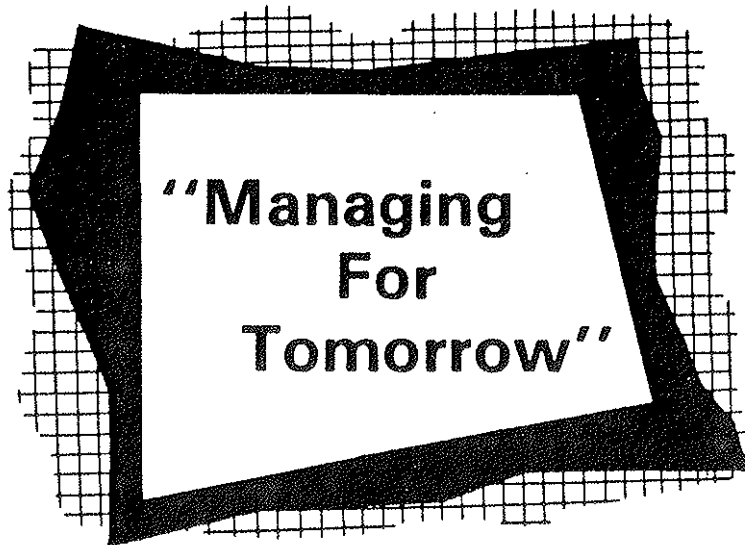


**Proceedings of the
30th Annual Conference
Of
The Rural Electric Management
Development Council**



Sheraton West Port Inn
St. Louis, Missouri
May 18-21, 1987

PROCEEDINGS OF THE
30TH ANNUAL CONFERENCE
OF THE
RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

Sheraton West Port Inn
St. Louis, Missouri
May 18-21, 1987

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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.

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.

**RURAL ELECTRIC
MANAGEMENT DEVELOPMENT COUNCIL**

STATEMENT OF VIEWPOINTS (continued)

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.

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.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

MEMBERSHIP REQUIREMENTS

The Rural Electric Management Development Council is established to provide a forum for those rural electric systems which 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 which are 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 which wish to apply for membership in the Council, those which wish to sponsor systems for membership and those systems which 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.

The Membership Committee shall review all applications for membership and shall recommend those applicants who meet the established criteria. Approval for membership in the Council shall be by a majority vote of members present.

Prospective members may attend an annual meeting of the Council as non-paying guests the first year. If interested in joining the Council, the prospective member shall submit an application as prescribed in Section A.

REMDC - Membership Requirements

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 and 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. Subject systems shall be notified at the Council's meeting preceding the review.

Applications for recertification as continuing members shall include:

1. A recap of attendance and involvement in the annual conference programs.
2. A recap of committee assignments and research activities.

REMDC - Membership Requirements

3. Evidence of a continuing dedication to, and active support of, excellence in rural electric management and leadership.

The Membership Committee shall review the applications for recertification and present them to the Council for approval at the next annual meeting.

C. Honorary Membership

The following individuals, or their designated representatives, 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 Borrower's Management Division - REA

D. Termination of Membership

Membership in the Council shall be terminated by:

1. A letter of withdrawal from a member system, or;
2. Upon investigation and recommendation by the Membership Committee, by a majority vote of the members present.

E. Council Dues

The annual dues shall be \$300.00, payable prior to the annual meeting of the Council. Payment of dues shall permit the attendance of key management people from each member system.

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.

REMDC - Membership Requirements

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 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. To select the time and place for the annual council meeting.

MEMBERSHIP COMMITTEE

Under the established criteria, solicit and process applications of new members as well as administer the recertification of continuing members. Monitor the attendance and participation of member systems from year to year and recommend follow-up action as necessary to maintain a membership that is interested and active in Council affairs.

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.

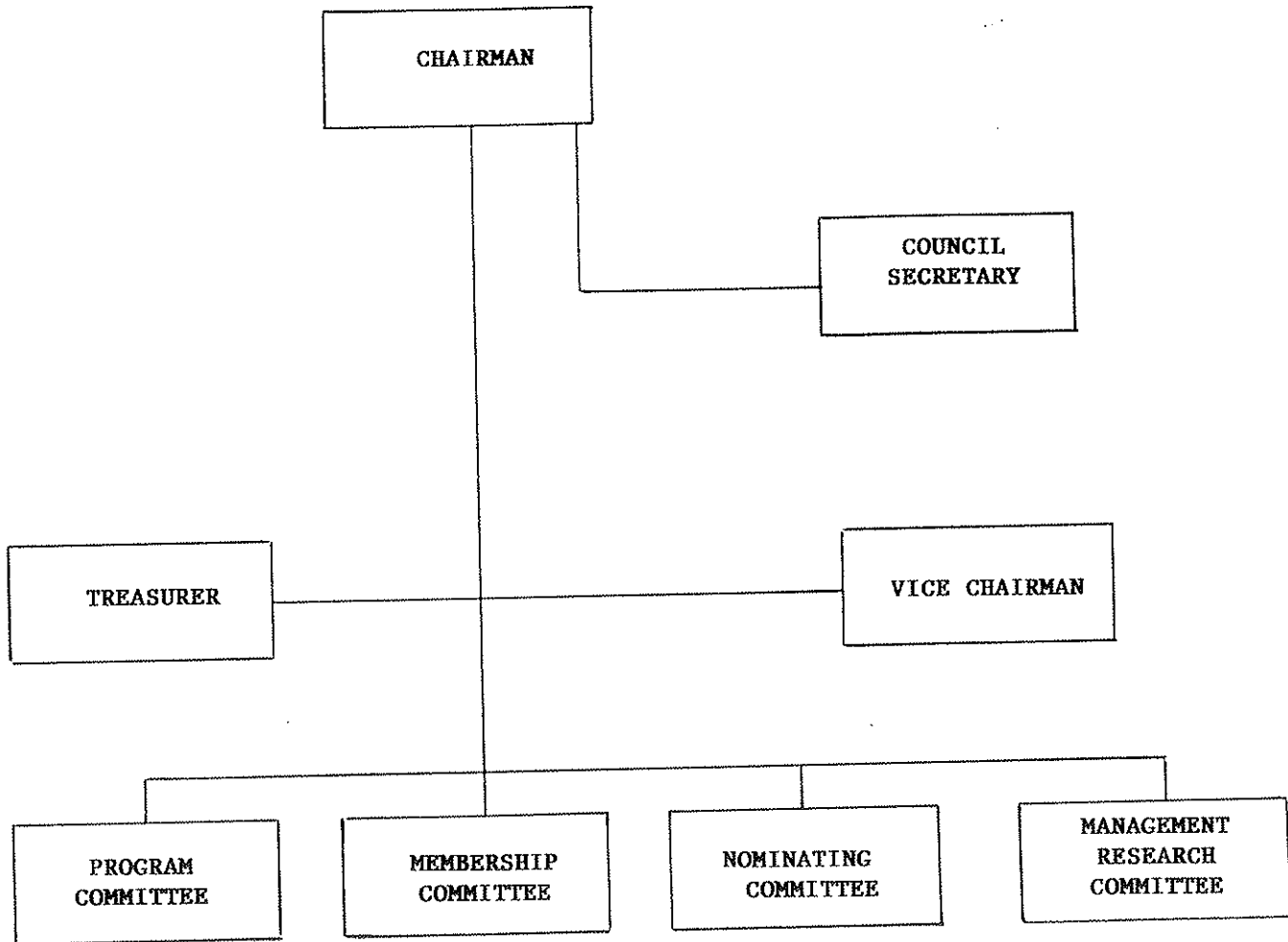
MANAGEMENT RESEARCH
COMMITTEE

To identify research areas and initiate recommendations for projects to be carried out by the Council. To work with NRECA in identifying management areas in the rural electric program which need additional research and/or development and training programs and determine how the Council can assist in meeting needs in cooperation and coordination with NRECA.

COMMITTEE MEMBERS'
EXPENSES

Reasonable out-of-pocket travel expenses of committee members attending committee meetings held solely for Council business, and not held in conjunction with other business meetings, shall be paid by the Council.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL



RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
OFFICERS AND COMMITTEES FOR 1987

Officers

| | |
|------------------------------|--------------------|
| Chairman - Barbara Deverick | Term expires 1987 |
| Vice Chairman - Harold Smith | Term expires 1987 |
| Treasurer - Allen Ritchie | Term expires 1989 |
| Secretary - Christine Beane | Appointed annually |

Program Committee

| | |
|--------------------------|-------------------|
| Chairman - Craig DeBower | Term expires 1989 |
| Dave Larson | Term expires 1988 |
| Bill Ward | Term expires 1987 |
| Paul Bienvenue | Term expires 1989 |
| Gary Hobson | Term expires 1989 |

Nominating Committee

| | |
|--------------------------|-------------------|
| Chairman - W. R. Fleming | Term expires 1989 |
| Derl Hinson | Term expires 1989 |
| Mike Gustafson | Term expires 1987 |
| Dave Dunnell | Term expires 1988 |

Membership Committee

| | |
|---------------------------|-------------------|
| Chairman - Phyllis Barber | Term expires 1988 |
| Robert Roberts | Term expires 1987 |
| Ev Bristol | Term expires 1988 |
| David Schornack | Term expires 1989 |

Management Research Committee

| | |
|--------------------------|-------------------|
| Chairman - Wayne Johnson | Term expires 1989 |
| Wayne Keller | Term expires 1988 |
| Doyle Hines | Term expires 1988 |
| Paul Weatherby | Term expires 1987 |
| Joe Satterfield | Term expires 1987 |

- A. All committee members and officers elected for three-year terms except as noted.
- B. Chairman of each standing committee named by the Nominating Committee and serves three years when elected, unless completing an unexpired term as a replacement.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
1987 ANNUAL CONFERENCE REGISTRATION

Adams Electric Cooperative, Inc.
P. O. Box 130
Gettysburg, Pennsylvania 17325
Fred J. Kane, Manager of Operations

Blue Ridge Electric Membership Corporation
Caller Service 112
Lenoir, North Carolina 28645
Barbara Deverick, Administrative Manager
Grant R. Ayers, Jr., Manager of Operations
Christine Beane, Director of Office Services

Cass County Electric Co-op, Inc.
P. O. Box 8
Kindred, North Dakota 58051
Victor Knudson, Manager, Administration and Finance

Central Area Data Processing Center
P. O. Box 408
St. Peters, Missouri 63376
Gary Hobson, General Manager

Central Georgia Electric Membership Corporation
P. O. Box 309
Jackson, Georgia 30233
George L. Weaver, General Manager
Jean Stansell, Office Manager

Clark County Rural EMC
609 East Utica Street
Sellersburg, Indiana 47122
Wayne W. Johnson, General Manager
Sharon Kleehamer, Manager of Office Services

Cobb Electric Membership Corporation
P. O. Box 369
Marietta, Georgia 30061
Bob Elsberry, Division Manager

Davidson Electric Membership Corporation
P. O. Box 948
Lexington, North Carolina 27292
Wayne Wilkins, General Manager

Delaware Electric Co-op, Inc.
P. O. Box 600
Bridgeville, Delaware 19933
E. Paul Bienvenue, General Manager
Layton Wheeler, Manager, Member Services
Fay P. Shockley, Manager, Personnel

Flint Electric Membership Corporation
P. O. Box 308
Reynolds, Georgia 31076
Harold B. Smith, General Manager

Four County Electric Power Association
P. O. Box 351
Columbus, Mississippi 39703
Joe Cade, Management Information Services Manager
Marlynn G. Cox, Manager, Administrative/Staff Services

Guadalupe Valley Electric Cooperative
P. O. Box 118
Gonzales, Texas 78629
Milton D. Hines, General Manager

Hancock-Wood Electric Co-op, Inc.
P. O. Box 188
North Baltimore, Ohio 45872
Steve Fausnaugh, Director Administrative Services

Linn County REC
P. O. Box 69
Marion, Iowa 52302
Kim Colberg, Manager
Phyllis Barber, Staff Assistant

Maquoketa Valley Rural Electric Co-op
P. O. Box 351
Anamosa, Iowa 52205
Dorothy Postel, Assistant Manager

Morgan County Rural Electric Membership Corporation
P. O. Box 1716
Martinsville, Indiana 46151
Greg McKelfresh, Office Manager

Northeastern REMC (Whitley REMC)
P. O. Box 171
Columbia, Indiana 46725
Gregg Kiess, Administrative Services

Pioneer Rural Electric Cooperative
P. O. Box 604
Piqua, Ohio 45356
Robert L. Roberts, General Manager

Randolph Electric Membership Corporation
P. O. Box 40
Asheboro, North Carolina 27203
Allen Holt, Plant Manager

Shenandoah Valley Electric Cooperative
P. O. Box 8
Dayton, Virginia 22821
Allen R. Ritchie, Manager, Administrative Services

Southeast Iowa Electric Association
P. O. Box 440
Mt. Pleasant, Iowa 52641
Craig DeBower, General Manager

Sioux Valley Empire Electric Association, Inc.
P. O. Box 216
Colman, South Dakota 57017
James M. Kiley, General Manager

Wells Rural Electric Cooperative
P. O. Box 365
Wells, Nevada 89835
Daniel L. Kessler, Manager

Guest Registration - 1987

Gerald Beer, Director of Loan Development
National Rural Electric Cooperative Finance Corporation
Washington, D. C.

Greg Boudreaux, Management Services
Martin Lowery, Management Services
National Rural Electric Cooperative Association
Washington, D. C.

