENT IMAGE	22	27	30	5	19
5. SUPERVISOR IMAGE	42	33	48	31	34
6. SUPERVISOR HUMAN RELATIONS EFFECTIVENESS	31	25	43	7	17
7. JOB IMAGE	25	28	29	20	21
8. WORK REQUIREMENTS	23	34	21	30	21
9. JOB SECURITY	7	18	8	8	0
10. JOB ENVIRONMENT	17	27	27	3	0
11. EMPLOYEE GROWTH AND DEVELOPMENT	20	36	21	21	9
12. COMPENSATION	9	48	13	4	0
13. FRINGE BENEFIT PROGRAM	24	47	30	10	30
14. UPWARD COMMUNICATIONS	36	39	34	42	10
15. DOWNWARD COMMUNICATIONS	50	48	56	40	42
16. WORK RULES AND POLICIES	17	28	22	10	10
TOTAL QUESTION AVERAGE	25	31	29	17	15

UP AND OUT MANAGEMENT

Millard Goff, Manager
Ozarks Electric Cooperative
Fayetteville, Arkansas

REC's sometimes get so busy being busy doing things that we forget what our real job is.

How do you feel about other co-ops in your community? What image do they project? Do they have clean attractive surroundings? Are employees involved in the community?

Co-ops in several counties got together and set up informal organization to help each other in organization planning and development.

1) Developed a slide presentation on different types of co-ops called "The Great American Pocket Book."
2) Had meeting with politicians, Chamber of Commerce members, bankers, co-op boards, etc. with over 250 people present.

Encouraged employees to be involved in community activities. One employee is mayor, many employees involved in civic club activities, serving as officers, cooperatives sponsor awards at the county fair.

Results - have changed the image of the cooperative and its "first" name from "Damn co-op."

It is an advantage to work with other co-ops who are presenting a poor image because in improving the image of just one co-op it helps the image of all the others in the community. Urged everyone present to help to form a council of co-ops in their service area for mutual benefit.

********** ********** *********

Work Planning and Budgeting

Tom Townsend
Ozarks Electric Co-op

Reviewed system objectives and stated that all members of the management staff shared responsibility for achieving these objectives.
Reviewed work goals for a department and discussed how these tied in to the quarterly report for the department.
Reviewed quarterly report for Engineering Services Department.
Reviewed performance appraisal methods and forms used.

ENGINEERING SERVICES
1st Quarterly Report-1977

1. To personally contact six (6) pre-selected members each month for the purpose of establishing personal relationships with member. To better understand the members problems as they pertain to the Cooperative and develop meaningful understanding.

   RESULTS: Six (6) members contacted. I had hoped to have a work order Inspection to combine with the visits but no close outs have been processed.

2. To complete construction of the Patrick 5000 KVA Substation by June 15, 1977.

   RESULTS: Plans complete and approved. Materials purchased and some deliveries. Delay on low voltage switches. Transformer received. Negotiating with Killorn Co. for construction.

3. To complete 14.4 KV conversion of the Combs area and operate the Wyola-Patrick Transmission Line at 69 KV and report investment credit by June 15.

   RESULTS: Line transformers shipment delayed until May 15th on balance of change out from Combs west to the Patrick Station.

4. Complete construction of Baldwin-Elins Transmission Line-1977. Install circuit switcher at Elkins Substation and install air break switch at Baldwin Substation.

   RESULTS: Plotting of structures has been made subject to checking against vertical span limitations and comparison of economics of use of Alumina weld static conductors versus 3/8" HSS galvanized steel. A comparison of conductors has been made to determine the most economic selection between 556.5 MCM or 795 MCM. The profiles were plotted using both types and the 556.5 MCM ACSR conductor was selected. Most of the design data has been compiled and we anticipate sending the profiles to Ron Moore by April 15th.

5. To complete plans and specifications and construct a 7500 KVA Distribution Station at Dyess Switch Station to be operational for 1977 peak.

   RESULTS: Plans completed and approved by Ron Moore. Steel Ordered. Final Steel drawings have been approved. Delivery on the steel for the LV bay scheduled for April 77. Switches for LV bay April 15 and May 25th.

6. Prepare plans and specks, secure easements, Certificate of Convenience and have the Tontitown-Harmon 69 KV Transmission Line under contract by December 31, 1977.

6. (continued)

RESULTS: One mile of center line staked. 2.2 miles of easements secured. Certificate applied for. Substation site purchase in progress.

7. Prepare plans and specifications to construct a 10,000 KVA Substation at Harmon and execute a contract for construction by Dec. 31, 1977.

RESULTS: No progress.

8. Monitor underground corrosion of concentric neutrals and anchors by measurement of D.C. potential and install anodes where indicated.

RESULTS: Anodes installed at Paradise Valley Substation and on South feeder. Both switch cubicles at Northwest Arkansas Plaza and at North termination of U.G. feeder to Tyson's. Baldwin and Elkins Substations. Titanic Substation and Westville U.G. feeders: Half cell readings were taken and readings indicate in the future underground feeders we are placing anodes at half mile intervals.

9. Conduct an experimental project of temperature controlled metering of consumer usage for evaluation as a possible billing tool.

RESULTS: The metering is still in place and will be used in hot weather. Also, a low limit temperature switching is being investigated for winter peak metering.

10. Design capacitor installation in time to permit for 95% power factor for entire system prior to July 1, 1977.

RESULTS: Nearly all capacitors are in place to meet this criteria. The balance of switch capacitors have been ordered and the work orders are drawn for installation.

11. Continue removal of dead stock to reduce and maintain Arkansas warehouse inventory at 1.5% of total plant, excluding substation transformers and transmission materials.

RESULTS: Present: $\frac{293,883}{25,873,213} = 1.1\%$

12. Hold restaking under 6% and process all normal staking requests through the department within 10 days or less.

RESULTS: 7.7% and rising mainly due to inability to secure easements from adjacent property owners.

13. To furnish system improvement work orders to construction by April 1st where a peak condition is indicated.

RESULTS: This has been done.

NON-SUPERVISORY PERFORMANCE APPRAISAL SHEET

Employee; _____ Position: _____ Date: _____

The above named employee has been rated in accordance with the opinion of the supervisor on the following points:

Acceptable - If this is checked, no explanation be given.
Not Acceptable - Required remedial action will be listed in the follow-up section on last page.
Needs Improvement - Explanation will be given in follow-up section, also.

Rating Elements:	Acceptable	Not Acceptable	Needs Improvement
. Does he accept the philosophy, viewpoints, goals and objectives of the Cooperative?			
. Does he promote the economical use of electricity?			

COMMENTS: _____

6. How well does he receive job orders?			
7. How well does he report to his supervisor?			
8. How well does he cooperate with others?			
9. How well does he report to work on time?			
10. How well does he keep absenteeism to a minimum?			
11. How well does he offer ideas for improving the Cooperative?			
12. How well does he refrain from gossip?			
13. How well does he participate in training and safety programs?			
14. How well does he remain at his work station to avoid interrupting others?			
15. How well does he keep his appearance neat?			
16. How well does he know his job?			
17. How well does he carry out his duties?			
18. How well does he avoid waste of time?			

A-67-1a

	Acceptable	Not Acceptable	Needs Improvement
6. How well does he work safely?			
7. How well does he seek to improve himself?			
8. How well does he seek to improve the Cooperative?			
9. How well does he take care of equipment?			
0. How well does he avoid hindering others?			
1. How well does he handle quantity of work?			
2. How well does he produce quality in his work?			

(If necessary, use back of sheet for additional comments)

LAN OF ACTION:

What specific action have the employee and supervisor agreed to take to assure growth and development? (this is to be completed with the employee when conducting the counseling interview and a copy made for employee as a guide)

ACTION:	FOLLOW-UP DATE:

We have reviewed the position description and are in agreement of the ratings given.