Charles Weaver
Organization Consulting Associates
412 Bay Avenue
Lewes, Delaware 19958

Robert J. Bauman, General Manager
Butler County Rural Electric Cooperative
P. O. Box 98
Allison, Iowa 50602

Andrew Weiner
114 Seaton Building
University of Kentucky
Lexington, Kentucky 40506

RURAL ELECTRIC MANAGEMENT
DEVELOPMENT COUNCIL 1987 MEMBERS

| | <u>Recertification Date</u> |
|---|---------------------------------|
| Don Murray, General Manager Adams Electric Cooperative, Inc. P. O. Box 130 Gettysburg, Pennsylvania 17325 | 1988 |
| Wayne D. Keller, Executive Vice President Blue Ridge Electric Memb. Corp. Caller Service 112 Lenoir, North Carolina 28645 | 1988 |
| Joe Satterfield, Manager Blue Ridge Mountain Electric Membership Corporation P. O. Box 8 Young Harris, Georgia 30582 | 1992 |
| David Batten, Manager Brunswick Electric Membership Corporation P. O. Box 826 Shallotte, North Carolina 28459 | 1992 |
| Michael Gustafson, General Manager Cass County Electric Co-op, Inc. P. O. Box 8 Kindred, North Dakota 58051 | 1988 |
| Gary Hobson, General Manager Central Area Data Processing Center P. O. Box 408 St. Peters, Missouri 63376 | 1990 |
| George L. Weaver, Manager Central Georgia Electric Membership Corporation P. O. Box 309 Jackson, Georgia 30233 | 1992 |
| Wayne W. Johnson, General Manager Clark County Rural Electric Memb. Corp. 609 East Utica Street Sellersburg, Indiana 47172 | 1988 |
| Paul Weatherby, General Manager Cobb Electric Membership Corporation P. O. Box 369 Marietta, Georgia 30061 | 1989 |
| Wayne Wilkins, General Manager Davidson Electric Membership Corporation P. O. Box 948 Lexington, N. C. 27292 | 1988 |

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL 1987 - Page 2

E. Paul Bienvenue, General Manager
Delaware Electric Co-op, Inc. 1990
P. O. Box 600
Bridgeville, Delaware 19933

Harold Smith, General Manager
Flint Electric Membership Corporation 1990
P. O. Box 308
Reynolds, Georgia 31076

Derl J. Hinson, General Manager
Four County Electric Power Association 1991
P. O. Box 351
Columbus, Mississippi 39703

L. P. (Bill) Beverage, General Manager
Four County Electric Membership Corporation 1988
P. O. Box 667
Burgaw, North Carolina 28425

Doyle Hines, General Manager
Guadalupe Valley Electric Cooperative 1989
P. O. Box 118
Gonzales, Texas 78629

John A. Cheney, General Manager
Hancock-Wood Electric 1989
P. O. Box 188
North Baltimore, Ohio 45872

James D. Sherfey, General Manager
Lee County Electric Cooperative 1991
P. O. Box 3455
North Ft. Myers, Florida 33903

Kim Colberg, Manager
Linn County Rural Electric Cooperative 1989
P. O. Box 69
Marion, Iowa 52302

Ronnie Hunt, General Manager
Lumbee River Electric Membership Corporation 1990
P. O. Box 830
Red Springs, North Carolina 28633

John Parham, General Manager
Maquoketa Valley Rural Electric Co-op. 1988
P. O. Box 351
Anamosa, Iowa 52205

Richard Seger, General Manager
Morgan County Rural Electric Membership Corporation 1988
P. O. Box 1716
Martinsville, Indiana 46151

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL 1987 - Page 3

Carl Sederland, Interim Manager
Northeastern REMC (Whitley REMC) 1988
P. O. Box 171
Columbia, Indiana 46725

Lyman Patee, General Manager 1988
Northern Electric Cooperative
P. O. Box 1308
Virginia, Minnesota 55792

Robert L. Roberts, Manager 1988
Pioneer Rural Electric Cooperative, Inc.
P. O. Box 604
Piqua, Ohio 45356

Bob McDuffie, General Manager 1989
Randolph Electric Membership Corporation
P. O. Box 40
Asheboro, North Carolina 27203

Dick Fleming, General Manager 1989
Shenandoah Valley Electric Cooperative
P. O. Box 8
Dayton, Virginia 22821

Jim Kiley, General Manager 1988
Sioux Valley Empire Electric Assoc., Inc.
P. O. Box 216
Colman, South Dakota 57017

Craig DeBower, Manager 1990
Southeast Iowa Electric Association
P. O. Box 440
Mt. Pleasant, Iowa 52641

John C. Anderson, General Manager 1992
Southside Electric Cooperative
P. O. Box 7
Crewe, Virginia 23930

R. L. Arnold, General Manager 1988
Union REA, Inc.
P. O. Box 359
Brighton, Colorado 80601

Daniel L. Kessler, Jr., General Manager 1992
Wells Rural Electric Cooperative
P. O. Box 365
Wells, Nevada 89835

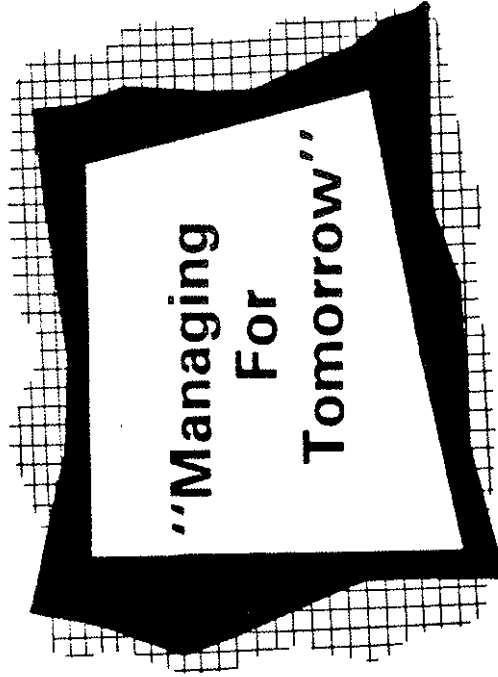
James Golden, General Manager 1988
Yampa Valley Electric Association, Inc.
P. O. Box 1218
Steamboat Springs, Colorado 80477

Program

| Monday, May 18, 1987 | | Tuesday, May 19 | |
|----------------------|--|--------------------------|---|
| 1:00 p.m. | Registration | 8:30 a.m. | Coffee and Rolls |
| 1:30 | Welcome and comments - Barbara Deverick Chairman REMDC - Blue Ridge EMC, North Carolina | 9:00 | Management Challenges with Long Term Employees - Andrew Weiner, Ed. D., Associate Professor/Consultant Employee Services University of Kentucky |
| 1:45 | Program Overview - Craig DeBower, Program Chairman - S.E. Iowa Cooperative Electric Association | 10:15 | Break |
| 2:30 | Effective Collection of Bad Debts - Tools That Have Worked! Layton Wheeler, Manager-Member & Staff Services - Delaware Electric Cooperative | 10:30 | Continue Dr. Weiner's Presentation |
| 3:15 | Discounted Buy-out of REA Mortgages Milton Hines, General Manager Guadalupe Valley Electric Cooperative Gonzales, Texas | 12:00 noon | Lunch |
| 3:30 | Break | 1:15 | Continue Dr. Weiner's Presentation |
| 4:15 - 4:45 | Warm Neighbors, Economic Development and More MaryInn Cox and Joe Cade Four County Electric Power Association Columbus, Mississippi | 3:00 | Break |
| 6:30 | "Something About Some Things" Charles Weaver, NRECA Mgt. Consultant Principal-Organization Consulting Service | 3:15 - 4:30 | Conclusion Dr. Weiner's Presentation |
| | Reception - Zurich Room, Sheraton West Port Inn | | |
| | | Wednesday, May 20 | |
| | | 8:00 a.m. | Depart hotel by bus to Central Area Data Processing (spouses welcome) |
| | | 8:30 - 11:30 | Central Area Telecommunications Update and Tour - Gary Hobson |
| | | 11:30 | Depart Central Area by bus for Lake Forest Country Club |
| | | 12:00 noon | Group luncheon at Country Club |
| | | 1:00 | Tee-off time for golfers Non-golfers depart country club by bus for hotel - afternoon on your own |

The Rural Electric Management Development Council

- Thursday, May 21**
- 8:30 a.m. New Programs and Emphasis at NRECA
Management Services - Martin Lowery,
Manager Consulting and Training - NRECA
 - 9:00 Update on NRTC and CFC Programs and
Activities
Gerald V. Beer, Director of Distribution
Services, CFC
 - 10:00 Business meeting
 - 11:30 or prior Adjournment



“If you do not think about the future . . .
you cannot have one.”
---John Galsworthy

**May 18 - 21, 1987
Sheraton West Port Inn
St. Louis, Missouri**

EFFECTIVE COLLECTION OF BAD DEBTS
TOOLS THAT HAVE WORKED



LAYTON A. WHEELER
MANAGER, MEMBER & STAFF SERVICES

1987 REMDC ANNUAL MEETING
MAY 18-21, 1987
SHERATON WEST POINT INN
ST. LOUIS, MISSOURI

The term collection refers specifically to all efforts for gaining payment after a debt has become past due or delinquent.

It is an organized, orderly process not fully developed unless methods, procedures and practices are coordinated into a SYSTEM. This is a methodical, preplanned program, adapted to differing needs, yet providing uniform treatment for all situations.

The collection system must be an established program whereby pressure is increased gradually, but surely, until payment is received, a solution is reached by the use of some drastic measure or the account is written off. Even if written-off, pressure should still be applied to collect any monies owed. The impression made upon the debtor by any one step in the system should be increased by the next.

It must be emphasized that all organizations differ. What is successful for you may not work for me. Examine your organization, establish goals, priorities and begin the process to collect, collect, collect.

Delaware Electric Cooperative, Inc. did not have an effective program for collection of disconnected accounts prior to 1982. After approaching one percent of gross revenue and consistently writing off well in excess of \$100,000 annually, we began to examine the disconnected accounts for a trend or a solution to our dilemma. (See Exhibit A.)

There was no big, complex, complicated answer to our problem. Actually, the answer was rather obvious. What was happening you ask? It seems that we put no priority at all on disconnecting delinquent consumers. Let me explain. With balances due of \$200 to \$800 even as high as \$1,500 the disconnection was not taking place until the account was 80, 90, sometimes even 100 days delinquent. We simply put no priority on disconnection of service.

Why? Because we were a Cooperative-good for America-proud and nobody liked to be unpopular. We were membership owned. It was an unpleasant task. All the while our membership was rebelling, rioting and demanding lower rates and other concessions. We were too kind for our own good.

RULE NUMBER ONE

Implement and follow your Commission Approved Terms and Conditions of Service. Terms and Conditions of Service were not adhered to in any fashion. In fact, many employees could not identify language relative to our disconnection policy. We had no department responsible for disconnection of delinquent accounts and disconnection only occurred when other work was slack. We immediately filed with the Public Service Commission for a more effective policy. Once approved, all employees were well aware of the new procedure because as disconnection became more prevalent our telephones literally rang off the hook. Many consumers were irate that we would take such action. All bills are now due and payable in our office 21 days from the date of the bill.

When payment is not in our office within the allotted time, the Commission approved late charge of one and one-half percent is assessed by way of a disconnect letter which allows seven (7) days from that date for payment to be received.

Disconnection is now a priority. A department was assigned this responsibility (two full-time employees). The account is given a collector and he/she either collects the amount in arrears in the field (if collected a \$10.00 Collection Fee is assessed) or disconnects. The account is now approximately 33 to 35 days from the date of the bill meaning that total service rendered is in the 60 to 65 day range.

Quite a substantial improvement over the previous 100 days of service.

If the account is disconnected, the Commission approved deposit is now assessed. Prior to 1982 we never had a deposit policy. Before reconnection, the consumer must pay a deposit based upon two-twelfths of the estimated annual consumption or \$100 whichever is lesser.

Implementation of the revised delinquency cycle, the late charge and the deposit made amounts subject to collection significantly lower. If the consumer came back on the line we had no problem. He simply paid all amounts owed. If he did not come back on line there was a problem because, somehow, we just had to know more about this individual.

Let me emphasize that collecting delinquent accounts is difficult and certainly not a pleasant task. It is very easy to classify everyone as a deadbeat, no good, rotten, lousy, the negative attitude seems to take over our good intentions to collect the account.

The task is to attract people, to get them to see your point and to accept your sales presentation for payment. Debtor respect and confidence must be gained if the account is to be marked paid-in-full.

Find an approach, a common ground to the debtor and make an opening statement that is positive and agreeable.

Remember, negative approaches repel the debtor and they will not hear, whereas, positive approaches attract the debtor and he listens. You are creating an attitude.

Most of us recognize the initials, PCA as representing Power Cost Adjustment or Personal Computer Application but we might consider PCA as Positive Collections Attitude. Mankind is basically honest, trustworthy and decent. We will be more successful with a positive attitude. Remember, the vast majority of our consumers pay in a timely manner and present no problem whatsoever.

RULE NUMBER TWO

Require an Application For Service For All Consumers. When the account is energized the Application should become a part of the file. When we began to get serious about our collections effort the Application asked for the social security number and a signature.

That's all. Now really, you cannot know too much about the consumer when trying to collect any monies owed.

The Application was revised asking for the applicant's full name, and yes we still wanted the social security number because we had always had it-I objected but lost this battle, driver's license number, place of employment, telephone number, spouse's full name, social security number, driver's license number and place of employment. Additionally, we ask for the property owner, whether they own or rent, nearest relative not living with them and their previous address. Last, and certainly most important, we ask for the signature.

Traditionally, we accepted initials, nicknames and just about anything short of the true name the account should have been established in. Now we must have the full name. The procedure has helped us tremendously. (See Exhibit B).

Another improvement in our collection process was a By-Law change, membership approved, to increase the Membership Fee from \$5.00 to \$25.00. When the consumer is disconnected for a BB (Bad Bill) we have the Membership Fee and a deposit (sometimes) to offset any balance due.

Having no district offices and a large square mile area, we rely upon the telephone for providing service either new or a transfer. This means that often the completed Application For Service was not received when the account was energized. We now will issue a "friendly" letter

reminding the consumer that the Application has not been received and that disconnection of service could result if we do not receive it. This letter has been extremely effective in obtaining the Application from newer accounts although the percentage of disconnected accounts with no application is still approximately ten to fifteen percent.

Without the Application all collection efforts are severely restricted especially when seeking court action. There is no "legal document" to attest that service was ever taken by the party being summoned.

RULE NUMBER THREE

Final Notice! When disconnected, communicate by letter with the consumer stressing the importance of satisfying the debt. If the letter is returned by the Post Office a notation should be made on the file. The account is now a "skip." If delivered by the Post Office update your records with the new address. (See Exhibit C).

When developing the effective collection letter remember the following:

BE BRIEF

Be tactful and polite without being wordy. Your message is simple-you want payment now but don't forget to "sugar-coat" the demand.

TELL THEM HOW MUCH

Always specify the amount of money you want.

TELL THEM WHAT TO DO

Suggest a definite action to be taken. Don't assume they'll mail a remittance. Ask for the money.

BE CLEAR

Use language the consumer understands. Common credit terms such as in arrears, jeopardize, solicit, mutual, ascertain, blemish, should be replaced by simpler words.

AVOID SARCASM

People react to hostility with hostility.

RULE NUMBER FOUR

Carefully examine the consumer folder when collecting monies owed by the consumer who does not seek a reconnect. The Rural Electric Program has a tremendous amount of pride, heritage, nostalgia. We are great collectors of anything reminiscent of the past. With this in mind we often neglect to carefully examine the folders of disconnected members. They sometimes contain a wealth of information. Let's examine a typical folder.

First, look for any returned checks. Checks are legal tender for six months and if returned for Non-Sufficient Funds (NSF), they may be collectible. Telephone the appropriate bank-bookkeeping department and ask if funds are on deposit. Often the account has been closed, sometimes by the bank, but occasionally we find an active account with funds on deposit. The check is then hand delivered to the bank, hopefully within the hour, for collection.

Now, examine the Meter Order Sheet to see if the account was transferred to another name, which happens a high percentage of the time. A particular problem is the transfer from husband/wife to wife or husband individually. Our system, for some reason, cannot comprehend that any monies owed should be transferred to the "new account."

Another form of transfer occurs when a woman changes her last name either through marriage or the recapturing of her maiden name. Again, we often find monies owed in the former name. When this situation exists simply transfer the delinquent amount to the new account.

While in the folder look for correspondence from the disconnected consumer which may reveal a potential address, telephone number or place of employment. Returned checks are a good source of information such as

the full name, a middle initial or name you did not have, a drivers license number and perhaps the social security number. If there is no application the signature on that check can be beneficial in court.

What, if anything, can be done with the drivers license number? In Delaware, a call to the Division of Motor Vehicles can frequently benefit us with a more current address. This is another tool in the collection process. Also a review of the "record" will indicate stability or whether we should diligently pursue the account.

Accounts disconnected today would call in this afternoon or the next day and have service energized in the name of a child and on at least one occasion someone deceased. This was verified with the funeral home. It seems they have very, very accurate records. Of course, this is no longer allowed.

As our collection program became known in the organization it was very contagious. Call us "good old boys", "the REA" or whatever the end result was a low priority on everyone's payment list. When opening the desk drawer on bill payment day to decide what to pay, for whatever reason, we went back into the drawer for future reference or future consideration. Absolutely no respect. Why were we not paid and why were other bills given priority over ours? Call it CULTURE. We had never applied any pressure, any demand to seek payment. It is interesting to note that many persons will not pay until asked for the money. They wait for you to ask them to pay.

While recognized for a very successful program, it was in reality a team effort. We began to work together in all departments while this cooperation and coordination had been non-existent in the past. It was actually one of the many activities that began to revive us organizationally. The teamwork was obvious.

RULE NUMBER FIVE

Utilize your attorney. While not an advocate for attorneys, their contribution is obvious in the collection process. The Delaware Electric Cooperative, Inc. account has been disconnected and approximately 100 days have passed since the date of the delinquent bill for which the account was disconnected. Our attorney (actually his secretary) receives a listing of these accounts whereby a letter is sent over his signature on his letterhead. (See Exhibit D). The attorney charges \$1.50 per letter plus postage for a total of \$1.72. This is cost justified. Another step in the process has taken place and the debtor now recognizes a law firm in the area threatening legal action on behalf of the Cooperative. The real key here is that the attorney has no follow-up with the debtor because the enclosed postage-paid envelope is already addressed for return to the Cooperative. The envelope is blue in color, not wanting the standard white, we sought, if you will, envelope recognition on behalf of the debtor when paying their bills whether on the 10th, 15th, or 30th of the month. We wanted this envelope to speak saying "pick me up" or "I'm special" or "I should be paid." (See Exhibit E). This step in our process, while not overwhelmingly successful, has paid its way and it is another form of communication emphasizing-pay Delaware Electric Cooperative, Inc. The Cooperative wants its money.

Historically very lenient in collections activity, change was occurring both with our employees and the public. The employees could see bills being paid that previously would not have been, and the public now began to realize we meant business.

RULE NUMBER SIX

Take legal action when appropriate. Consideration should be given to all costs incurred when choosing this method of collection. The objective is debt satisfaction. Legally the objective is judgment. Accurate records are a necessity when appearing in court. A signed contract (application) is also beneficial when testifying. If a contract cannot be produced perhaps a returned check or correspondence of some nature can suffice for the contract.

Experience demonstrates that for every ten consumers taken to court the average number appearing for trial is five or six on a good day. When those summoned arrive at court they are asked if it is agreed that the debt is owed. The usual response is, "yes I owe the money but could not pay the bill." At this point the clerk is informed to prepare a Judgment By Admission and payment terms are agreed to for the debtor. This is an excellent opportunity to verify the accuracy of all information. Is the address correct? What is the telephone number? Where are they employed?

If an agreement is made, an Agreement Letter is sent from our office with an ample supply of the blue, addressed Wheeler envelopes.

Judgment rendered and the Agreement not kept, now the Judgment should be executed. A levy of goods and chattels or wage attachment is appropriate. The most effective form of execution is the wage attachment if the individual is gainfully employed and there is not another attachment in front of yours. It should be noted that a court attachment for child support renders other attachments ineffective until that child is "of age" which is 18 in most states. We will not execute on furniture, appliances or goods of that nature but we will take an automobile and go to auction if necessary. Again, cost justify all actions.

Legal action, while an integral part of the process, is not a high priority because of the smaller amounts owed as a result of the efficient disconnection. It is a very effective tool to be utilized in certain situations.

RULE NUMBER SEVEN

Use A Collection Agency

Collection agencies are certainly a viable alternative to legal collections. Accounts that do not meet the minimum requirements for legal collections can in many instances be effectively collected through a reputable collection agency. "Reputable" is the key word in choosing an agency. Consideration should be given to the following:

1. Most collection agencies are a member of the American Collectors Association. Verify that they are a member in good standing.
2. Solicit references and check them carefully.
3. Visit the agency. Examine their notices and letters.
4. Work out a fee arrangement, usually negotiable, in writing, that meets your mutual needs and expectations.
5. Determine a followup routine for accounts assigned.

The effective use of an agency completes your collection cycle.

Each step enforces the previous action in the process.

Collection of Miscellaneous Bills

The volume of broken poles, hit guy wires and cut underground cable is increasing at an alarming rate.

This is another area where losses of \$15,000 to \$25,000 were occurring. If the violator is on your line collection is obvious-no payment of the Miscellaneous Bill-no electricity. If not energized by your cooperative, other avenues of collection must prevail.

Court action is desirable here because the amount due is usually large. Last year for example damage from one broken pole was in excess of \$5,000 primarily the result of PCB's.

The specific Judgment sought in court is a Trespass Action. A Trespass Action involving a vehicle is subject, after Judgment, to a suspension of driving privileges through Financial Responsibility if the debt is not paid. This is a very effective method of collection for sooner or later the suspended individual will appear to either pay in full or make an agreement.

When a pole is broken in the early morning hours (A.M.) that same day we contact the State Police for all the appropriate information regarding the accident. (See Exhibit F). Most of these damages are paid by insurance. It is the exception creating the problem.

Occasionally, a consumer will question the flag placement on a cut underground or generally protest the charge. A remedy to this problem is court with the Judge making the decision.

You cannot have too many tools in the collection process. Quite beneficial in our efforts are the following:

1. City Directory published by R. L. Polk & Company Publishers, 2910 West Clay Street, P.O. Box 27546, Richmond, Virginia 23261. Telephone 804-359-6001.

This alphabetical reference gives the name, address, telephone number and employment. (See Exhibit G).

Usually available for an incorporated town or city, it is not available for the rural area.

2. Cross Reference Directory published by City Publishing Company, 118 South 8th Street, Independence, Kansas 67301. Telephone 316-331-2650. (See Attached Exhibit).

This handy reference will give a telephone number and name when the address is known, rural or urban area, and will also indicate a name and address when just the telephone number is known. A very good tool and inexpensive, costing just over \$50. Worth every penny.

Now you know the formula for successful collections at Delaware Electric Cooperative, Inc. Our program in all probability will not work for your situation but perhaps a point or two will be an addition to your collections toolbox. Good luck!

EFFECTIVE COLLECTIONS



DELAWARE ELECTRIC COOPERATIVE, INC.ACCOUNTS WRITTEN OFF
As Percent of Sales

| | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>PERCENT</u> | .967 | .676 | .474 | .217 | .190 | .207 | .215 |
| <u>WRITE OFF</u> | \$183,898 | \$144,411 | \$120,462 | \$55,902 | \$52,898 | \$59,399 | \$66,099 |

DELAWARE ELECTRIC COOPERATIVE, INC.

BOX 600 • GREENWOOD, DELAWARE 19950

Phone 302-349-4571

Toll Free 1-800-282-8595

MEMBERSHIP APPLICATION

The undersigned (hereinafter called the "Applicant") hereby applies for membership in and agrees to purchase electric energy from DELAWARE ELECTRIC COOPERATIVE, INC., (hereinafter called Cooperative) upon the following terms and conditions.

1. The Applicant agrees to pay to the Cooperative a Membership Fee of \$25.00. In addition, a \$25.00 connection fee or a transfer fee (\$15.00 or \$25.00), whichever is appropriate, and indicated herein, is to be paid.
2. When electric energy becomes available, the applicant will purchase from the Cooperative all electric energy used in accordance with the applicable rate schedules and policies which may be established from time to time by the Cooperative and approved by the Rural Electrification Administration (REA) of the United States of America.
3. The Applicant hereby authorizes the Cooperative or any of its agents to enter upon the below described property for the purpose of reading meters, inspecting, repairing or replacing equipment, obtaining the name and addresses of and giving notice to the tenants (including notice to shut off service for the failure to pay bills when due) or any other purpose relating to Cooperative business.
4. The Applicant will cause his premises to be wired in accordance with the National Electric Code as established by the National Board of Fire Underwriters.
5. The Applicant will comply with and be bound by the provisions of the By-laws, and Policy of the Cooperative, as may be adopted from time to time. **THE ACCEPTANCE OF THE APPLICATION BY THE COOPERATIVE SHALL CONSTITUTE AN AGREEMENT BETWEEN THE APPLICANT AND THE COOPERATIVE, AND THE CONTRACT FOR ELECTRICAL SERVICE SHALL CONTINUE IN FORCE UNTIL CANCELLED BY WRITTEN NOTICE GIVEN BY EITHER PARTY TO THE OTHER AT LEAST THIRTY (30) DAYS IN ADVANCE.**

Cooperative Representative

Date

Applicant's Full Name (Please Print) / Social Security No.

Driver's License Number / State

Place of Employment

Phone Number

Spouse's Full Name / Social Security No.

Driver's License Number / State

Place of Employment

Phone Number

Mailing Address / City, State, Zip Code / Phone Number

Own Rent

Property Owner _____
Name / Address / Phone Number

Nearest Relative not living with You _____
Name / Address / Phone Number

Applicant's Previous Address _____

APPLICANT ACKNOWLEDGES HAVING READ OR HAD EXPLAINED CONDITIONS PERTINENT TO INSTALLATION LISTED ON THE BACK OF THE PINK COPY.

Signature of Applicants _____
ELECTRICIAN
PHONE NO _____

Co-op Use Only

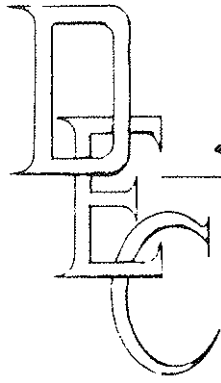
Type of Service Farm A2 Non-Farm B2 Elect. Heat E1 Non-Farm Trailer C2 Other _____

Map & Road # _____ Lot # _____

Account # _____ Cert # _____ U.G. _____ O.H. _____

Membership Fee \$ _____ Conn. Fee \$ _____ Transfer Fee \$ _____ Rec'd By _____

New Ser. _____ Old Ser. _____



Delaware Electric Cooperative, Inc.

BOX 600

GREENWOOD, DELAWARE 19950

(302) 349-4571

TOLL FREE 1-800-282-8595

FINAL NOTICE!

RE: Account Number
Balance Due \$

We are quite concerned that payment has not been received for the above mentioned account.

This is our FINAL NOTICE before seeking legal action to collect this delinquent amount. Your account status with us is a serious matter which could affect your future credit availability.

This situation is most urgent. If payment is not received or arrangements made within the next fifteen (15) days, this account will be placed with our Attorney.

Should you have questions regarding this letter or your account please contact our Consumer Inquiry Department. A self-addressed envelope is enclosed for your convenience in making payment.

Sincerely,

Consumer Inquiry Department
DELAWARE ELECTRIC COOPERATIVE, INC.

Enclosure

LAW OFFICES

HUDSON, JONES, JAYWORK & WILLIAMS
225 SOUTH STATE STREET - DOVER, DELAWARE 19901
(302) 734-7401

GEORGE R. WRIGHT
OF COUNSEL

WILLIAM S. HUDSON
R. BRANDON JONES
JOHN TERENCE JAYWORK
HARRY M. FISHER, III
GREGORY W. WILLIAMS
RONALD D. SMITH
PETER B. JONES
TEMPE BROWNELL STEEN

REHOBOTH BEACH OFFICE
107 REHOBOTH AVENUE
REHOBOTH BEACH, DELAWARE 19971
(302) 422-5212 - (302) 227-9441

GEORGETOWN OFFICE
P.O. BOX 487, 15 THE CIRCLE
GEORGETOWN, DELAWARE 19947
(302) 856-7082

* DEL. AND FLA.

Dear

This office represents the Delaware Electric Cooperative, Inc. We have been requested to undertake collection of your past-due account in the amount of \$ for account #

We are informed that you have failed to respond to previous attempts by the Cooperative to make arrangements for payment and it therefore appears that legal action may now be required. (Obviously, if payment of the above amount has been made, please contact the Cooperative so that they can verify this and correct their records.)

Before taking any formal action, I did want to give you a final opportunity to square your account with the Cooperative. Enclosed herewith, for your convenience, you will find a stamped, self-addressed return envelope. If you will promptly use that envelope to send in your payment, I will not have to pursue the matter further.

If you have a bona fide dispute about your bill, please contact the Cooperative immediately at 349-4571 so that this can be resolved.

In closing, I should advise you that if we do not hear from you, my office is authorized to take further legal action, including the filing of suit, to collect the amount owed. If that occurs, you would be obligated to pay additional amounts for court costs, interest, and attorney's fees should you decide to retain one.

If you are not heard from within the next thirty (30) days, further action, if deemed appropriate, will be taken by this office without further notice to you.

Sincerely,

JOHN TERENCE JAYWORK

JTJ:vlb
Enclosure

Exhibit E

(Return Address)

Mr. Layton A. Wheeler
Delaware Electric Cooperative
P. O. Box 600
Greenwood, Delaware 19950

Please prepare an invoice billed to the owner to recover trespass damages resulting from a broken pole.