Employee Supervisor

I have reviewed this performance appraisal and agree with the statements made therein.

Department Manager date

SUPERVISORY PERFORMANCE APPRAISAL

m oyee: _____ Position: _____ Date: _____

The above named employee has been rated in accordance with the opinion of the department manager on the following points:

Acceptable - If this is checked, no explanation be given.
Not Acceptable - Required remedial action will be listed in the follow-up section on the last page.
Needs Improvement - Explanation will be given in follow-up, also.

ating Elements	Acceptable	Not Acceptable	Needs Improvement
ndustriousness.	____	____	____
nitiative.	____	____	____
Resourcefulness.	____	____	____
Cooperativeness.	____	____	____
Dependability.	____	____	____
Knowledge of position.	____	____	____
Experience.	____	____	____
Getting along with others in organization.	____	____	____
Contact with others in public.	____	____	____
. Ability to organize work load.	____	____	____
. Attention to pertinent details.	____	____	____
. Ability to make decisions.	____	____	____
. Effectiveness in presenting ideas and facts.	____	____	____
. Effectiveness in promoting high working teamwork and morale.	____	____	____
. Effectiveness in delegating clearly defined authority to obtain action.	____	____	____
. Effectiveness in instruction, training and developing subordinates.	____	____	____
. Effectiveness in directing, reviewing and checking work of subordinates.	____	____	____

	Acceptable	Not Acceptable	Needs Improvement
18. Effectiveness in devising, establishing, reviewing and interpreting procedures and policies.	_____	_____	_____
19. Skill in the application of techniques and procedures.	_____	_____	_____
20. Knowledge of over-all organization.	_____	_____	_____

(If necessary, use back of sheet for additional comments)

PLAN OF ACTION:

What specific action have the employee and supervisor agreed to take to assure growth and development? (this is to be completed with the employee when conducting the counseling interview and a copy made for employee as a guide)

ACTION:	FOLLOW-UP DATE:
_____	_____
_____	
_____	
_____	_____
_____	
_____	
_____	_____
_____	
_____	

We have reviewed the position description and are in agreement of the ratings given.

_____ _____

Employee Department Head

_____

date

WORK PLANNING AND BUDGETING

Bob Weathers, Manager
Randy Bruton
Carroll Electric Co-op
Berryville, Arkansas

Weathers

Co-op has six department managers and each is responsible for preparation of the work program and budget for their departments. This is presented to the general manager and then each department head presents budget for his department to the Board and makes justification to the Board. At the end of the year each department manager reports on expenditures for the year and results achieved. Program of work planning and budgeting is working well. System expenditures comes within less than 1% of total budget.

****

Bruton

Explained budget report.
Provided listing of all budget items. Noted that the form is used by all departments for budget preparation and that department managers must provide supporting documentation.
Stated that the staff assistant and accountant ties department budgets to REA system of accounts.
Distribution of information is made monthly on EDP records.
Any major purchase must be cleared through controller.
Distribution of costs for staff services is based on past service information.
Explained use of budget coding on sample invoice, including department codes, etc.
Provided sample of budget coding form.
Department head is responsible for internal controls.
General manager will open budget with Board of Directors duing the year if there is need.

SAMPLE

BUDGET

Form # 10

Department _____

Budget No.	Item	Amount
A	UTILITIES	
11	Electricity, Building Use	$
12	Electricity, Substation Lighting	
13	Water	
14	Sewer	
15	Telephone	
16	Duplicate Charge Credit	
	Total Utilities	$
B	PURCHASED POWER	
18	Osage	
19	Green Forest	$
20	Table Rock	
21	Bellefonte	
22	Centerton	
23	Rogers - Garfield	
24	Siloam Springs	
25	Eureka Springs	
26	Lowell	
27	Grassy Knob	
28	Gravette	
29	Prairie Creek	
	Total Purchased Power	$
C	PAYROLL COST	
30	Labor, Regular Time	$
31	Labor, Over-Time	
32	Hospital Insurance	
33	Other Insurance	
34	Employee Retirement	
35	WC & CGL Insurance	
36	OAB & Social Security	
37	Unemployment Tax	
38	Employee Uniforms	
39	Personal Mileage	
	Total Payroll & Fringe Benefit Costs	$

Sample

VENDOR NO. _____

A/C #	W.O. #	Dept No.	GL Code	Budget Code	Amount	GL Item No.

LOAD MANAGEMENT

Willard Grager
Cass County Electric Cooperative
Kindred, North Dakota

Cass County Electric Co-op has been working on load management for 4 years.

Definition:

Load control - to achieve
(1) Lower demand
(2) Maximum use of facilities

Power Cost:

Demand - rates
(1) Maximum demand whenever it occurs.
(2) Simultaneous - system demand.

Minnkota's - Rate

41,734 @ 2.10
Excess @ 4.00
100% Ratchet -
5.5 mils per KWH
$400 per substation

Methods of Control:

(1) Voluntary (no control)
    (1) With incentive rates
    (2) Without incentive rates
(2) With controls
    (1) Uni-directional
    (2) Bi-directional
(3) Standard clock

Minnkota -

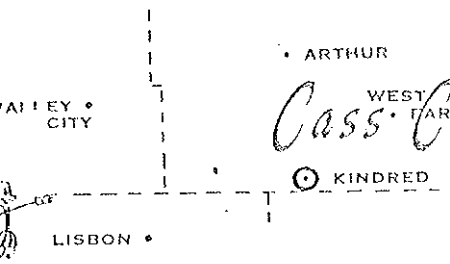
(1) Landis and Gyr
    50% system operational - 1977-78
    Completed - 1978-79

    Uni-directional -
    Receiver has - 3 contractors - each
    30 amp - maximum -

    Bi-directional - provides greater programming - and control -

1977 Strictly voluntary

Radio - TV - Request



Cass County Electric Cooperative, Inc.

PHONE 428-3292 KINDRED, NORTH DAKOTA 58051

June 3, 1977

To: Management Development Council

From: Willard Grager, General Manager
Cass County Electric Cooperative, Inc.

Gentlemen:

At the last Management Development Council meeting in Denver, I was asked to make a presentation on our efforts of load management and peak load control. At that time I had limited information available because our heating season had just come to a close and all details had not been accumulated.

At present we are in the process of installing a Landis and Gyr ripple load control system. Our rates provide a .75¢ (3/4¢) discount on all energy used in equipment which would add to our winter peak load, if we may control them. Space heating is the primary load we seek to control. The rate and automatic control equipment was not available to our members this last heating season. The only control available was the standard time clock.

By special resolution our directors provided a 6 mill discount to all members having space or water heating loads that they would agree to let us control using a standard time clock with the load being controlled from 5:00 p.m. to 9:00 p.m. This meant that energy for those uses would be controlled every night for that period of time from December 15 to March 1.

The experience indicated that had a device such as Landis and Gyr been operative, power would have been curtailed only 12 evenings during the winter, and often for less than the four-hour period.

It was evident, however, that the 10:00 a.m. peak on certain days was approaching the evening peak.

With valleys existing in the daytime load curve, and an extreme extended low usage from 9:00 p.m. to 8:00 a.m., a well established load system can do much to reduce system wholesale power costs, and thus lower retail rates to our members.

Our present wholesale rate is as follows:

The first 41,784 KW Demand @ $2.10 per month
Excess Demand @ $4.00 per month
Energy charge of 5.5 mills per kwh.
Substation charge of $400 per month.

We buy all power on the low side of the substation; all substations and transmission facilities are owned by the G&T. We do, however, experience a ratchet of 100 percent on the monthly demand. We experienced slightly more than 48,000 KW demand, so our demand cost is roughly $113,000 per month.

Our energy cost in January totaled 9.59 mills. We anticipate roughly 15 mills in July because of the ratchet clause and lower consumption.