Date of Accident: _____
Day Date Time

Location: _____

Driver: _____ Name Owner: _____ Name

_____ Address _____ Address

_____ Telephone No. _____ Telephone No.

Date of Birth _____

Drivers License No. _____

Year & Make of Vehicle _____

License No. _____

Investigating Trooper _____ Troop No. _____

Charges: _____

Injuries: _____

INSURANCE INFORMATION

Insurance Company: _____

Agent's Name: _____

_____ Address

_____ Telephone

Policy No. _____

Date of Expiration: _____

Claim No. _____

LAW:jmk

Dover, Delaware

256

Keighton Charles W r824 Monroe Ter
 Keighton Glenda L Mrs ofc sec John S Grady h824 Monroe Ter
 Keiper David & Raelynn h3116 Walnut St (DAFB) Apt F 734-1714
 Keiser Marge siswn Final Touch Carpets rClayton DE
 Keister Naomi I Mrs agt Bk Of Del Travel Agcy h29 Tudor Ct
 Keister Roger & Naomi; dir Smyrna Hosp h29 Tudor Ct 697-1298
 Keith Building S State St Cor The Plaza

KEITH ERNEST V

PRESIDENT
SERVICE REALTY COMPANY
REALTORS
MORTGAGES
RESIDENTIAL
INDUSTRIAL
COMMERCIAL AND FARMS
KEITH BLDG THE PLAZA AND STATE ST
TELEPHONE 734-5752

Keith James R retd r62 Lakeland Trailer Pk
 Keith Joyce recpt Ernest V Keith
 Keith Marie emp Master Dry Cleansing r108 S Governors Av Apt 4
 Keith Paul F retd h62 Lakeland Trailer Pk 734-9372
 Keith Robin S Mrs asst bkpr Blue Coat Inn h276 Merion Rd
 Keith Roger M & Robin S (Stable Shoppes Old Countrie Store) h276
 Merion Rd 678-1872
 Kellam Perry r466 Barrister Pl
 Kellams Mariane retd r131 S Caesar Rodney Av (C)
 Kelleher J C h1032 2d Av (DAFB) Apt D 678-9265
 Kelleher Terry W & Erlinda; USAF h411 Alder Rd
 Keller h820 Townsend Blvd
 Keller Betty ofc mgr Kauffman's Furn rRt 4
 Keller Edw D & Joyce A h3109 Walnut St (DAFB) Apt B 734-2107
 Keller Geo A & Sandra; tchr Dover Hi Sch h507 Woodsedge Rd
 734-5004
 Keller James & Debra; emp Bolan Mtrs rFox Rd
 Keller Jerry L & Gloria; civ serv wkr D A F B h10 Park La
 697-2328
 Keller Michl & Betty; mgr Rodney Village Arco Sta rWhite Oak Rd
 Keller Michl & Dover; mgr Dan Mar Pest Control
 Keller Patsy ofc sec State Hwy Dept rSmyrna DE
 Keller Thos J & Delsie T; retd h600 Lakewood Pl 734-4142
 Kellerman James emp Natl Cup
 Kellett Ruth M emp Platex h126 W North St 734-3641
 Kelley See Also Kelly
 Kelley Betty L Mrs div mgr Sears h1760 Taylor Dr
 Kelley Florence G case pkr Genl Foods h175 Saxton Rd 734-4180
 Kelley Herbert v-pres Dover Plmb Sup rSmyrna Del
 Kelley Jacqueline h1699 N Du Pont Hwy Lot 242
 Kelley James & Brenda h15 Roundtree Dr 734-8439
 Kelley John & Gianna h1699 N Du Pont Hwy Lot 149
 Kelley John T Jr studt r115 Highview Av
 Kelley Leona M Mrs studt h115 Highview Av 734-8090
 Kelley Orian T & Susan (Dover Plmb Sup) rSmyrna Del
 Kelley Ronald T & Betty L; civ serv wkr DAFB h1760 Taylor Dr
 734-3046
 Kelley Sandra h21 Manchester Square Apts
 Kelley Spencer E & Eileen P; reprmn Lakeland Inc hB11 Lakeland
 Trailer Pk 736-1589
 Kelley Susan grooms dogs Top Knot Kennel r175 Saxton Rd
 Keley Wm R body reprmn Kent County Mtr Sls rB11 Lakeland
 Trailer Pk
 Kellogg Paul A & Helen F; retd h26 Laurel Dr 678-2474
 Kelly Carol genl mgr F D Hammond Enterprises rCamden DE
 Kelly Cecilia studt r601 N Bradford St

AYNTER LN (RR 2)
RUITT DEVELOPMENT
 From Truitt Ave sw. 1 s of Martin Ln

| | | | |
|-------|----------------------|------------|----|
| 108 | Schoele Wm | + 645-0559 | 85 |
| 112 | Maboney Frank J | 645-8257 | 84 |
| 338 | Pagnoni Robt | 645-8674 | 84 |
| -- | Buckmaster Linford C | 645-2790 | 82 |
| -- | Mellon Thos P | 645-9492 | 80 |
| 0-BUS | 5-RES | 1-NEW | |

ELICAN COVE
DEWEY BEACH

| | | | |
|-------|----------------|----------|----|
| -- | Gable Steven H | 227-8946 | 84 |
| -- | Gavron Henry J | 227-1585 | 84 |
| -- | Schrufer Richd | 227-2069 | 81 |
| 0-BUS | 3-RES | 0-NEW | |

ELICAN PERCH SOUTH

| | | | |
|-------|--------------|----------|----|
| -- | Lucas Peter | 227-4386 | 82 |
| -- | Reed Leonard | 227-1779 | 84 |
| 0-BUS | 2-RES | 0-NEW | |

PENNSYLVANIA AVE
 From 2nd e to Surf Ave

| | | | |
|--------|------------------------------------|------------|----|
| 1 | Prettyman Eldridge Y | 227-7692 | -- |
| 1 | Prettyman J M H | 227-7692 | -- |
| 1 | Pulsford Henry A | 227-7692 | -- |
| 4 | Winslow L | 227-7859 | 82 |
| 5 | Priest Martin Mrs | 227-7067 | 84 |
| 6 | Marshall Alan T | 227-9167 | 84 |
| 7 | Buttner W Douglas | 227-7746 | 81 |
| 9 | Williams Robt | 227-2725 | -- |
| 10 | Butters David J | 227-7929 | 79 |
| 10 | Lee Walter H | 227-7929 | -- |
| 11 | Moore Leon G Mrs | 227-8615 | -- |
| 12 | Myers Frank H | 227-2441 | -- |
| 12 | Sibert Boyd B | 227-2441 | -- |
| 14 | Bogan C Warren | 227-2158 | -- |
| 15 | Townsend Preston C | 227-2826 | -- |
| 15 | Townsend Preston C | 227-6030 | 77 |
| 17 | Stoessel Walter J | 227-8203 | -- |
| 18 | Simpson G Victor MD | 227-8474 | -- |
| 21 | Jewett Hugh J | 227-7141 | -- |
| 23 | Waltersdorf John M | 227-9118 | 79 |
| 24 | Ruf Raymond E | 227-6536 | 79 |
| 25 | Harrington Anthony S | 227-3541 | 79 |
| 26 | Hansen Paul J | 227-3942 | -- |
| 27 | O'Connell Jerome T | + 227-7582 | 85 |
| 28 | Emerson R Pennell | + 227-1169 | 85 |
| 29 | Brunner G F | + 227-0187 | 85 |
| 31 | Liem Robin D | + 227-3996 | 85 |
| 31 | Patterson Thos E | + 227-3996 | 85 |
| 32 1/2 | Macadam E E | + 227-0305 | 85 |
| 33 | Lane Geo B | + 227-2239 | 85 |
| 33 | Lloyd Chas T | 227-3615 | -- |
| 34 | ★Advance Mgt Systems | 227-2691 | 81 |
| 34 | Kain Harry R | 227-7322 | 78 |
| 36 | Shriver E L | 227-6437 | 79 |
| 37 | Birbright W T Dr | 227-7387 | -- |
| 37 | Harper Robt M Dr | 227-7387 | -- |
| 37 | Herzman C B | 227-7387 | 81 |
| 39 | Vought Kimber E | 227-3738 | 79 |
| 40 | Hurley Raymond | 227-6633 | 79 |
| 42 | Kadow Stanley W | 227-8284 | 80 |
| 44 | McGeary R K | 227-0619 | -- |
| 45 | ★Walker John C Dvlpmnt Corporation | 227-7201 | 82 |
| 45 | Walker John C III | 227-7200 | 82 |
| 46 | Haering Rosalie | + 227-4758 | 85 |
| 46 | Salin John A | 227-8477 | -- |
| -- | Carpenter R M Jr | + 227-7120 | 85 |
| -- | ★Cowgill John P elec contr | 227-8500 | 77 |
| -- | ★Cowgill RI Est Agency | 227-8500 | -- |
| -- | Wood Wm T | + 227-3038 | 85 |
| 4-BUS | 45-RES | 9-NEW | |

PHILADELPHIA Contd

| | | | |
|---------|---------------------|------------|----|
| 122 | Woodward Robt F | + 227-0125 | 85 |
| 155 | Davalos Hugo A | 227-2452 | 84 |
| 202 | Bailey Lois H | 227-2273 | 84 |
| 206 1/2 | New Thos | + 227-3286 | 85 |
| 206 1/2 | Steele Wayne G | 227-4207 | 85 |
| 212 | May June | + 227-0171 | 85 |
| 215 | Lemmon Harry A | 227-6233 | -- |
| 216 | Dunlap A Hambleton | 227-3027 | 81 |
| 217 | Lingo E B | 227-7121 | -- |
| 219 | Jobora Nancy | 227-6567 | 85 |
| 219 | Jones Harlan W | 227-2869 | -- |
| 219 | Stevenson Flossie R | 227-8379 | 81 |
| 220 | Burton Norman | 227-7397 | -- |
| 221 | Rieck August W | 227-8633 | 84 |
| 222 | Brooks F A | 227-1350 | 84 |
| 224 | Simpson Alvin E | 227-2292 | -- |
| 225 | Stepno Norman H | 227-1725 | 82 |
| -- | Moss Wm F | 227-7507 | 78 |
| 0-BUS | 31-RES | 4-NEW | |

PHILADELPHIA SQUARE

| | | | |
|-------|--------------------|------------|----|
| 5 | Dodd Robt M | 227-6772 | 84 |
| 11 | Dodd Jas F III | 227-8165 | 84 |
| -- | Blomquist Roy H Dr | 227-4034 | 84 |
| -- | Brawley Robt K | + 227-0137 | 85 |
| 0-BUS | 4-RES | 1-NEW | |

PHILIP REHOBOTH BEACH GARDENS

| | | | |
|-------|-------------------------------------|----------|----|
| -- | ★Rehoboth Gardens Condominium Assoc | 227-3988 | 84 |
| 1-BUS | 0-RES | 0-NEW | |

PINE DEWEY BEACH

| | | | |
|---------------------------------|-------|-------|--|
| See Pine Ln (Silver Lake Manor) | | | |
| 0-BUS | 0-RES | 0-NEW | |

PINE LN (Sandy Brae)

| | | | |
|--------------------------|-------|-------|--|
| See Lewes Street Section | | | |
| 0-BUS | 0-RES | 0-NEW | |

PINE LN SILVER LAKE MANOR

| | | | |
|--|---------------------|------------|----|
| From King Charles Ave (State Rd 1 A) w. 1 s of Silver Lake | | | |
| 4 | Cunningham Walter L | 227-1726 | 82 |
| 5 | Kling Richd E | 227-1832 | 82 |
| 10 | Caulk Martin E | 227-1261 | 84 |
| 21 | Schafer J D Jr | 227-7547 | 79 |
| -- | Judson Allan | + 227-3351 | 85 |
| -- | Kershaw Vernon | 227-7414 | 78 |
| 0-BUS | 6-RES | 1-NEW | |

PINE RD SILVER LAKE SHORES

| | | | |
|---------------------------------|-------|-------|--|
| See Pine Ln (Silver Lake Manor) | | | |
| 0-BUS | 0-RES | 0-NEW | |

PINE REACH RD HENLOPEN ACRES

| | | | |
|-------------------------------------|-----------------------|------------|----|
| From Tidewaters Rd e to Duneway Ave | | | |
| 3 | Davis Jackson C | 227-8618 | -- |
| 5 | Belser Dana C | 227-1555 | 84 |
| 6 | Ingersoll Wm | 227-8689 | 80 |
| 7 | McDermott M J | + 227-2807 | 85 |
| 9 | Clatworthy Raymond J | 227-6302 | 84 |
| 10 | Anselmo R J | 227-9124 | -- |
| 11 | Montgomery S M | 227-7053 | 79 |
| 26 | Macdonald Niel | 227-7832 | -- |
| 28 | Rianhard Davis L | 227-8743 | -- |
| 30 | Peters Richd A | 227-6345 | -- |
| 31 | Walker Joan | 227-9137 | -- |
| 31 | Walker John E | 227-3319 | -- |
| 32 | Scarborough C P | 227-2671 | -- |
| 34 | Brown Stanley N Jr | 227-2867 | 82 |
| 35 | Wilgis Herbert E Dr | 227-2479 | -- |
| 36 | Bradley John L | 227-0933 | 82 |
| 37 | Pearce H Duval | 227-6511 | 81 |
| 39 | Moses John W L | 227-1596 | 84 |
| 40 | Lofland J Everett | 227-7218 | -- |
| 41 | Deakynne Walter C Jr | 227-8373 | -- |
| 42 | Dick Laura P | 227-6647 | 78 |
| 43 | Roberts W Ashton | 227-7161 | 77 |
| 44 | Thompson Chas R | 227-7363 | -- |
| 45 | Bingham Herbert Mrs | 227-8765 | -- |
| 46 | McDevitt Gwynne Mrs | 227-4926 | 84 |
| 48 | Lewis Thos B | + 227-2764 | 85 |
| 52 | Maloney Jas G Jr | 227-7007 | -- |
| 54 | vanDyke J R | 227-2139 | 80 |
| 56 | Bateman Jos L | 227-2150 | 79 |
| 56 | Raycroft Harold V MD | 227-8181 | 80 |
| 57 | Ferguson R C | + 227-7865 | 85 |
| 57 | Jones Allen smr res | 227-7865 | 85 |
| 58 | Thompson Peter | 227-0202 | 84 |
| 59 | Dickinson Dorothy | + 227-0375 | 85 |
| 60 | Sirinek B L | 227-2184 | 77 |
| 61 | Ward Geo B Jr | 227-2644 | -- |
| 65 | Lewis C Maurice | 227-2835 | -- |
| 66 | Collins T Carlisle Ms | 227-2101 | -- |
| 67 | Morgan Henry W Jr | 227-2429 | -- |
| 68 | Shachoy Paul | 227-4350 | 84 |
| 69 | Wildt Christy V | 227- | -- |
| 70 | Kane Al Philip | 227- | -- |
| 70 | Kane Matthew A | 227- | -- |
| 73 | Johnson Walter M Jr | 227- | -- |
| 75 | Gonder Frank Mrs | 227- | -- |
| 77 | Proctor Mary R | + 227-7019 | 85 |

PINE VALLEY TRAILER VILLAGE

| | | | |
|--|------------|-------|--|
| Located on Rehoboth-Lewes Hwy near Old Landing | | | |
| Alfree K | 645-7115 | 82 | |
| Allen Chas A | 645-8116 | -- | |
| Argo Delema | 645-2940 | 81 | |
| Barcola Anthony | 645-6527 | 84 | |
| Barker Clarence J | 645-9525 | -- | |
| Barone Rita | + 645-0120 | 85 | |
| Cooke Michael | + 645-5675 | 85 | |
| Deiter John | 645-3410 | 84 | |
| Deptula Jas P | + 645-0783 | 85 | |
| Dilley Jeffrey M | 645-9214 | 81 | |
| Eakin R C | 645-8474 | -- | |
| Elliott Frances C | 645-5563 | 84 | |
| Joyce Frank Edw | 645-7269 | 80 | |
| Lathbury Clayton | 645-6832 | 77 | |
| Lymaster Jas E | 645-7801 | 84 | |
| McMahon Tod | 645-7994 | 84 | |
| Middleton John H | 645-6701 | 80 | |
| O'Hara Muriel | 645-2130 | -- | |
| Osowski Jos | + 645-7089 | 85 | |
| Parisella Anna E | 645-8671 | -- | |
| Perry Gerald | + 645-7097 | 85 | |
| Phillips Chas C Jr | 645-2537 | -- | |
| Pientka Philip | 645-5663 | 84 | |
| Reed B J | 645-6334 | 84 | |
| Reinert M H | 645-5392 | 84 | |
| Rispoli J E | 645-2007 | -- | |
| Russell Jas | 645-8091 | 80 | |
| Seaman Richard A | 645-9522 | 84 | |
| Short Marian M Mrs | 645-9825 | -- | |
| Steeleman Breta | + 645-0547 | 85 | |
| Zakorchenny S | + 645-0112 | 85 | |
| 0-BUS | 31-RES | 7-NEW | |

PINEY GLADE TRAILER PARK (R R 1)

| | | | |
|---|------------------------|------------|----|
| Located n of Road 270 A, e of Munchy Branch & sw of Holland Glade | | | |
| 12 | Norris Ray | 227-2326 | 80 |
| -- | Blaine Raymond C | 227-7850 | 85 |
| -- | Bruner Harold S Capt | 227-2020 | 78 |
| -- | Cavanaugh Michael | 227-1120 | 84 |
| -- | ★DND Enterprises | 227-3280 | 84 |
| -- | Dixon David E | 227-1365 | 82 |
| -- | Headley Jack | 227-4105 | 78 |
| -- | McDonough J F Rev | 227-6833 | 85 |
| -- | McGuigan Wm P | + 227-4073 | 85 |
| -- | Mills E W Sr | 227-9163 | 79 |
| -- | ★Rehoboth Construction | 227-3280 | 84 |
| -- | Stansky Edw | 227-9399 | 84 |
| -- | Thomas Jos E | 227-3451 | -- |
| -- | Walp Andrew S | 227-3250 | 77 |
| -- | Wheaton Gerald P | 227-6074 | 80 |
| -- | Williams Frank D | 227-4048 | 84 |
| -- | Wood Jack | + 227-2258 | 85 |
| 2-BUS | 15-RES | 2-NEW | |

PINEY GROVE MANOR

| | | | |
|-------------------------------|-------|-------|--|
| See Georgetown Street Section | | | |
| 0-BUS | 0-RES | 0-NEW | |

PLAIN CHANCE DEWEY BEACH

| | | | |
|----------|----------|-------|--|
| Dean F J | 227-6448 | -- | |
| 0-BUS | 1-RES | 0-NEW | |

PORT DELMARVA

| | | | |
|-----------------------|------------|-------|--|
| Ballinghoff Jos | + 227-0352 | 85 | |
| Campbell Wm A | + 227-6067 | 85 | |
| Charles Albert M | 227-4867 | 84 | |
| Chilcutt M | 227-1791 | 82 | |
| Compton Roger H | 227-3237 | 84 | |
| Dodd Robt W | 227-1817 | 84 | |
| Eitel Carroll | 227-4465 | 84 | |
| Eller Walter F | 227-1085 | 82 | |
| Foulke S R summer res | + 227-9429 | 85 | |
| Gullickson Ira N | + 227-2089 | 85 | |
| Hendricks H L | + 227-0495 | 85 | |
| Jones Wendall M | 227-1953 | 84 | |
| Lamborn Volney D | 227-6447 | 81 | |
| McKinney Dwight D | 227-8317 | 84 | |
| O'Bier A C | 227-0872 | 81 | |
| Phenix Jas E | 227-6648 | 84 | |
| Provinzano Gerard | + 227-4352 | 85 | |
| Sipe Fred | 227-1897 | 82 | |
| Stevens H D | 227-7685 | 84 | |
| 0-BUS | 19-RES | 6-NEW | |

POWDER HORN LN CAMELOT MOBILE HOME PARK

| | | | |
|----|----------------|----------|----|
| 10 | Reilly Wm K | 645-8487 | 84 |
| -- | Foreman Ernest | 645-9503 | 79 |
| -- | Humm Edw L | 645-7507 | 84 |
| -- | Stecher Thos D | 645-9026 | 82 |
| -- | Brazelord D F | 645-8042 | 79 |
| -- | Lilly Jas F | 645-5517 | 84 |
| 23 | Clark N | 645-9867 | 79 |

POWDER HORN LN Contd

| | | | |
|-------|--------------------|----------|----|
| 26 | Nichols Jonathan P | 645-7633 | 80 |
| 30 | McColgan Michael | 645-5608 | 84 |
| 34 | Anderson Thos R | 645-6175 | 84 |
| -- | Jones Wm G | 645-8147 | 79 |
| 0-BUS | 12-RES | 0-NEW | |

PRINCE AVE CAMELOT MOBILE HOME PARK

| | | | |
|--|-------|-------|--|
| See Prince Ln (Camelet Mobile Home Park) | | | |
| 0-BUS | 0-RES | 0-NEW | |

PRINCE LN CAMELOT MOBILE HOME PARK

| | | | |
|-------|-------------------|------------|----|
| 52 | Bennington Jas C | 227-1582 | 82 |
| 57 | Beaumont Donald C | 227-6867 | 81 |
| 57 | ★Eatin Fred | 227-6867 | 82 |
| 58 | Lynch H Bernard | 227-2338 | 78 |
| 59 | Geesey R | 227-2125 | 85 |
| 76 | Manista Helen | 227-6292 | 80 |
| 78 | Groff R Fred | 227-6679 | 79 |
| 79 | Weible Richd A | 227-8626 | 84 |
| 80 | Taylor Warren C | 227-2458 | -- |
| 84 | Carnean Jas A | 227-8031 | -- |
| 92 | Anton Robt W | + 227-7550 | 85 |
| 93 | Bogenrief Donald | + 227-0364 | 85 |
| 202 | Enright Merritt E | 227-2829 | 79 |
| 203 | Ward John K | 227-1091 | 82 |
| 205 | Reggater Geo E | 227-2959 | 80 |
| 206 | Andrews Midred | 227-3643 | 81 |
| 207 | Rosander Milton A | + 227-0492 | 85 |
| 209 | Flynn Kieran M | 227-6360 | 80 |
| 210 | High Geo D | 227-8282 | 80 |
| 215 | Clompus Martin | 227-6858 | 79 |
| 218 | Gant J Carlton | 227-4407 | 81 |
| 219 | Mowday Jane | 227-4461 | 80 |
| 220 | Tapp Robt R | 227-8721 | 79 |
| -- | Maclary Robt W | 227-2137 | -- |
| -- | McMaster Dorothy | 227-0786 | 81 |
| -- | Newell Laura V | 227-6356 | 80 |
| -- | Price Leslie | 227-3156 | 81 |
| 1-BUS | 26-RES | 3-NEW | |

PRINCESS LN CAMELOT MOBILE HOME PARK

| | | | |
|-----|--------------------|------------|----|
| 96 | LeCates Lewis | 227-9757 | 81 |
| 97 | Yeagley D E | 227-3349 | 84 |
| 105 | Gimm Viola | 227-4190 | 78 |
| 107 | Appleford E M | 227-3260 | 77 |
| 108 | Tenschert Walt | 227-7631 | 79 |
| 109 | Whiteman Lillian F | 227-6888 | -- |
| 110 | Black Robt G | 227-1541 | 84 |
| 113 | Denney Howard M | + 227-0647 | 85 |
| 129 | Kliagel Robt M | 227-8804 | 84 |
| 130 | Meyerson Harry | 227-4099 | 84 |
| 131 | Seward S S | 227-6504 | 81 |
| 220 | Needham Ricb'd M | 227-8869 | 84 |
| 221 | | | |



MR. JIM MATLACK
DELAWARE ELECTRIC COOPERATIVE
Box 600 • Greenwood, Delaware 19950
349-4571 or Toll Free 1-800-282-8595

TO _____

DATE _____

AMOUNT OWING \$ _____

Surely you want to avoid Court action and show that you are trying.

May we at least get a response from you in one of the boxes to the right?

Your cooperation is appreciated!

Here is your check in full — Thank you for your patience.

I mailed one yesterday.

Here's your money — now leave me alone.

I don't intend to pay; You'll have to fight for it.

Can't possibly make it today — Will send one shortly:
_____ by next Friday
_____ before the end of the month

I'd like for you to know (See back side for comments.)

Dear Delaware Electric Cooperative:



Name

Box or Street Number

Town

Telephone

S U M M A R Y

1. Send friendly reminder letter.
2. Collect folders.
3. Carefully examine folders for any information.
4. First, look for returned checks.
5. Review meter order for account status-was the account transferred from one spouse to another? Was the account put in the name of a child or even a deceased person?
6. The application.
7. Attorney letter.
8. Personal contact in the field and by telephone.
9. Court.
10. Collection Agency.
11. Periodically, (at least every two years) compare the active accounts to those written off in prior years.
12. Collections Awareness.

Discounted Buy-Out
of
R.E.A. Mortgages

Presented to
Rural Electric Management Development Council

St. Louis, Missouri

May 18, 1987

Doyle Hines
General Manager
Guadalupe Valley Electric
Cooperative, Inc.

The purchase of the REA mortgages for the existing debt of GVEC was not a hurried effort. It was developed over a number of years, with full understanding of the objectives formulated by the Board of GVEC. However, before exploring these areas, let us review the REA/GVEC relationship.

For some 42 years, a portion of the construction funds for Guadalupe Valley Electric Cooperative had been provided by REA, as all other electric cooperatives have participated. This program has been of an immensely benefit to the GVEC program, without these benefits there likely would not be a GVEC operation, and only the highest praise can be extended to our National leaders for the fore sight developed for the rural electrification program. The REA/GVEC relationship has been an excellent exercise and with reluctance, the program of leaving this association was developed.

The objectives of the program was multi-purpose, being: (1) to develop a source of capital funds outside of Federal programs, (2) attempt to disassociate future loan programs from political dictates, (3) prepare operations of GVEC for utility services other than electric, and (4) develop a financial plan for equity development and maintenance.

The following are several illustrations of summarized information on the GVEC program, being:

1. **Debt Service Coverage** - historical data that reflects decisions for preparing the GVEC finances for buy-down.
2. **REA Debt Comparison** - reflects the existing amortization program and the various options of the new debt.

3. **Financial Forecast Summary** - reflect future choices for the GVEC Board of Directors.

SUMMARY - The GVEC program has been completed for moving away from REA's program. The future programs are being decided as this paper is presented.

A word of caution is extended --- without detailed analysis of an electric cooperative's financial base, this program should not be undertaken. This analysis should include historical data of financial needs plus future projections for 10 and 20 years, cost of purchased power projected into future and comparison of electric rates of neighboring utilities.

This is very definitely a program not to be considered unless members have complete confidence in the existing operations, also, members understanding of proposed program could be of benefit.

GUADALUPE VALLEY ELECTRIC COOPERATIVE, INC.

| Debt Service Coverage | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
| Operating Revenues | \$22,090,555 | \$28,619,736 | \$33,049,901 | \$36,115,049 | \$35,594,925 | \$34,086,320 |
| Interest Income | 385,494 | 335,521 | 385,494 | 447,468 | 358,646 | 324,003 |
| Total | \$22,476,049 | \$28,955,258 | \$33,435,395 | \$36,562,517 | \$35,953,571 | \$34,410,323 |
| Operating Expenses excluding Int. & Depr. | 19,346,288 | 25,422,988 | 27,421,041 | 30,113,208 | 29,663,452 | 26,810,880 |
| Net Revenues available for Debt Service | \$3,129,761 | \$3,532,270 | \$6,014,354 | \$6,449,309 | \$6,290,119 | \$7,599,443 |
| Interest | \$1,228,607 | \$1,644,599 | \$1,768,666 | \$1,767,615 | \$1,919,192 | \$2,002,129 |
| Principal | 571,583 | 591,774 | 633,485 | 743,098 | 744,897 | 696,420 |
| Debt Service Requirement | \$1,800,190 | \$2,236,373 | \$2,402,151 | \$2,510,713 | \$2,664,089 | \$2,698,550 |
| Debt Service Coverage | 1.74 | 1.58 | 2.50 | 2.57 | 2.36 | 2.82 |
| Times Interest Earned Ratio | 1.78 | 1.61 | 2.82 | 3.15 | 2.70 | 2.98 |

EXHIBIT "A"

GUADALUPE VALLEY ELECTRIC COOPERATIVE, INC.

=====

Financial Forecast Summary

=====

| | 1987 | 1989 | 1991 | 1993 | 1996 |
|--------------------------|--------|--------|--------|--------|--------|
| | ----- | ----- | ----- | ----- | ----- |
| Equity | | | | | |
| ----- | | | | | |
| No Change | 39.63% | 39.58% | 35.65% | 29.18% | 16.51% |
| 40% Equity Maint | 40.00% | 40.16% | 40.00% | 40.00% | 40.00% |
| 1% Equity Growth | 41.00% | 43.00% | 45.00% | 47.00% | 50.00% |
| | | | | | |
| Avg Rev/kWH Sold | | | | | |
| ----- | | | | | |
| No Change | 4.964 | 4.964 | 5.029 | 5.039 | 5.143 |
| 40% Equity Maint | 5.016 | 4.964 | 5.241 | 5.339 | 5.633 |
| 1% Equity Growth | 5.163 | 5.061 | 5.330 | 5.421 | 5.717 |
| | | | | | |
| Debt (million \$) | | | | | |
| ----- | | | | | |
| No Change | \$27.0 | \$31.2 | \$38.6 | \$48.3 | \$61.9 |
| 40% Equity Maint | 27.0 | 30.8 | 35.2 | 40.0 | 47.2 |
| 1% Equity Growth | 27.0 | 28.8 | 31.2 | 33.9 | 37.1 |
| | | | | | |
| Pat Cap Rotation | | | | | |
| ----- | | | | | |
| No Change | \$1.1 | \$1.3 | \$1.4 | \$1.3 | \$0.9 |
| 40% Equity Maint | 1.1 | 1.3 | 1.4 | 1.6 | 1.7 |
| 1% Equity Growth | 1.1 | 1.4 | 1.6 | 1.9 | 2.3 |
| | | | | | |
| Gen Funds Level | | | | | |
| ----- | | | | | |
| No Change | \$3.9 | \$4.3 | \$4.8 | \$3.8 | \$3.0 |
| 40% Equity Maint | 4.2 | 4.3 | 4.8 | 5.4 | 6.3 |
| 1% Equity Growth | 5.3 | 4.3 | 4.8 | 5.4 | 6.4 |

WARM NEIGHBORS PROGRAM

Joe B. Cade, Mgr. Management Information Services

4-County EPA, Columbus, MS

This program for 4-County consumer/members allows a way for them to help fellow consumer/members who have serious financial and other needs pay their electric bill. By paying at least \$1.00 extra on their 4-County power bill, this money goes to buy energy for the homes of those consumer/members needing financial assistance.

Eligibility for receiving the Warm Neighbors funds is determined by criteria established by The United Way agency, The Salvation Army, and 4-County EPA representatives. Recipients of the Warm Neighbors funds cannot be receiving any other type of federal assistance. The program is administered through The Salvation Army. 100% of all funds collected by 4-County goes toward bill payments.

This energy assistance program has grown from a pilot project in one of the 4-County service districts to include 3 of the 5 Districts. Currently, the program is being considered for expansion into the other two Districts as soon as an administration agency can be determined.