The attached computation indicates what we believe to be the probable savings to our Cooperative, which was provided by the 29 members who chose to go off peak. It clearly indicates that we saved approximately $34,000 in demand cost and passed on savings of $3,400 to the 29 consumers.

We believe that we should eventually involve 75 percent of our membership in such a plan and could well save a million dollars or more annually.

With the inducement to install a dual-fueled heating system, we may be able to buy heating energy to supply 95 to 98 percent of our members' heating needs for less than one cent. With heating energy requirements presenting an annual load factor of 20 percent, we could well be talking about energy which could cost us 3 or 4 cents wholesale. On a 20 percent load factor load, the demand cost alone now is almost 3 cents per kwh.

We believe a dual-fired system which will use gas or oil for 50 to 100 hours per year will set the stage for the lowest annual heating cost for our members and will reduce considerably the demand for the scarce fuels of oil and gas. We believe our members will be helping themselves and the Nation, as well, in a solution to the energy crisis.

Any suggestions, viewpoints or comments you may have will be greatly appreciated. All of us share in the great responsibility facing cooperatives to bring sound advice and leadership to our members.

I am also attaching a daily load curve for the Minnkota System for the dates of January 13 - 17, 1977. It closely coincides with our members' demands.

WG:vt
Enclosures

Cass County Electric Cooperative

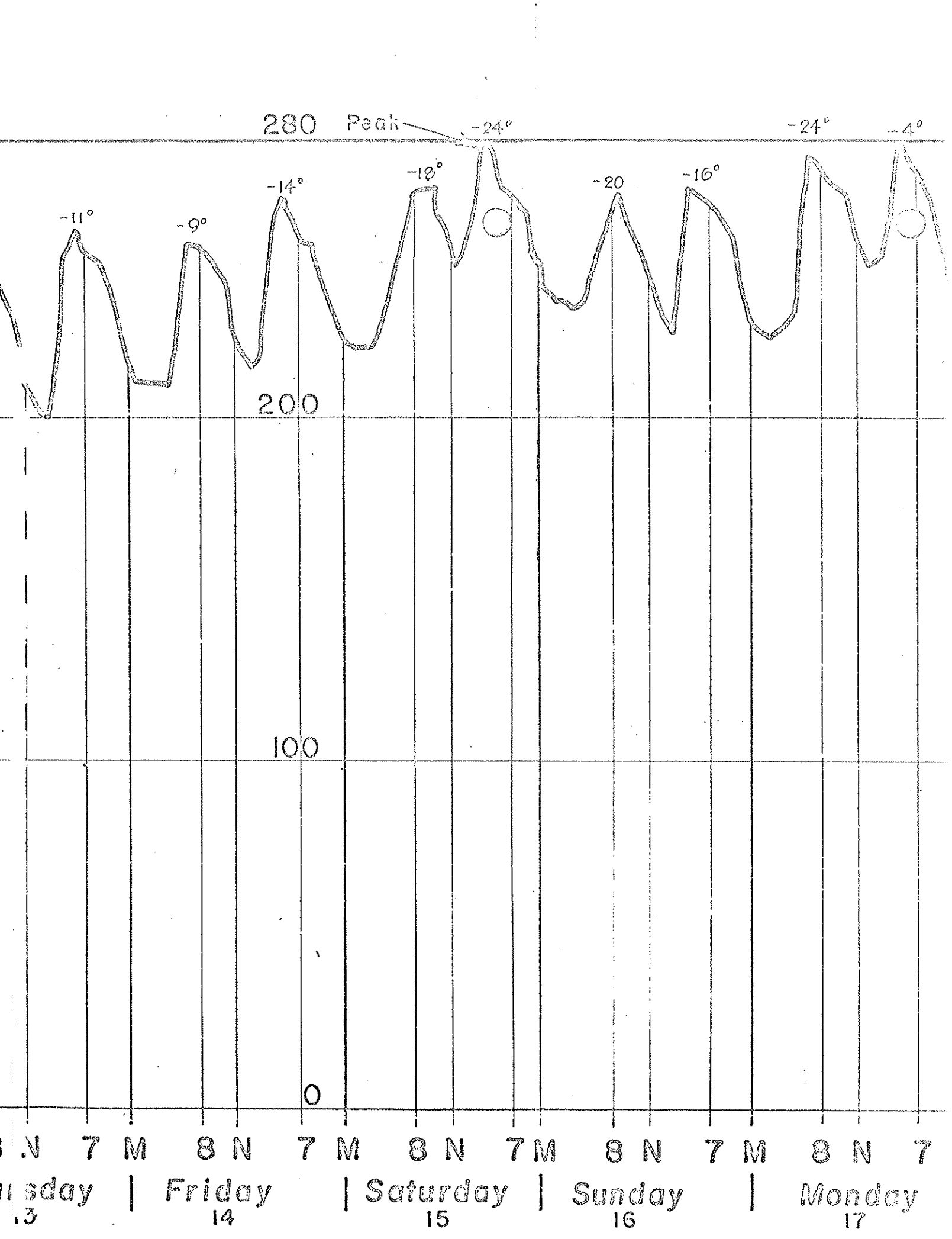
Off-Peak Consumers

A/C #	Name	KW Controlled	If Load had been on Peak Demand, Cost would have been:	Average Cost Per KWH would have been:	KWH	Discount Amount
2 38B	Wimbledon Imp.	102.0	$ 4,896	3.89¢	140,740	$ 844.44
8-15	Wayne Cole	20.0	960	31.5¢	3,710	22.26
14-30	Jewell D. Wadeson	24.0	1,152	4.69¢	27,930	167.58
7 -6	Russell Reinke	30.0	1,440	5.03¢	16,290	97.74
76-43A	James Dick	6.5	312	16.3¢	1,980	11.88
76-56A	Lawrence Dick	4.0	192	10.12¢	2,010	12.06
9 -24	Francis Vculek	24.0	1,152	7.65¢	16,250	97.50
57-3	Allen Rasmussen	10.2	489	20.4¢	2,460	14.76
01-13	Jon Heyerman	12.0	576	5.07¢	12,800	76.80
0 -11B	David Boll	29.5	1,416	9.8¢	15,330	91.98
0 -19	Dennis Holmen	32.5	1,560	8.24¢	20,317	121.90
07-26	Delmer Schulz	30.5	1,464	5.28¢	31,040	186.24
3 -59A	Tyrrel Nipstad	24.0	1,152	9.97¢	12,250	73.50
4 -4A	Neil Dockter	8.0	384	10.9¢	3,710	22.26
43-61	Arnold Jordheim	6.5	312	5.8¢	6,730	40.38
6 -37	Wiley Rieger	30.0	1,440	57.6¢	2,522	15.13
6 -5	Gordon Olson	30.0	1,440	8.9¢	17,281	103.69
09-338	First State Bank	30.0	1,440	26.4¢	6,950	41.70
09-670A	Arthur Farmers Elev	21.0	1,608	9.9¢	10,780	64.68
3 -53	Lowell Greuel	12.0	576	4.74¢	13,810	82.86

C #	Name	KW Controlled	If Load had been on Peak Demand, Cost would have been:	Average Cost Per KWH would have been:	KWH	Discou Amou
8-93	Rosa	70.0	$ 3,360	.0389	100,930	605.
1-31	Gary Christianson	15.0	720	.0753	10,330	61.
4-266	Bert Hoehne	10.0	480	.0945	5,400	32.40
-14	Thor Hertsgaard	10.5	504	.0965	5,550	33.30
1-7	Richard Rufer	50.0	2,400	.0473	57,610	345.
9-7	Dr. C.W. Samuel	30.0	1,440	.2758	5,330	31.
7-36	Lloyd Staska	8.1	388	.0798	5,230	31.38
8-107	James T. Richter	24.0	1,152	11.37	10,660	63.
1-11	Jim Moen	14.5	696	6.04	12,710	76.
		718.8	$34,502		578,640	$ 3,471.

Assuming the loads' demand would have been on peak, the power cost would have been:

718.8 KW @ $48.00	$34,502
Energy Cost @ 5.5 mills	3,183
Substation charge -- .2 mills	115
	$37,800
Average cost per KWH	65.32 mills
With load control and demands not on peak, power costs were	5.7 mills
Off peak savings per KWH	59.62 mills


280
Peak
-24°
-24°
-4°
-11°
-9°
-14°
-18°
-20
-16°
200
100
0
N 7 M 8 N 7 M 8 N 7 M 8 N 7 M 8 N 7
sday
Friday
Saturday
Sunday
Monday
13
14
15
16
17

lysis of January 1976 and January 1977 Loads

Related Load Management Efforts

	1976 Demand	1977 Demand HighPeak	1977 Billing Demand	1976 KWHS	1977 KWHS	% Inc. Billing Demand	% Inc. kwhs	See Note*
st Acres	9,160	11,067	7,061	4,156,800	5,376,000	-23	29.3	192,288
ndin	1,674	1,693	1,098	657,000	799,200	-34	21.6	28,560
hur	2,884	3,110	2,676	1,467,000	1,656,000	-7	12.8	20,832
osper	3,864	4,560	4,352	1,924,800	2,476,800	+12.6	28.7	9,984
gers	2,112	2,268	2,075	1,068,000	1,244,400	-1.7	16.5	9,264
rren	2,080	2,711	2,612	1,021,200	1,536,000	+25.5	50.4	4,752
oa	1,340	1,416	1,328	625,200	738,000	-.9	18.0	4,224
fax	2,214	2,394	2,336	1,090,800	1,265,400	+5.5	16.0	2,784
Liner	1,653	1,824	1,775	801,600	981,000	+7.3	22.3	2,352
onard	2,080	2,481	2,451	1,141,800	1,409,400	+17.8	23.4	1,440
ge	920	934	911	451,800	526,800	-.9	16.6	1,104
affee	1,555	1,642	1,620	829,200	948,000	+4.1	14.3	1,056
dred	1,926	2,229	2,208	963,000	1,227,600	+14.6	27.5	1,008
rdner	1,272	1,220	1,200	600,000	700,800	-5.6	16.8	960
nders	3,348	4,140	4,123	1,677,600	2,313,600	+23	37.9	816
bon(1)	4,320	4,652	4,652	2,098,800	2,505,600	+7.7	19.4	0
chville(1)	1,750	1,859	1,859	858,600	1,006,200	+6.2	17.2	0
lsbury(1)	1,520	1,457	1,457	841,200	864,000	-4.1	2.7	0
wer City(1)	1,296	1,211	1,211	666,000	692,400	-6.5	3.9	0
	46,968	52,868	47,005	22,940,400	28,267,200			281,424

RURAL SUB-STATIONS

*Savings in Demand Costs. Peak Demand Less Billing Demand.

[illegible] NORTH DAKOTA

DATE 1/31/77

SUBSTATION NAME	SUBSTATION CAP.	METER READING PRES.	METER READING PREV.	METER READING DIFF.	KWH	DEMAND DATE	DEMAND TIME	DEMAND KW	BILLING DEMAND	SUBSTATION CHARGE	LOAD FACTOR
ANTRIM	03000	1692	1432	460	1,656,000	1/10	1000	3,110.00	2,676.00	400.00	72.9
CHAFFEE	01000	2788	1998	790	948,000	1/12	0900	1,642.00	1,620.00	400.00	79.1
COLFAX	02800	1821	1118	703	1,266,400	1/17	1100	2,394.00	2,336.00	400.00	72.4
CUBA	02000	2517	1902	615	738,000	1/08	1900	1,416.00	1,328.00	400.00	71.4
GARDNER	02500	2362	1778	584	730,000	1/08	1900	1,220.00	1,200.00	400.00	78.7
GRANDIN	02500	1838	1394	444	799,200	1/17	1700	1,693.00	1,698.00	400.00	64.7
HI-LINER	03750	2123	1578	545	981,000	1/10	1900	1,824.00	1,775.00	400.00	75.7
HINSDALE	03750	2422	1740	682	1,227,600	1/15	2200	2,229.00	2,208.00	400.00	75.4
LEONARD	02000	3001	2218	783	1,409,400	12/31	1900	2,481.00	2,481.00	400.00	77.8
LISBON	03750	2781	1737	1044	2,505,600	1/15	1900	4,652.00	4,652.00	400.00	73.3
LITCHVILLE	02500	2119	1560	559	1,006,200	1/15	1900	1,859.00	1,859.00	400.00	74.1
PAGE	01500	1493	1054	439	526,800	1/15	2000	934.00	911.00	400.00	77.3
PILLSBURY	02000	2958	2238	720	864,000	1/15	1900	1,457.00	1,457.00	400.00	81.2
PROSPER	07500	1300	268	1032	3,475,800	1/17	0800	4,560.00	4,352.00	400.00	74.4
REGAN	02000	3943	2906	1037	1,244,400	1/10	0900	2,268.00	2,075.00	400.00	75.2
SAUNDERS	03750	1849	1214	635	3,048,000	1/17	2100	4,140.00	4,123.00	288.00	75.6
					734000CR	RED RIVER COOP. PORTION			$134.40		
TEXAS CITY	02000	2138	1611	527	632,400	1/15	1900	1,211.00	1,211.00	400.00	78.3
WARREN	03750	2390	1750	640	1,536,000	1/12	0800	2,711.00	2,612.00	400.00	77.6
WEST ACRES	10000	3081	1951	1130	5,370,000	1/17	1100	11,067.00	7,061.00	400.00	66.5
DEFENSE DISCOUN	00000				371,200						
TOTAL	84250				28,267,200			52,368.00	47,005.00	7,488.00	

[illegible] BILLING FOR PERIOD
ENDING 1/[illegible]/77

**** [illegible] ****
* [illegible] COUNTY ELECTRIC *
* COOPERATIVE, INC. *
* KINDRED, NORTH DAKOTA *
**** ****

MINNKOTA POWER COOPERATIVE, INC.
BOX 1318
GRAND FORKS, N.DAK.58201

DATE 1/31/77

W H O L E S A L E   P O W E R   B I L L I N G   S U M M A R Y

DESCRIPTION			RATE	BILLING AMOUNT
ENERGY	28,267,200	KWHR	5.50 MILLS	$155,469.60
DEMAND BASE	41,784.00	KW	$2.10	87,746.40
DEMAND EXCESS	5,221.00	KW	$4.00	20,884.00
NUM. OF SUBSTATIONS ..	18.72		$400.00	7,488.00
ADJUSTMENT				134.40
		GROSS BILLING		$271,722.40
DEFENSE DISCOUNT	371,200.00	KWHR	2.00 MILLS	742.40
		NET POWER BILLING		$270,980.00
		AVERAGE MILLS/KWH		9.59

MINUTES OF THE 1977 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL ANNUAL MEETING

OPENING SESSION

The 1977 Rural Electric Management Development Council Annual Meeting was held at the Sheraton Airport Inn, Denver, Colorado, May 10 through May 12. Charles Overman, Chairman of the Council, opened the meeting at 8:45 A. M. on May 10 and welcomed members and guests. Introduction was made by all persons attending the meeting. Chairman Overman recognized Dick Wilkerson, General Manager of the Colorado Rural Electric Association, who welcomed the group to Denver and extended the courtesies of the statewide office to the group.

RESEARCH COMMITTEE REPORT

Following presentations by Charles Weaver of REA and Bob Kabat of NRECA, Chairman Overman recognized Jim Kiley, who presented the report of the Research Committee. Jim reviewed with the group revised statements of viewpoints and objectives for the council and a new statement on membership criteria. He also presented a proposal from NRECA that the council sponsor the advance management conference in conjunction with its annual meeting. He stated that these recommendations from the Research Committee were for review and discussion by the council members and that during the business session on May 12 the council members would be requested to act on the recommendations. Copies of the recommendations were provided for each person present.