To date the results of the Warm Neighbors program are as follows:

| | |
|----------------|----------------------------------|
| \$4,069.27 | Total Collected |
| 64 | Total Consumer Members Processed |
| \$3,807.06 | Total Bills Paid |
| \$14.51 | Lowest Bill Paid |
| \$248.75 | Highest Bill Paid |
| <u>\$59.49</u> | Average Bill Paid |

SUNSCREEN PROGRAM

4-County offers consumer/members a chance to make sunscreens for their home. For just the cost of materials, which is about \$16.00 for an average size window, the 4-County consumer/member can make sunscreens that block up to 70% of the sun's heat and glare to help cut summer cooling costs. Many of the sunscreen workshops are scheduled for late afternoon/early evening hours so that people who work can attend.

Potpourri
Current Information

We believe in keeping our employees informed on all matters of the association and the surrounding area. We have developed a current events menu showing as many as twenty four different subjects. This menu is accessible by all our employees and gives detailed information about each subject.

Memberships

Our bylaws state that a member may vote only one time no matter how many accounts he has with us. Each year before the annual meeting we must go through our records and drop our duplicate memberships from the annual meeting records. It was decided that it would be much simpler to code each new membership voting or non voting as the account is being set up. This would simplify our annual meeting process by having all our membership records coded as the new application is being processed. If the consumer has an existing account his new membership record is coded non voting. If the consumer does not have an account with us we code his membership record as voting.

Locating Account Information In An Outage

One of the most critical things that we do when a consumer has an outage is to locate his account information. We think that

this is one of the most difficult and time consuming things that we do, especially in an outage that affects many consumers. We set out to develop a system that would allow a consumer to identify himself in some unique way. We thought about sending each consumer a sticker with our phone numbers imprinted and his account and location number printed on it. This idea did not go over well with our consumers. Many consumers did not want a messy sticker on their phone. We suggested the sticker be put in their phone book, but since the phone books are replaced each year the sticker would have to be reprinted and distributed yearly, very costly. The sticker idea was discarded. We discovered that there is a unique number in front of each consumer when they place a trouble call. This is a number that most consumers have memorized. This unique number was already a part of our customer data base, so it was really a simple matter to build an index and set up our inquiry to accept this number as an access to our customer records. This number is our consumers phone number.

Account Notes

There are times when we need to make a note about a particular account and we need to be able to keep up with the note. We found this would be extremely helpful when extensions were given on a monthly bills. We developed a small program that allows an employee to enter comments, agreements or any pertinent information about an account and then be able to access this

information through our regular inquiry program. The comments are entered using the consumers membership number. This comment information will stay with the account until it is removed even if the account is cut out. The comment or comments are not removed until the account has been paid in full and has been moved into our history files.

Billing Information

We installed electronic meter reading in November 1986. This has proven to be very cost effective and has pointed out some areas that needed improvement. Before electronic meter reading our meter readers read their routes at their convenience. Instead of our consumers getting a 30 day bill every month, one month they could have received a 20 day bill and the next month a 40 day bill. With the implementation of electronic meter reading we have set a very rigid reading schedule and this has really improved the reading consistency. We thought that it would be a good idea to show our consumers how many days their current bill is for and to show the average usage per day, along with their total KWH usage. We also thought it would be a good idea to show the same information for last year this month, as this would give them something to compare. The new format of the bill has helped with high bill complaints because our consumers can see the number of days they are billed for, total KWH usage and average daily usage this month and this month last year.

NEW EMPLOYEE ORIENTATION VIDEO

A 15-20 minute video to acquaint new employees with 4-County EPA will be produced by the personnel department with assistance from the communications specialist.

During the first 5 or so minutes of the video, the new employee will be introduced to the cooperative philosophy, the history of 4-County EPA and the basic information concerning organizational structure (organization chart, staff, General Managers, Board of Directors, etc.), office facilities (district office operation), distribution system (substations, crews, truck fleet, dispatching center, and maintenance of the system, i.e.- Osmose, Asplundh, etc.), and business operations (billing, data processing, ITRON, Members services, statewide emergency plan, etc.)

The next segment will focus on phases of employment such as benefits, training and education, professional enhancement, First Aid, CRP and line crew safety training, special programs (Professional Excellence, Breakfast with General Manager, Operation Tomorrow, Wellness, etc.)

The closing segment will emphasize how 4-County employees enjoy their work environment and leisure time with co-workers at events such as Pig Fest, Christmas Banquet, Annual Meeting, Spring cookout, Summer bar-b-que, Boss' Day, etc.

A short wrap-up would feature 2 or 3 employees who have been employed 30 or more years with some short quotes.

Professional Excellence Seminars

These seminars are 1-day sessions for women employees of 4-County and are held quarterly. The programs provide timely and useful information to promote personal and professional growth. Outside professionals are asked to speak on topics in their area of expertise. The sessions are scheduled for 2 days so that all employees can attend. The seminars have been a very low cost project to implement due to the two major universities in our area.

Some topics that have been covered in past sessions are: You As An Employee...Winning With The Members, Professional Business Communications, On The Road to an Energy Audit and Update on TVA/4-County Programs.

HOW AND WHY 4-COUNTY EPA BECAME
INVOLVED IN ECONOMIC DEVELOPMENT

Marlynn G. Cox, Mgr. Administration & Staff Services
4-County EPA Columbus, MS

First, the why - 4-County Electric Power Association became involved in Economic Development because we wanted to help provide jobs for our consumers and improve the economic activity of our area. Aside from the altruistic motives, let me point out that a 1% change in our annual load factor affects our bottom line by a quarter of a million dollars.

We became actively involved in 1985 when we were approached by our power supplier, TVA, with a proposal to help us with economic development in our service area.

Noxubee County, the neediest of the 8 county area we serve, was chosen for our first effort. Our General Manager, Derl Hinson, issued an invitation to a number of the community leaders in Noxubee County to attend a meeting to discuss economic development. We were gratified by the response to this first meeting where farmers and teachers, businessmen and women, blacks and whites came together to discuss ways to bring more jobs into their area. Out of this beginning grew the Noxubee County Economic Development Authority which began to work with 4-County EPA and TVA in carrying out the strategy developed for

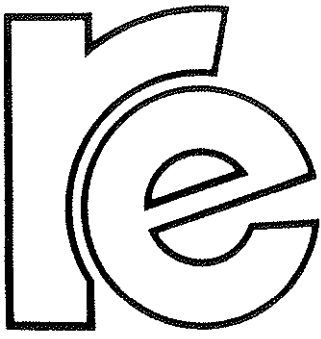
securing additional jobs for Noxubee Countians. As a result of these efforts, 217 new jobs have come into being in Noxubee County during the last year. (Based on the population of this rural area, this would be comparable to 2000 jobs in a metropolitan area.) The Noxubee County story is told in the December 1986 issue of RE magazine.

The same strategy was carried into the Columbus-Lowndes County area and is beginning to be developed in Choctaw County also. 4- County is presently working with TVA in a regional targeting effort which has resulted in the formation of the Golden Triangle Economic Development Federation. Committees incorporated in this organization include Regional Marketing, Business Development, Expansion of Existing industry, Education & Training, Technology Development, Regional Leadership Development. Whether it is an entity like TVA or a G&T, either could become a partner with a distribution system in economic development.

Two by-products of this effort are the development by Tennessee Valley Public Power Association of an economic development seminar which will enable TVA power distributors to learn more about how to put together economic development plans and a joint arrangement between TVA and NRECA to hold economic development symposiums around the country. The basis of both these programs will be the Noxubee County Strategy.

As a part of these recent economic development efforts in the Golden Triangle Area, a group was able to put together, in about a week, a presentation to be made to a panel selecting the Mississippi site to bid for the proposed Superconductor Supercollider to be built within the next couple of years. The Mississippi Legislature has approved a one million dollar budget to develop the site to be put into competition with other states seeking to have this facility located in their area.

We at 4-County believe that we are here to serve, not just electricity, but in any way we can. More and more rural electric consumers are asking what their cooperative has done for them lately. With active participation in economic development, it is easy to answer - We've provided more jobs for you and your neighbors, increased buying activity in your community, etc. We have found that when we serve our consumers, our cooperative reaps benefits as well.



A Good Rural Job

NEAR the end of the 1970s, Noxubee County, Miss., was still a land of cotton farms and cattle ranches, little changed in appearance from the Deep South of the 1930s. But a way of life was coming to an end: from 1960 to 1980 the number of jobs in agriculture dropped from more than 2,000 to 500, largely because cotton was collapsing. By 1980 it was gone. Noxubee County, already one of the poorest counties in one of the poorest states, reached the mid-1980s skidding into despair.

A 1986 Ford Foundation report titled "Shadows in the Sunbelt" said "Hilton Head, South Carolina, and Noxubee County, Mississippi . . . are both rural communities sharing much of the same cultural heritage.

Lynden Classen (left) and Nick Taylor checking welds at Trailboss Trailers, makers of trailers for heavy equipment. Trailboss opened two and a half years ago in a converted dairy barn just outside Macon with two employees. The company now has 15 employees and grosses \$2 million annually.

Yet their economic prospects are obviously quite different. Hilton Head booms with development fueled by its tourist industry and retirement communities; Noxubee stagnates."

By 1984, "all of a sudden it hit us with a bang," says Noxubee County businessman Don Healy of the east-central Mississippi county's economic distress. "Our unemployment rate was 21 percent. We knew we had to make a stand."

County leaders started making that stand the next year, using the very tactics recommended in "Shadows in the Sunbelt" as remedies to the spiraling decline of much of the rural South.

And a rural electric cooperative made it happen.

The Tennessee Valley Authority (TVA) approached Derl Hinson, the manager of 4-County Electric Power Association of Columbus, Miss., in early 1985 with a proposal to help his rural electric cooperative get involved in economic development.

TVA wanted to demonstrate that one of its power distribution cooperatives could become an agent for change in a rural community. Hin-

That's what your consumers need, and helping create them is good business

Story and Photos by
Robert Gibson

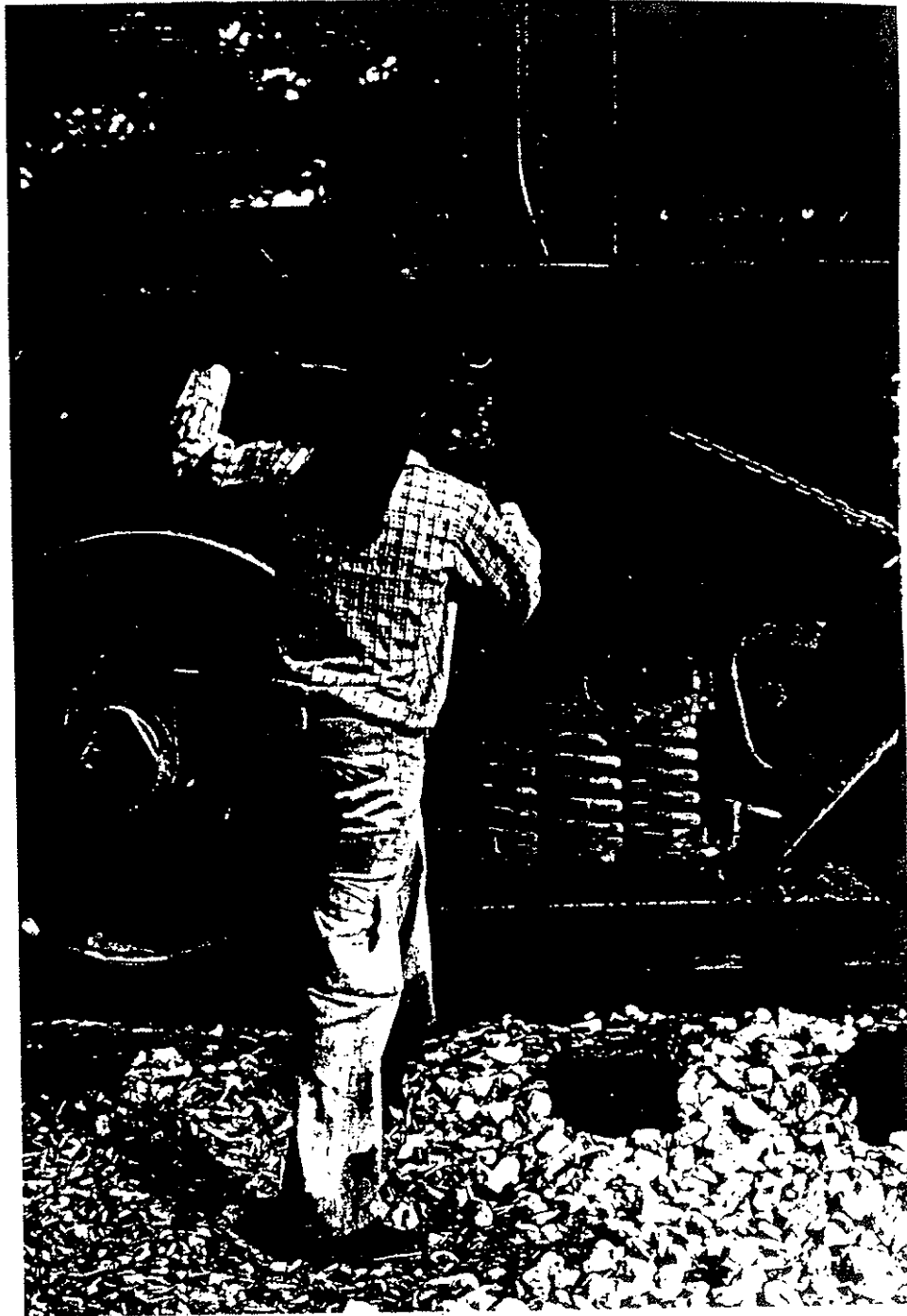


son and the 4-County board of directors selected Noxubee, the neediest of the nine counties served by the (inexactly named) co-op, as the one they would work with.

The numbers on Noxubee are alarming. It ranks in the bottom 10 percent of Mississippi counties in median income, per capita income (\$6,000, half the national average), the percentage of families below the poverty line (half the population), the education level of the labor force and employment rate. The population has dropped 21 percent in 20 years to the present 13,200, with most of the loss occurring among black farm workers (blacks now comprise 65 percent of the population, down from 80 percent before 1970). Although the number of jobs in other sectors of the economy grew slightly, because of the loss of farm jobs, there was still a net deficit of nearly 1,000 jobs from 1960 to 1980. More than 60 percent of the adults don't have a high school education and more than 40 percent are functionally illiterate.

More than \$10 million of personal income is lost to local retailers annually as people forced to travel to jobs outside the county spend their money where they work. Transfer payments (welfare, pension, social security) are the leading source of income, and have accounted for most of the county's personal income over the past six years.

Still, the county's physical appearance is gentler and more prosperous than the numbers suggest. Well-maintained U.S. 45 sweeps south from Columbus into the broad heart of Noxubee County's soybean and cattle country. Civil War General Sherman's fiery "March to the Sea" spared Noxubee County, and the county seat of Macon (population 2,500), which has a handsome neighborhood of white-columned mansions nestled in a forest of live oaks.



Many plantation homes from the 19th century still stand in the countryside, built by cotton but surrounded now by yellowing soybeans and broods of empty, decaying sharecropper cabins.