Chairman Overman stated that he had asked that Jim be scheduled to give the report of the Research Committee early in the meeting so that the members could discuss and give due consideration to the recommendations before taking action on them.

ATTENDANCE

The annual business session of the council was held on May 12; Chairman Overman presided. Chairman Overman appointed Barbara Deverick to serve as secretary of the 1977 meeting. He reported that there were thirty-six (36) people in attendance at the council meeting representing nineteen electric cooperatives, one statewide association, REA, NRECA, and the University of Colorado. Motion was made, seconded and adopted that the Minutes of the 1976 Council meeting be approved. Charles Overman expressed appreciation to Everette Bristol and the program committee for their work in planning such an excellent program. The chairman also expressed appreciation for the work of the secretary in the preparation of the 1976 council proceedings.

1976 MINUTES & TREASURER'S REPORT APPROVED

Chairman Overman recognized Treasurer Allen Ritchie for his report. Copies of the report were provided to the members present. The report indicated 27 members had paid dues for 1977 and a net income of $1,916.68. Motion was made, seconded and adopted that the treasurer's report be approved. (Copy of the report is attached.) Allen reported that two systems had withdrawn membership from the council. These systems are Cornhusker Public Power District in Nebraska and San Isabel Electric Services, in Colorado.

The chairman called for the report of the Nominating Committee. Randy Bruton gave the report in the absence of the chairman, Clyde Hukills. Randy reported the following slate of candidates nominated by the Nominating Committee.

NOMINATING COMMITTEE REPORT

For treasurer	Allen Ritchie	Term to expire in 1980
For Program Committee		
Robert Weathers, Chairman		Term to expire in 1978
Elmer Stocker		Term to expire in 1980
For Membership Committee		
Virgil Herriott, Chairman		Term to expire in 1980
Wayne Kump		Term to expire in 1980
For Nominating Committee		
Randy Bruton, Chairman		Term to expire in 1978
Jack Hicks		Term to expire in 1980
For Research Committee		
Jim Kiley, Chairman		Term to expire in 1978
Everette Bristol		Term to expire in 1980

ELECTION

There was a motion that the nominations cease and the slate be elected by acclamation. The chairman declared the slate as listed above duly elected to serve the council for the terms indicated.

DISCUSSION & ACTION ON RESEARCH COMMITTEE'S RECOMMENDATIONS

Chairman Overman then requested that Jim Kiley review the recommendatins of the Research Committee. Jim presented the revision in the statement of viewpoints, objectives, and membership criteria (copy attached to these minutes) and moved the adoptions of the recommended revisions. Dick Segar seconded the motion. There was discussion concerning how the present members of the council would be certified under the revised criteria. Jim stated that this would be done over a three-year period, with approximatley one-third of the thirty plus systems presently members being certified each year. He stated that if the recommendation is adopted the committee would hope that several systems would volunteer at this meeting to be certified during the next twelve months. To set up the rotation the names of the remaining systems would be drawn to determine which would be reviewed for certification following the 1978 council meeting and following the 1979 meeting. Once the revolvement is established, members will have their certification reviewed each five years. Jim stated that the Research Committee would meet between this meeting and September of this year to more specifically define criteria for certification. Charles Weaver commented that the criteria is realistic, that it is not extreme, that 75 to 100 rural electric cooperatives in the United States could possibly qualify for membership if standards for certification were interpreted in the broadest sense.

ADOPTION OF REVISED VIEWPOINTS, OBJECTIVES & MEMBERSHIP CRITERIA

Bob Kabat stated that by adopting the proposed criteria the council would get the very best systems as members. The membership Nominating Committee should be careful in considering systems for initial membership and not be too harsh in applying the criteria. The chairman called for the vote on the question of adopting the recommendations of the research committee on the viewpoints, objectives and membership criteria for the council. The group adopted the recommendations unanimously. The chairman stated that if there were no objectives the name of the membership committee would be changed to Membership Nominating Committee. There were no objections.

Jim Kiley then reported on the Research Committee's work with Bob Kabat and members of his staff in developing a recommendation that the council sponsor the advanced management conference. Jim pointed out that if the council adopted the recommendation of the committee it would mean a five-day meeting, with the REMDC annual meeting beginning at Noon on Monday and continuing all day Tuesday. The advanced management conference would then begin on Wednesday morning and conclude at Noon on Friday. He also pointed out that the dues for council members would go from $100 to $300 annually if the recommendation was adopted which would enable a member system to have two persons in attendance at the advanced management conference for no additional fee. Jim moved the adoption of the recommendation of the research committee that the council sponsor the advanced management conference in conjunction with its annual meeting (copy of recommendation attached to these minutes). The motion was seconded by Bill Beverage.

During the discussion it was pointed out that a longer meeting could present problems for some council members. The chairman suggested that the planning committee for the advanced management conference be permitted some flexibility in scheduling. He stated that the REMDC program committee plans the REMDC meeting and both committees will need to closely coordinate their planning. The chairman stated that he supported the idea of having meetings together and that the two committees should give key importance to accessibility of location to air travel in planning the location for the meeting. Bob Kabat pointed out that the location should be central to people from all across the United States and gave New Orleans, Kansas City, and St. Louis as examples of sites which were centrally located. The group agreed that the REMDC meeting should be primarily for the exchange of ideas between member systems with the advanced management conference providing specialized programming in management development. The chairman called for the vote on the recommendation of the Research Committee that the REMDC council sponsor the advanced management conference put on by NRECA. The group voted unanimously to accept the recommendation to sponsor the advanced management conference.

ADOPTION OF RECOMMENDATION TO SPONSOR ADVANCED MANAGEMENT CONFERENCE

Chairman Overman then appointed the three members of the council to the program planning committee for the Advanced Management Conference to be held in 1978. He named Cecil Viverette, Chairman, Virgil Herriott and James Golden. He stated that NRECA representatives on the program planning committee would be Bob Kabat, Director of Management Services, NRECA and Jack Wood, Manager of Training and Consulting Services for NRECA. The chairman stated that the REMDC program chairman would also serve as ex-officio member of this committee for coordination purposes.

PROGRAM PLANNING COMMITTEE NAMED

Chairman Overman asked that those systems which would volunteer to submit to certification this year (between September 1977 and January 1, 1978) to so indicate. The following persons volunteered that their systems would submit to certification: Dick Segar, Cecil Viverette, Marv Athey, Charles Overman, Bob Roberts, Jim Golden, Virgil Herriott, Willard Grager, Bill Beverage and Elmer Stocker. This provides for ten member-systems to be certified this year.

SYSTEMS VOLUNTEER FOR CERTIFICATION

The chairman called for discussion concerning the time frame for the 1978 REMDC meeting and advanced management conference. It was pointed out that the date set by NRECA for the legislative rally frequently conflicted with the date of the REMDC conference. Bob Kabat suggested that the date for the REMDC meeting be set and a letter sent to Bob Partridge and John Davenport of NRECA requesting

that those dates be considered in setting the dates for the legislative rally so that REMDC members could attend both meetings. Motion was made by Bob Weathers that the REMDC meeting date be the second week in May 1978, this being the week of May 8 through 12. The motion was seconded and adopted by the group.

1978 MEETING DATE

Motion was made, seconded and adopted by the group to leave the location selection in the hands of the joint planning committee. Broad parameters were suggested for the location including Minneapolis, to New Orleans, Denver to Indianapolis. Motion was made, seconded and adopted by the group that should anyone have suggestions for the location of the 1978 meeting they should send information to Cecil Viverette, Chairman, with the proviso that the electric cooperative in the area become the official host for the group. Virgil Herriott moved that commendation and thanks be given to all those involved in planning the meeting. The motion was seconded and adopted by the group.

MEETING LOCATION

Chairman Overman expressed appreciation to Jim Golden and Everette Bristol for stepping in and making meeting arrangements following the resignation of Ed Gaither.

THANKS

Olaf Sandvick stated that this would be the last meeting of the council which Al Shjeflo would attend in that he was retiring during the next twelve months. Cecil Viverette moved that the secretary be requested to draw an appropriate resolution honoring Al Shjeflo and commending him for his leadership in the council. The motion was seconded and adopted.

AL SHJEFLO

There being no further business to come before the council the chairman declared the meeting adjourned.

Barbara Deverick

Barbara Deverick, Secretary

5/10/57

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

STATEMENT OF VIEWPOINTS

1. We believe that the objectives of the Rural Electric Program can best be achieved through dynamic management and leadership that is based on sound cooperative philosophy coupled with modern management principles and techniques.

2. We believe that cooperative philosophy and management principles and techniques must be under constant study and review and that research and development of new concepts and approaches must be undertaken if rural electric systems are to effectively fulfill the responsibilities inherent in the objectives of the Rural Electric Program.

3. We believe that there exists within the rural electric cooperatives, and their associated organizations, the knowledge, experience and point of view necessary to identify these needs and to determine required changes.

4. We believe that there exists among rural electric cooperatives, and their associated organizations, those who are willing to innovate, study and improve present cooperative and management principles and practices and to translate the results of such studies into meaningful programs.

5. We believe that rural electric system management will be enhanced where there has been a maximum exchange of ideas and experiences between those organizations that are innovating, studying and applying up-to-date principles and techniques.

6. We believe that all consumer-owned rural electric systems should have the opportunity to share in the results of such innovations in management practices and that this opportunity for sharing can best be provided through NRECA and other associated organizations.

5/10/77

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

STATEMENT OF OBJECTIVES

1. To bring together key rural electric management people who have demonstrated their application of up-to-date cooperative philosophy and management principles and techniques and who evidence an interest and willingness to participate in and contribute to study, research and innovation in the application of effective management concepts and techniques in rural electric system operations.

2. To contribute to the strengthening of overall rural electric system management by undertaking management research in areas of current concern and interest.

3. To develop new cooperative management concepts, approaches and techniques that will enable the management of rural electric systems to identify necessary resources and to provide the leadership required for meeting the needs of the people in an ever-changing environment.

4. To develop the means whereby the beneficial results of the application of such management research and innovation can be interpreted and widely disseminated to rural electric systems and to encourage its effective application.

Draft 5/10/77

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

MEMBERSHIP REQUIREMENTS

The Rural Electric Management Development Council is established to provide a forum for those rural electric systems who have developed organizations built on the application of cooperative principles and modern management principles and techniques.

The Viewpoints and Objectives of the Council, attached hereto, identify more specifically the beliefs and purpose that all members of the Council subscribe to. The Council's primary purpose is one of research and innovation. Research and innovation within the parameters of the established Viewpoints and Objectives.

The Council does not intend to provide a forum for teaching basic cooperative philosophy and basic management principles and techniques. Adequate training opportunities for this are provided by NRECA and other organizations.

Thus, to assure that the limited time available for the conduct of research and the exchange and discussion of innovative ideas can be utilized to the maximum productive extent possible, it is necessary that those systems who wish to apply for membership in the Council, those who wish to sponsor systems for membership and those systems who are currently members of the Council be fully aware of the criteria for initial and continuing membership.

A. Initial Membership

Any rural electric system or association of rural electric systems may apply and be considered for membership in the Rural Electric Management Development Council.

The criteria for initial or continuing membership shall be adopted by the Council members at the Council's annual meeting. Any amendments or changes in this criteria shall be approved by the Council membership.

Representatives of NRECA, CFC and REA and current members of the Council will be encouraged to nominate rural electric systems or other associations that are believed to meet all of the criteria for membership.

All applications for membership shall be subject to the review of the Nominating Committee. The Nominating Committee shall meet twice each year to review applications for membership and to recommend those applicants who meet the membership criteria for approval for the Council membership.

Those applying for initial membership shall be requested to submit the following:

1. Evidence of having demonstrated their application of up-to-date Cooperative philosophy and management principles and techniques. This evidence shall include the following:

   a. An Organization Profile - Documentation of the existence of an organization plan for the system. The documents required will be specified and should accompany the application.

   b. A System Profile - A recitation of the financial and operating characteristics of the system, including evidence of the existence of short and long-range plans in specified areas.

   c. A Corporate Profile - An identification of programs and activities designed to involve the members and the public. Evidence of a recognition and pursuit of goals designed to enhance the consumer ownership and public responsibility of the system.

   d. A Growth & Development Profile - Evidence of specific programs and activities undertaken by the system to go beyond normal requirements for management, individual development and member involvement. This should include the identification of beneficial results therefrom.

2. A statement of a commitment to participate in and contribute to study, research and innovation in the application of management in rural electric system operations.

3. A statement of the system's willingness to pay the dues or other approved assessments of the Council, to attend and participate in Council meetings and to accept committee or program assignments.

4. An expression of willingness to share your individual management innovations with the Council for information and evaluation purposes.

B. Continuing Membership

All members of the Council shall be subject to continuing membership review at least every five years.

Those systems subject to continuing membership review shall be notified at the Council's annual meeting preceding the review.

Continuing membership applications shall include the following:

1. A refiling of the initial membership application.

2. A recap of Council meeting attendance.

3. A recap of participation in Council activities, including study and research and innovative programs locally undertaken, with reports and presentations on such activities at Council meetings. Also, evidence should be furnished of the acceptance of Committee assignments and participation in activities consistent with the objectives of the Council.

The nominating committee shall receive all applications for continuing membership by September 1 of each year and make their review and recommendation to the Chairman by January 1 each year.

C. Honorary Membership

The following individuals, or their designated representative, are considered as continuing honorary members of the Management Development Council. The Council encourages their active participation in all Council projects and activities.

Director of Management Services - NRECA
Borrowers' Operations Office - CFC
Director-Electric Borrowers' Management Division - REA

Report of Research Committee regarding joint sponsorship of Advanced Management Conference by NRECA Management Services and Management Development Council.

May 10, 1977

At the 1976 Management Development Council annual meeting in Hot Springs, Arkansas, the Research Committee was instructed to receive and review a proposal from NRECA regarding the possibility of joint sponsoring the NRECA Advanced Management Conference.

This proposal was presented and discussed at a Research Committee meeting with NRECA staff following the NRECA annual meeting in Atlanta on February 24. Based on the results of that meeting, the Research Committee is recommending that the Council enter into a joint sponsorship arrangement with NRECA for the Advanced Management Conference. The specifics of the proposal are as follows:

1. Program Planning

   a. A five person program planning committee would be established and given the responsibility for developing plans for the annual Advanced Management Conference. This committee would plan the time, location and schedule of the Conference and the Council's annual meeting and would also plan the program content of the Advanced Management Conference. The committee would be comprised of three persons appointed by the Council from its membership, plus two NRECA Management Services staff members.

   b. The schedule of the Council annual meeting and the Advanced Management Conference would be as follows:

      Monday, p.m. & Tuesday - MDC annual meeting

      Wednesday-Friday noon - Advanced Management Conference

   c. The time and location of the Conference would be coordinated with the Management Development Council.

   d. NRECA would publicize and promote the Advanced Management Conference and would make all of the physical arrangements for both the annual meeting and the Conference.

2. Cost

   The present $100 per year per system would be increased to $300 per year per system. This annual fee would include the attendance of two persons from each system at both the Council annual meeting and the Advanced Management Conference. Additional persons attending from a participating system would be billed at $150 per person.