Some of the stores on Macon's main street could stand a facelift, but there are few empty buildings and retail trade is varied and brisk. The grace of the town's old homes carries over to the town's bank buildings and county courthouse.

But slip down a side street, and out onto the smaller country roads,

and the county's neediness begins to show, in the tumbledown houses without indoor plumbing, the unwed teenage girls holding their babies, the families living on welfare.

NOXUBEE County's troubles lie less in outward appearances than in a deeply rooted social and economic structure. Whites have always been the farm owners and blacks the farm workers. But while large agricultural landholdings (up to 30,000 acres) once supported 200 to 300 black sharecropper families, they



might now employ only 15 to 20 people. And until recently no new jobs surfaced.

The large landowners who controlled the county's economy were at best indifferent to industrial growth, and often opposed. Already well-off, they had little economic incentive to bring new business into the county, whereas growth could disturb the status quo. "The ball game was being played by their rules," says a local observer, "why would they want to change? They preferred to remain big peas in a little pod."

A worker moves boxcars full of hardwood chips at Shuqualak Lumber Company, which used the first economic development authority revolving fund loan to create 200 new jobs.

"Five years ago an ammunitions manufacturer wanted to locate here with a plant that would have employed 200 to 300 people," says Don Healy, who owns two funeral homes (one for blacks and one for whites). "They just wanted a road built to their site. But the county supervisors turned it down. They said, "We

don't want the plant, it might blow up."

Several years ago, when a glove manufacturer came to Noxubee County looking for a building site, rather than aiding the company, county leaders initially resisted the move. And then there was the great uproar three years ago over a proposal to build a hazardous waste treatment facility in a southern part of the county. The debate was impassioned and split the county. Old friendships were destroyed as some people were horrified by the prospect and others thought of it as an opportunity for new jobs. The treatment plant was never built but the wounds haven't healed.

Another thing that hampered progress was the independence of the three incorporated municipalities, Macon, Brooksville and Shuqualak. Historically, they have had little to do with each other or with the county government. Both in function and in attitude, Noxubee County was a collection of independent communities that formed a whole only on paper.

HINSON invited 40 of Noxubee County's community leaders to meet at the 4-County headquarters in April 1985 to talk about economic development, even though, the co-op manager recalls, "We were told that nobody in Noxubee County was interested in cooperating in any official way."

But a desire for change was building in Noxubee County, in large part because of economic distress. "We're finally coming out of reconstruction," says a local person, "only because people were hurting in their pocketbooks."

For maybe the first time ever, county and town officials, farmers and teachers, businessmen and women, blacks and whites, all sat down together to discuss what they might

Home-Grown Jobs

Small Wins

Basin Electric Power Cooperative helped set up a nonprofit corporation that has brought back a gas station/auto repair/grocery business to Martin, a town of 114 in central North Dakota. Next the group wants to have indoor plumbing installed in the city hall and get a drive-in restaurant started. "To keep our town, we need people who care enough to work for it," says Joyce Meckle, one of the leaders of Martin's revival. "It's rewarding to look across the street and see an open business rather than a closed sign." Bill Schott of Basin adds that "out here, the only solution is in ourselves; we've got to instill that feeling back in people." The Bismarck, N.D.-based G&T believes that saving just one business in a small community can trigger an economic turnaround.

Hatching Jobs

When Harold Nicholson, manager of Somerset Rural Electric Cooperative in Somerset, Pa., speaks of building an incubator, he's not talking about hatching eggs. He's talking about a place where small businesses can get started and save money by sharing overhead costs. Other incentives include low rental rates, consulting on marketing, financing, legal issues and cash management and relocation assistance. The incubator is planned in conjunction with an industrial park, so young business ventures can graduate to a larger space in the same community as they grow. Somerset Rural Electric is working on the incubator project with a local development council and the county Chamber of Commerce. A \$5,000 grant from NRECA's Economic Development Fund paid for half of a feasibility study. Helping local entrepreneurs start new businesses is a response to an economic slump in

which Somerset Rural Electric lost 47 percent of commercial and industrial sales between 1982 and 1985, a result of the closing of coal mines and dairy farms.

Image Building

Talking about the rural electric cooperatives' "agricultural heritage" creates the wrong impression with industrial consumers, warns Fred Gassaway, director of economic development for Central Electric Power Cooperative in Columbia, S.C. One businessman he met believed that rural electric systems served only farmers, and were built, maintained and operated by farmers. "We need strong communications to explode that idea, and give us a credible image," he says. Gassaway believes co-ops also must help industrial customers with two basic goals: maximizing profits and minimizing risks. To meet those ends, Central employs an economic geographer to inventory and prepare cost analyses of industrial sites, and it helps its member co-ops design attractive rates for industrial consumers.

Hooking Big Fish

Three years ago, Braselton, a sleepy Georgia town 50 miles north of Atlanta, was on the skids. Today, with a new television and telephone manufacturing plant owned by the Japanese corporation Mitsubishi, the economy is booming. Mitsubishi's decision to locate in Braselton was due in large part to the efforts of Jackson Electric Membership Corporation and its G&T, Oglethorpe Power Corporation. They did an industrial feasibility study for Braselton, promoted it to industry and dispelled Mitsubishi's fears that the labor force was too small in the Braselton area. Oglethorpe opened its of-

fice of economic development in 1975 in response to a state law allowing large consumers (over 900 kW) to choose their power supplier, regardless of service area. A year later, Oglethorpe won its first "customer choice" load. "That was significant enough to warrant a telegram notifying every member system," says David Morgan, economic development department manager, "because a lot of people didn't think the EMCs could compete for industrial and commercial loads." Through 1985, Oglethorpe member co-ops have signed 140 customer choice loads, totaling 243 megawatts in power demand. In 1984 and 1985, Oglethorpe helped 41 companies find site locations in Georgia, companies that created 4,600 jobs. Since 1979, CBS Records, Miller Brewing Company, Southwire Company, Rockwell International, Panasonic and Canon have built plants on co-op lines.

Importing Jobs

When a trade delegation from Missouri traveled to Japan and Korea in September, it included Gib Keith from N.W. Electric Power Cooperative of Cameron, who went to sell Japanese and Korean industrialists on the merits of locating an American plant in the service area of his G&T. It's not pie in the sky: At least six Japanese companies have built plants in Missouri in recent years, including a magnetic wire plant near the town of Mexico, which is served by Consolidated Electric Co-op. The Japanese companies were impressed with the rural electric co-ops; rural utilities in their country aren't nearly as sophisticated. Three Japanese and two Korean companies expressed serious interest in industrial ventures in the area north of Kansas City served by N.W. Electric.

Good Neighbors

If you're looking for a job in rural Oklahoma, or if by chance you're an employer looking for workers, you might check in at the offices of the local rural electric cooperative. More and more Oklahoma co-ops are participating in "Good Neighbor Job Watch," a community employment exchange run by the co-op. Job Watch is one of the community and economic development activities under the umbrella of Oklahoma's "Good Neighbor" program, recently developed for Oklahoma cooperatives by the statewide staff. Other Good Neighbor activities are crime watch, marketing and energy conservation work and ratemaking assistance.

New Farm Jobs

East River Electric Power Cooperative in Madison, S.D., won a \$5,000 grant from NRECA's economic development revolving fund to explore the feasibility of a potato processing plant in the service area of one of its members, Charles Mix Electric Association. The project is partially contingent upon farmers gaining access to Missouri River water to irrigate the ideal potato-growing soils of south-central South Dakota. The farmers would grow potatoes under contract, which would be turned into frozen french fries and hash browns and marketed in the region. There is a successful precedent in this grain and cattle-raising region; about 90 South Dakota and Minnesota farmers are growing mushrooms under contract for a company in Elkton, S.D. Electricity used to heat and cool the mushrooms in once-vacant schools, houses, corncribs and hog houses helps the co-op, and the extra income helps its consumers. □

—Robert Gibson

do to halt Noxubee County's slide.

"We knew we had five years to make something happen, or it was all over for our community," says Healy.

Hinson explained that 4-County and TVA had some ideas on how an economic development scheme might be launched. "But I said we would essentially be a catalytic agent," says Hinson. "We would give all the help we could, but they would have to get the job done. Without local people working at economic development, it won't happen. The Saturn and Honda plants and the Disney Worlds are nice, but they don't happen very often."

Hinson was frank about 4-County's motivations. The co-op believed it had an obligation to help improve the quality of life in the community it serves, and it was being pragmatic. If the economy of the service area became healthier, then the financial well-being of the co-op would improve. If existing industries expanded or new ones opened plants on co-op lines, the co-op load factor would improve.

Noxubee County people responded to Hinson's challenge. As a first step they agreed to form a countywide economic development authority, through which a strategy for economic growth and community improvement would be carried out. A state senator who attended the meeting at 4-County's main office in Columbus shepherded a bill through the state legislature, allowing the economic development authority to act on behalf of the county and receive funding through a county tax.

A public meeting on economic development was held two months later at the county courthouse in Macon. "We heard, 'If you get 25 people to that meeting, you'll be doing good,'" says Healy.

Two hundred and fifty people showed up at the courthouse, more



*4-County Manager
Derl Hinson did what
everyone said couldn't
be done. He convinced
Noxubee County leaders
to put aside past differ-
ences and work together
to get a stagnant
economy moving.*

people than had gathered in public in Noxubee County in 14 years (and for such a different reason—the last big meeting had been over the desegregation of schools). The crowd was an equal mix of black and white, from all walks of life. Their support for an economic development effort was overwhelming.

"There was a change in the local power structure," says Healy. "Those who had been in power were in agriculture, and they couldn't see another way to go. The business people and 4-County and others saw the need for change and joined forces."

There were subsequent meetings in the other towns and communities in Noxubee County. County leaders and people like John McClellan, community specialist for TVA, and Charles Henry Shelton, manager of member services and economic de-



Don Healy, president of the economic development authority, believes that if Noxubee County doesn't make the transition to an industrial economy within five years, it never will, and will continue to decline.

velopment for 4-County, met with groups ranging in size from eight people to 60. Along with comments on needs, they collected \$10,000 in donations for the authority from individuals, and \$4,500 from the three towns.

Healy was elected president of the authority, which in a year and a half has made remarkable strides. A revolving fund for industrial loans was established with state development grant money, and a first loan made to a local lumber company to add a chip processing plant at its mill in Shuqualak. That created 200 new jobs. A second loan is being extended to a plant producing industrial absorbents, which opened in October with a work force of 75. And, an auto parts company plans to build a plant in Macon that would employ 150 people, a result of negotiations with

the authority and a regional economic planning group.

"You feel the grassroots looking to you for leadership, and you feel a burden placed on your shoulders," says Healy. "You work 24 hours a day to displace that burden. But the wonderful thing is, it's working—it's working! We're going to have 250 to 300 new jobs by next year—it's working!"

The enthusiasm is infectious. "I'll be coming out of the post office," says Healy, "and I'll be stopped by someone—'Hey, is that plant coming in here? Yeah! When are they going to start taking applications? Boy! What else is happening?' It happens every day."

With the close help of 4-County and TVA, Noxubee County has compiled a development strategy that covers everything from industrial inventorying to fighting illiteracy to building roads and rural sewer systems. The approach has consciously been comprehensive rather than piecemeal, and has linked Noxubee County with an economic assistance team formed by 4-County that includes TVA, Mississippi State University and regional and state development groups.

This year for the first time in 23 years, Noxubee held a Miss Hospitality contest. There were four contestants, two white and two black, and the whole county was excited when the winner went on to place as a runner-up in the Mississippi Miss Hospitality contest. Brooksville had its first town festival this May, and the businessmen there have formed a merchants association to work on improving retail trade. And the county is applying for status as a Mississippi Key Community, which would direct new industry to the county, a competitive program Noxubee County wouldn't have even considered applying for two years ago.



Local leaders like John Broadhead, a vocational education teacher who serves on the economic development authority, believes education is the key to keeping a skilled labor force in the county.

The economic development authority is gaining two paid staff positions as Noxubee's Chamber of Commerce activities are merged with it. Dorothy Baker, secretary of the Chamber and the authority, coordinator of the Key Community drive and the Miss Hospitality contest, sees that through the activities spun off from the economic development effort, "We're overcoming obstacles in race relations, a thing that's stopped so many things in past years. It's changed peoples' minds; a lot of black people say they know that what we're doing is for everybody."

Janelle Craig is county chancery clerk and a member of the authority. "We've always had hopes and dreams for Noxubee County, but they're looking better than ever before," she says. "This is the first time I've seen men and women, black and

white, working together for anything in Noxubee County. And it wouldn't be in existence if not for the interest and assistance of 4-County and the technical help from TVA."

TVA has long been involved in community development, but staff cutbacks had forced a rethinking of the agency's approach, at the same time that a turnover in leadership was occurring in Noxubee County and other rural areas in the Southeast. Now, TVA's McClellan says, the best way to work in development in a rural area is through the rural electric co-ops.

"They've been there a long time, they know the people, they've developed communications, they have credibility," he says. "So instead of us going into the communities and doing the grassroots work, we're training the co-op staffs to do it. It helps the co-op, too, when people see



Beth Kostra, the county librarian, has developed an adult illiteracy program to help people qualify for better jobs. More than 40 percent of the county's adults are functionally illiterate.

that besides delivering power, they're helping bring in jobs and improve the liveability of the community."

With the Noxubee County project off the ground, 4-County Electric Power Association has turned its attention to nearby Lowndes County, where it is helping community leaders formulate an economic development strategy. And TVA has moved on to northwestern Tennessee, where it is working with Gibson County Electric Membership Corporation on a jobs creation project.

People in Noxubee County credit 4-County Manager Derl Hinson, whose soft-spokenness hides an intense, determined nature, with restoring a sense of economic hope. Says economic development authority board member Willie Willie, president of the county chapter of the NAACP, "He set the fire going, and we keep putting the fuel on." □

NRECA's Role

"We at NRECA are assisting rural electric cooperative involvement in economic development in two major ways," says General Manager Bob Bergland. "First, the NRECA Study Committee is looking at the Federal role in rural development. I feel a drastic overhaul is needed to provide much more planning and control at the local community level. Second, we are working with the Tennessee Valley Authority, the National Association of Towns and Townships and other national and regional organizations to provide resources and direction for cooperatives in economic development. The manual we have just published is an example."

Bergland is talking about the Rural Community and Economic De-

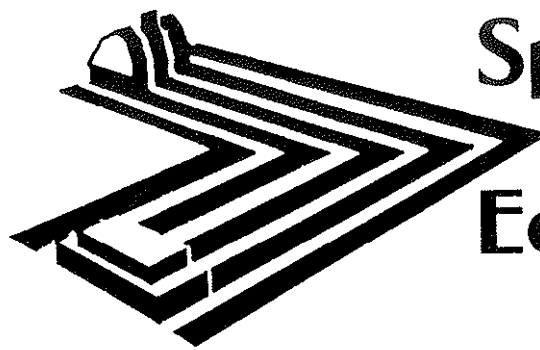
velopment Manual, which explains how a rural electric system can analyze the needs of the communities it serves and includes a step-by-step plan for economic revitalization. The manual was put together by Dan Karmerman, NRECA's community development specialist, building on a TVA manual.