   NRECA will keep a careful record of their costs in putting on the Conference and any income in excess of costs will be shared equally by the Council and NRECA with NRECA's share being used for management research projects.

3. Program Content

There are many different new conceptions and ideas emerging in the field of Management and the five person committee would explore a number of these before determining what the specific program for each year's Advanced Management Conference would be. Some examples offered at the committee meeting in Atlanta were as follows:

1. A computer simulation developed by professors from the Wharton School, University of Pennsylvania. This simulation would be based upon the operation of an average size electric cooperative and would provide insight into possible decision making alternatives for ten years operations.

2. A program based upon the planning needs of electric cooperatives. The program would be based upon a planning exercise derived from actual work with a rural electric system.

3. An examination of the techniques of building a Contingency Management Model for a rural electric cooperative. Such a model would provide practicing managers usable techniques for operating their own systems.

The Research Committee feels that approval of our recommendation for joint sponsorship of the Advanced Management Conference with NRECA, coupled with the updated clarification of the Council's Viewpoints and Objectives and the adoption of the proposed membership requirements, will serve as a foundation from which the Management Development Council can work toward the development of improved application of modern management to rural electric system operations.

THE RURAL ELECTRIC MANAGEMENT
DEVELOPMENT COUNCIL

OPERATING STATEMENT

12 Months Ending May 4, 1977

Income:	
1976 Dues (Schedule A)	$ 500.00
1977 Dues (Schedule B)	2,700.00
Interest from Investments	597.78
TOTAL	$3,797.78
Expenses:	
Professional Fees and Expenses:	
NRECA - Kabat & Dunning, 1976 Meeting	$1,323.80
Research Committee:	
Dinner Meeting at Hot Springs, 1976 Meeting	81.35
1976 Annual Meeting	
Meeting Room Expenses - Bob Weather	135.70
Preparation Expenses, Yampa Valley EA	114.95
1976 REMDC Proceedings - Blue Ridge EMC	216.20
1977 REMDC Meeting	
Preparing and Mailing Program & Dues Notice	9.10
TOTAL	$1,881.10
NET INCOME	$1,916.68

THE RURAL ELECTRIC MANAGEMENT
DEVELOPMENT COUNCIL

BALANCE SHEET

May 4, 1977

ASSETS

	May 4, 1977	May 4, 1976
Current:		
Cash in Bank	$ 2,370.21	$ 1,151.31
Investments (Note 1)	12,039.31	11,341.53
Total	$14,409.52	$12,492.84

LIABILITIES AND MEMBERS' EQUITY

	May 4, 1977	May 4, 1976
Members' Equity:		
Retained Earnings	$12,492.84	$13,941.34
Net Gain (Loss)	1,916.68	(1,448.50)
Total	$14,409.52	$12,492.84

Note 1 - Investments

The Planters Bank of Bridgewater, Dayton Branch

Time Deposit, Open Account 5% Compound 90 Day (Giant Bankbook)	$12,039.31

THE RURAL ELECTRIC MANAGEMENT
DEVELOPMENT COUNCIL

SCHEDULE A

1976 Dues Paid After May 4, 1976

White River Valley EC	5-11-76	$ 100.00
Four County EMC	5-08-76	100.00
Jackson Purchase REC	7-21-76	100.00
Haywood EMC	3-18-77	100.00
Cass County EC	3-25-77	100.00
TOTAL.....		$ 500.00

SCHEDULE B

1977 Dues Paid As of May 4, 1977

Cumberland EMC	3-14-77	$ 100.00
Pioneer REC	3-14-77	100.00
West Plains EC	3-14-77	100.00
Cotton EC	3-14-77	100.00
United REMC	3-14-77	100.00
Kay EC	3-14-77	100.00
Douglas County EMC	3-15-77	100.00
Morgan County REMC (Ind.)	3-16-77	100.00
Wright-Hennepin EC	3-16-77	100.00
Whitley County REMC	3-16-77	100.00
Yampa Valley EA	3-16-77	100.00
Chugach EA	3-17-77	100.00
Shenandoah Valley EC	3-17-77	100.00
Sioux Valley Empire EA	3-18-77	100.00
Blue Ridge EMC	3-18-77	100.00
Carroll ECC	3-18-77	100.00
Linn County REC	3-21-77	100.00
Ozarks ECC	3-21-77	100.00
Cass County EC	3-25-77	100.00
Four County EMC	3-25-77	100.00
Oklahoma EC	3-25-77	100.00
KEM EC	3-25-77	100.00
Mecklenburg EC	3-25-77	100.00
Lumbee River EMC	3-25-77	100.00
Central Kansas EC	3-28-77	100.00
White River Valley EC	3-31-77	100.00
Haywood EMS	3-18-77	100.00
TOTAL.....		$2,700.00

THE RURAL ELECTRIC MANAGEMENT
DEVELOPMENT COUNCIL

SCHEDULE C

Members Whose 1977 Dues Have Not Been Paid As Of May 4, 1977

Cornhusker PPD - Letter Withdrawing
San Isabel Electric Services - Letter Withdrawing
Morgan County REA (Colorado) - Withdrew 1976
Adams Electric Cooperative
East Central Electric Association
First Electric Cooperative
Jackson Purchase REC
Tri-County Electric Cooperative
Wake EMC

RESEARCH COMMITTEE

Budget

Balance as of May 4, 1976	$4,817.12
Appropriations 5-4-76 to 5-4-77	.00
BUDGET	$4,817.12

Expenditures

Committee Meeting, Hot Springs 5-76	$ 81.35

BALANCE IN BUDGET AS OF MAY 4, 1977.....$4,735.77

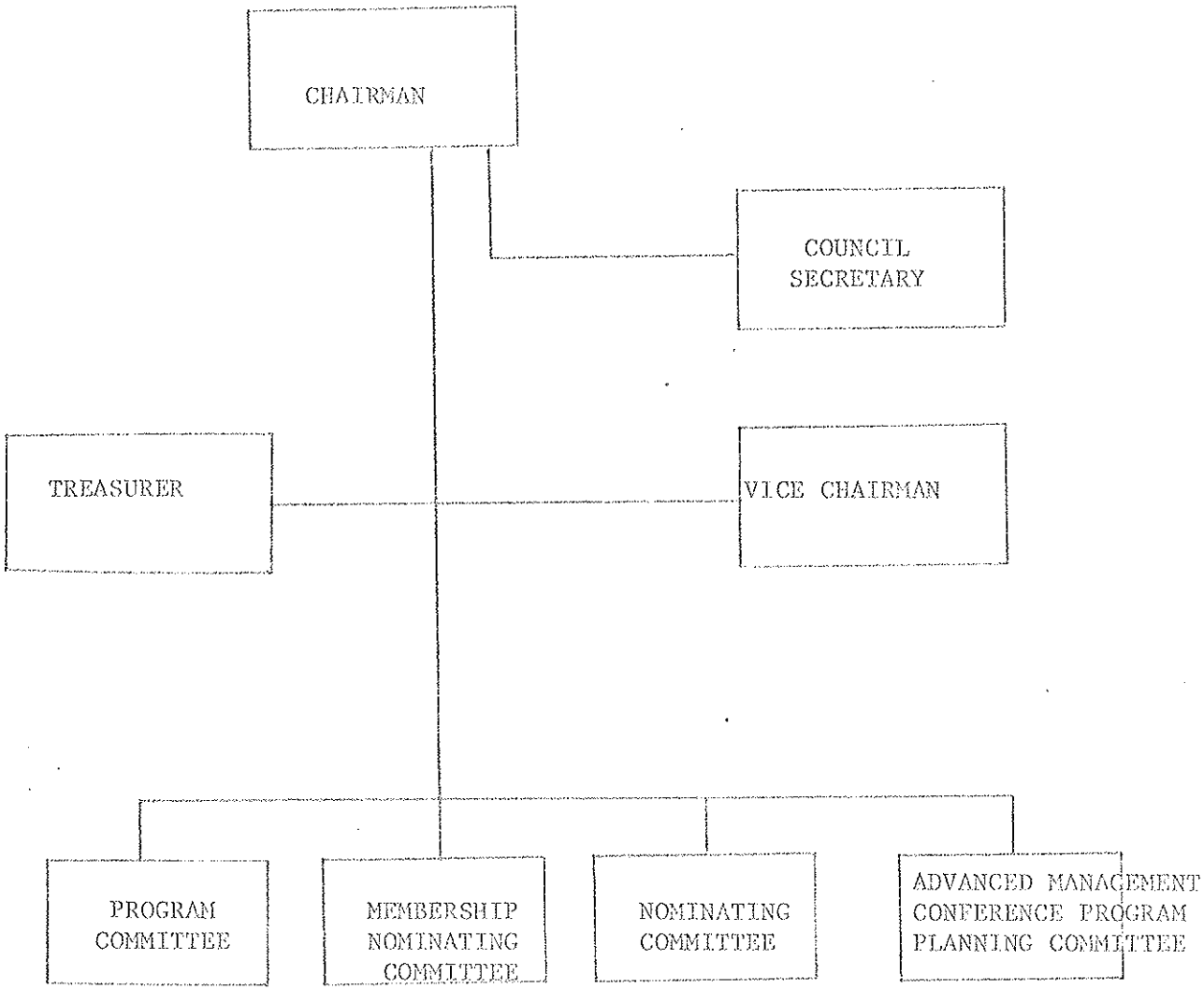
THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

ATTENDANCE RECORD

Cooperative	Years							
	'71	'72	'73	'74	'75	'76	'77	'78
Adams Electric Coop	0	X	X	X	X	X	X*	
Blue Ridge EMC	X	X	X	X	X	X	X	
Carroll Electric Cooperative Corporation			X	X	X	X	X	
Cass County Electric Coop	X	X	X	X	X	0	X	
Central Kansas	X	0	X	0	0	0	X	
Chugach Electric Assn., Inc.				0	0	0	0	
Cornhusker PPD	X	X	0	0	0	0		
Cotton Electric Cooperative				X	0	X	0	
Cumberland EMC	0	0	0	X	0	0	0	
Douglas County EMC	X	0	X	X	0	0	0	
East Central Electric Association			X	X	0	0	-	
First Elec. Coop						X	-	
Four County EMC	0	0	X	X	X	0	X	
Haywood EMC						0	0	
Jackson Purchase REC	0	X	0	X	0	0	-	
Kay Electric Coop	0	X	X	X	X	X	0	
KEM Electric Coop	X	0	X	X	0	0	X	
Linn County REC					X	X	X	
Lumbee River EMC					0	0	0	
Mecklenburg Electric Coop	0	0	X	X	0	0	X	
Morgan County REA (Colorado)	X	X	X	X	X			
Morgan County REMC (Indiana)	0	0	X	X	0	X	X	
Oklahoma Elec. Coop					X	0	0	
Ozarks Electric Coop	X	X	X	X	X	X	X	
Pioneer REC						X	X	
San Isabel Electric Services	X	X	X	X	X	X		
Shenandoah Valley Electric Coop	0	0	X	X	X	X	X	
Sioux Valley Empire Electric Assn.	X	X	X	X	X	X	X	
Tri-County Electric Cooperative, Inc.			X	0	0		-	
United REMC					X	0	0	
Wake EMC								
West Plains Electric Coop	X	X	X	X	X	X	X	
White River Valley Electric Coop	X	X	X	X	X	X	X	
Whitley County REMC					X	0	X	
Wright-Hennepin Elec.						X	X	
Yampa Valley Electric Assn.	X	X	X	X	X	X	X	

Code: X - Paid - Attended
0 - Paid - Did Not Attend
* - Dues not paid as of 5-12-77

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL



FUNCTIONS

CHAIRMAN: To act as general coordinator of the activities of the Development Council and preside at all business meetings. To issue notice of all regular meetings of the membership or special meetings of the cabinet. (The cabinet to be composed of the chairman, vice chairman, treasurer, and all committee chairmen.) To represent the Development Council in relation to other organizations. Term of office to be three (3) years.

VICE CHAIRMAN: To assume all duties of the Chairman in the absence of or inability of that officer. Term of office to be three (3) years.

TREASURER: To collect all monies due the Development Council including regular membership dues and special assessments. To pay all bills submitted in proper form. To prepare an annual financial statement and forward to the Secretary for inclusion in the annual conference summary. Term of office to be three (3) years.

SECRETARY: To be appointed annually by the Chairman. To keep a record of all proceedings, prepare, publish, and distribute annual conference summary. (May be assisted by Management Services Department of NRECA.)

COMMITTEES

All committees except the Advanced Management Conference Program Planning Committee, to be composed of a chairman and three (3) members. The chairman to be nominated by the Nominating Committee. All committee chairmen and committee members to serve staggered terms of three (3) years each.

PROGRAM COMMITTEE: To determine program content and format for the annual conference and secure appropriate participation from the membership. To provide for subject continuity in programming when desirable. The committee chairman shall preside at all program sessions and serve as ex-officio member of the Advanced Management Conference Planning Committee. To select the time and place for the annual council meeting in coordination with the Advanced Management Conference Planning Committee.

MEMBERSHIP NOMINATING COMMITTEE: Under the criteria established for admission to membership, select organizations each year who are actively engaged in management in the rural electrification field who will be nominated for membership in the Development Council. Evaluate compliance of member systems with criteria.

NOMINATING COMMITTEE: To nominate all officers and committee chairmen, as necessary, for submission to the annual conference for election. All nominations shall be submitted in writing, certified by the chairman of the committee, and deposited with the conference secretary.

ADVANCED MANAGEMENT CONFERENCE PROGRAM PLANNING COMMITTEE: A five member committee, appointed by the council chairman, with three members, including the chairman, representing the council membership and two members from NRECA Management Services staff to plan for the Advanced Management Conference.

OFFICERS AND COMMITTEES FOR 1978 DEVELOPMENT COUNCIL

Chairman.	Charles Overman	Term expires in 1978
Vice Chairman	L. P. "Bill" Beverage	Term expires in 1979
Treasurer	Allen Ritchie	Term expires in 1980
Secretary		Appointed annually by chairman

Standing Committees

Program

Chairman. . . .	Robert Weathers	Term expires in 1978
	Derl Hinson	Term expires in 1978
	Tom Townsend	Term expires in 1979
	Elmer Stocker	Term expires in 1980

Nominating

Chairman. . . .	Randy Bruton	Term expires in 1978
	Mark McNeil	Term expires in 1978
	Richard Seger	Term expires in 1979
	Jack Hicks	Term expires in 1980

Membership

Chairman. . . .	Virgil Herriott	Term expires in 1980
	Lawrence Moderow	Term expires in 1978
	Marion Athey	Term expires in 1979
	Wayne Kump	Term expires in 1980

Management Research

Chairman. . . .	James Kiley	Term expires in 1978
	Robert Roberts	Term expires in 1979
	Cecil Viverette	Term expires in 1979
	Everette Bristol	Term expires in 1980

Advanced Management Conference Planning (C)

Chairman. . . .	Cecil Viverette	Term expires in 1978
	Virgil Herriott	Term expires in 1978
	James Golden	Term expires in 1978
	Bob Kabat	Term expires in 1978
	Jack Wood	Term expires in 1978
	Bob Weathers, Ex-officio	Term expires in 1978

A. All committee members and officers elected for a 3-year term except as noted.

B. Chairman of each standing committee except Advanced Management Conference Program Planning Committee, named by the Nominating Committee and serve for 3 years when elected.

C. Advanced Management Conference Program Planning Committee appointed by the Council chairman.