Informally referred to as the rural development "cookbook," the manual includes information on expanding existing industry, developing and carrying out a marketing strategy, inventorying local resources, involving local leaders in development and sources of funding and technical assistance. There are also case studies.

A copy of the manual will be mailed to each NRECA member-sys-

tem manager and board president.

Bergland, in an interview with *re*, stressed "that the initiative for economic development must come from the local cooperative. There is nothing that we can do, there is nothing that the state or Federal government can do to help a community until it has done its homework. No one knows the needs and assets of a rural community better than the local cooperative. It's been proven to me that a local co-op can make a difference. I'm from a community in which the rural electric cooperative stuck its neck out in the 1950s, and as a result there are more than 2,500 steady jobs in the community today, in industry that the co-op helped to start," Bergland says. □



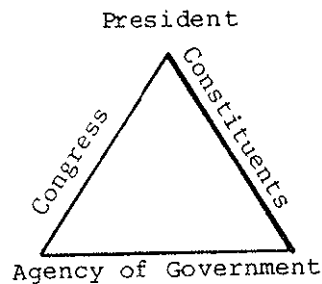
**Spark the
Rural
Economy**

SOMETHING ABOUT SOME THINGS

Charles Weaver
NRECA Management Consultant

Discussed management lessons from REA experience of last few years.

- o Bureaucracy has gotten worse.
- o Ten/twelve years ago, REA was less bureaucratic than perhaps NRECA and some co-ops. However, REA changed.
- o President Carter in his inaugural address said he was not against government, he just wanted it to do its job like REA.
- o There is an iron triangle as presidents see it:



Challenge is how to break this iron triangle.

- o Clyde Ellis, first manager of NRECA, discovered REC's held together by a common cause - area coverage - until 1954, when this was essentially completed and a new cause had to be found.
- o REC's and NRECA's message was "Don't mess with REA."
- o Now, REA's role has declined.
- o Some of the things which have happened in REA which have caused management problems:
 - (1) Purposes for programs and projects not shared with staff by Administration.
 - (2) Same tasks given to different people.
 - (3) Assumption that any disagreement was sabotage.
 - (4) Chain of trust not maintained resulting in creating chain of distrust.

When trust and free discussion as well as clear delegations are removed, there is a clumsy, bureauratic operation . Such an operation becomes "a turtle factory." This can happen in any organization if management permits it to happen.

- o Bright spot in REA is that routine for approving regular distribution loans is fairly quick.

Comment by Doyle Hines, REC manager, regarding working with REA on buying out his co-op's loans, was that he found no original thinking in REA and staff who attempted to assist his co-op were very guarded.

493.1

CHALLENGES OF MANAGING LONG-TERM EMPLOYEES

PUBLISHED BY

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CHALLENGES OF MANAGING LONG-TERM EMPLOYEES

This one-day course focuses on psychological and organizational aspects of managing older and long-term employees. Older workers are those who are reaching the end of their formal work careers. Long-term employees are those who have been (or will be) in a single position for a number of years. The management challenge is to ensure that these employees continue to perform productively and with a sense of organizational commitment while maintaining personal job satisfaction.

PROGRAM OBJECTIVES:

- To increase understanding of the fact that America is an aging society and that the effective management of older and long-term employees will continue as an organizational challenge
- To increase awareness of psychological and physiological aspects of aging relevant to the performance of job duties
- To provide a forum for discussion and analysis of approaches that are successful in producing a motivating work environment for older and long-term employees
- To provide managers with specific techniques for producing cost-effective Career and Retirement Planning Programs

WHO SHOULD ATTEND:

General managers, personnel specialists and directors with a special interest in understanding the challenges of managing older and long-term employees.

STATEMENT OF ACKNOWLEDGMENT AND DEDICATION

NRECA's Management Services Department wishes to acknowledge and thank Dr. Andrew Weiner of the University of Kentucky, and the Rural Electric Management Development Council for their respective roles in the development of this course.

NRECA is pleased to dedicate this course to Barbara Deverick of Blue Ridge EMC.

This program was a joint effort between REMDC and NRECA and was coordinated by the REMDC Research Committee:

Wayne Johnson, Chairman
Wayne Keller
Doyle Hines
Paul Weatherby
Joe Satterfield

NRECA liaison: Greg Boudreaux

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 - The development of an aging society
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 - Differences between older and long-term workers
 - Issues and problems associated with older workers
 - Issues and problems associated with long-term workers
 - The importance of plateauing

 - III. CREATING EFFECTIVE ORGANIZATIONAL AND MANAGEMENT RESPONSES
 - Dealing with the older worker: Short-term and reactive responses
 - Counseling employees from a different generation
 - Dealing with long-term employees: Proactive and long-term responses
 - The key role of the manager

 - IV. DESIGNING RETIREMENT AND CAREER PLANNING PROGRAMS
 - Principles and practices in retirement planning programs
 - Developing career planning programs
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 - Helping employees learn to deal with change
- PROGRAM EVALUATION

CHALLENGES OF MANAGING LONG-TERM EMPLOYEES

**I SQUARING THE PYRAMID: "THE SECOND
DEMOGRAPHIC TRANSITION"**

II THE DYNAMICS OF AGING IN MODERN ORGANIZATIONS

**III CREATING EFFECTIVE ORGANIZATIONAL AND
MANAGEMENT RESPONSES**

**IV DESIGNING RETIREMENT AND CAREER
PLANNING PROGRAMS**

WORKSHOP OBJECTIVES

- * To create understanding of the causes and effects of an aging and long-term employee labor force**
- * To explore the myths and realities associated with the maturation and productivity of long-term employees**
- * To explore effective organizational and management responses**
- * To present methods for producing low-cost career and retirement planning programs**

I. SQUARING THE PYRAMID

- * The Demographic Transition:
How Demography Affects Society**
- * The 2nd Demographic Transition:
The Revolution in Aging in the 20th Century**
- * America as an Aging Society**
- * The Pig in the Python:
The Baby Boom Impact**

THE FIRST DEMOGRAPHIC TRANSITION

- * The Shift from High-Birth & High-Death to Low-Birth & Low-Death Rates**
- * Industrialization & Public Health**
- * The Population Explosion as an Outcome**

THE 2ND DEMOGRAPHIC TRANSITION: CAUSES

- * Scientific Agriculture**
- * Scientific Management**
- * The Creation of New Occupations and
The Knowledge Explosion**

TYPICAL POPULATION PYRAMID

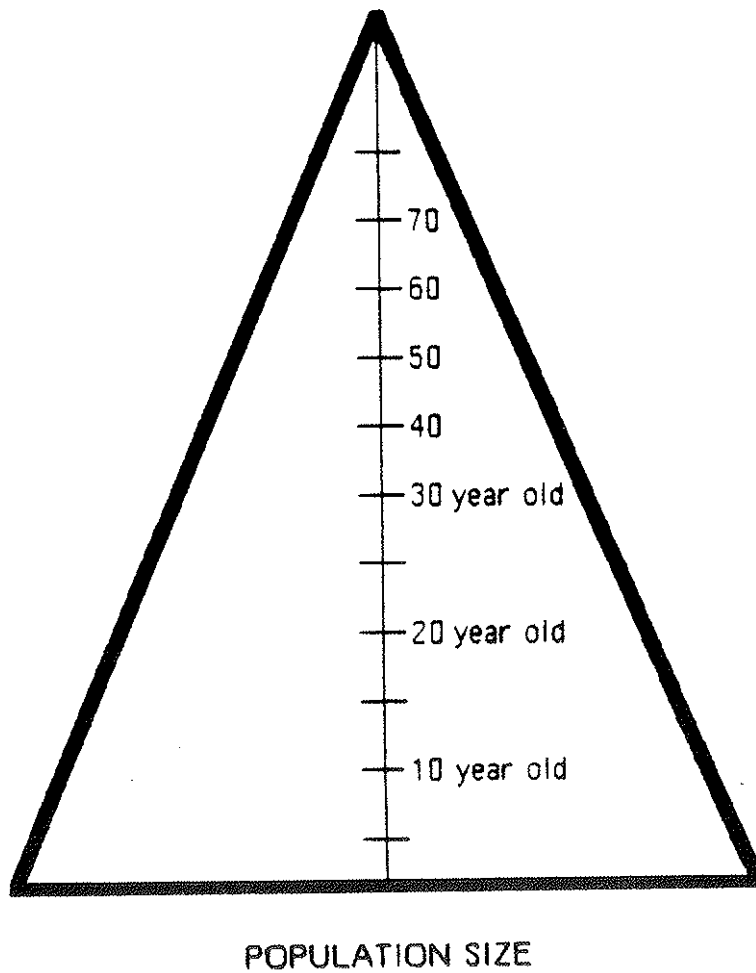


FIGURE 1

WORLD POPULATION GROWTH

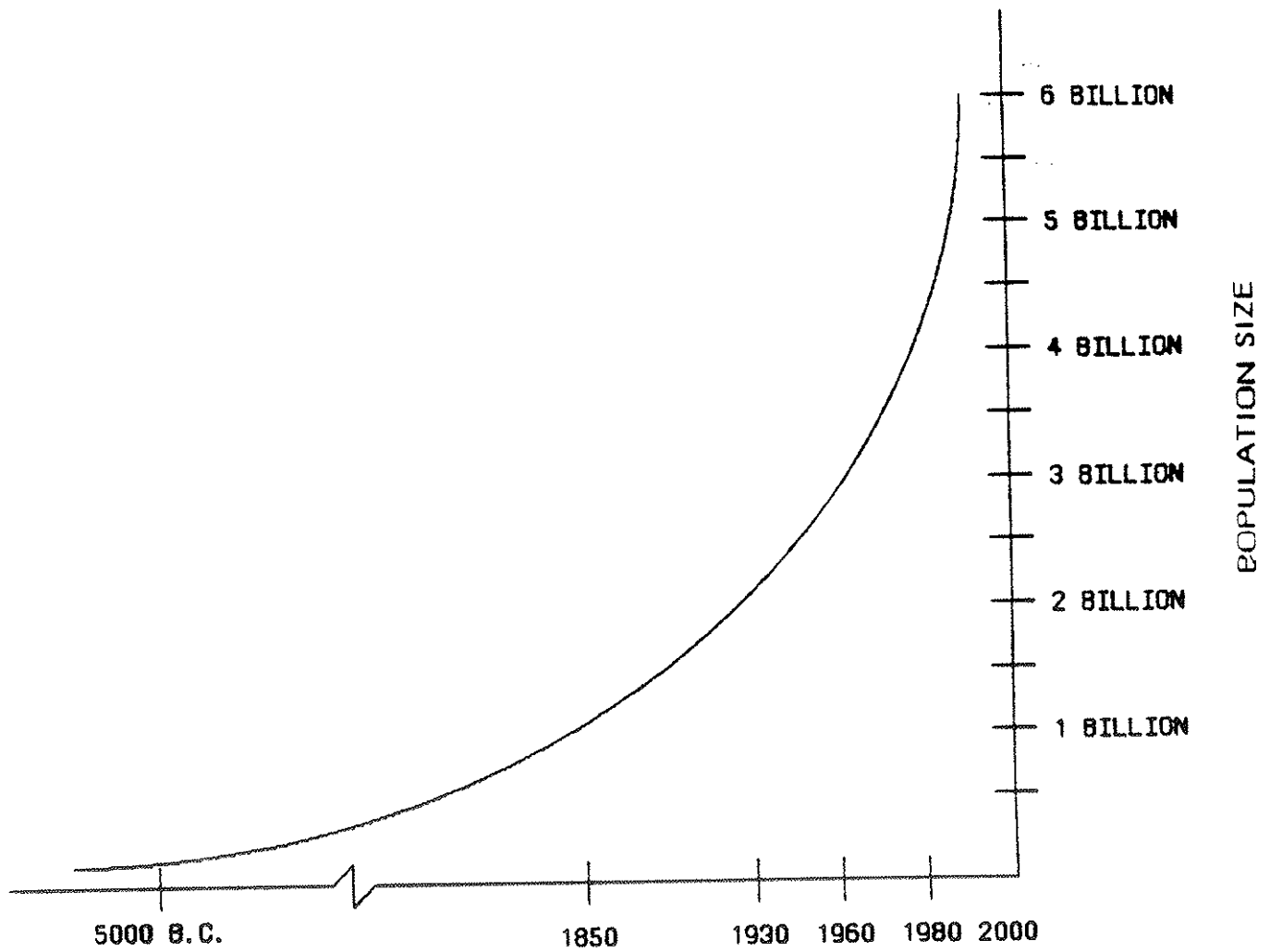


FIGURE 2

POPULATION STRUCTURE -- INDUSTRIAL SOCIETIES

WITH LARGER PERCENTAGE AND NUMBER OF OLDER MEMBERS

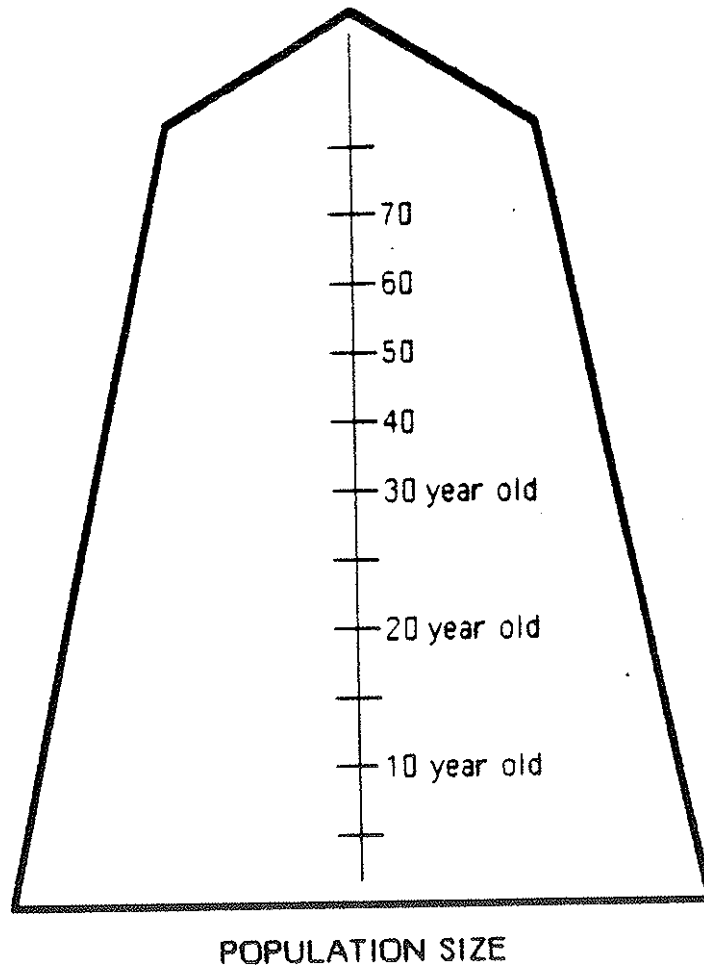
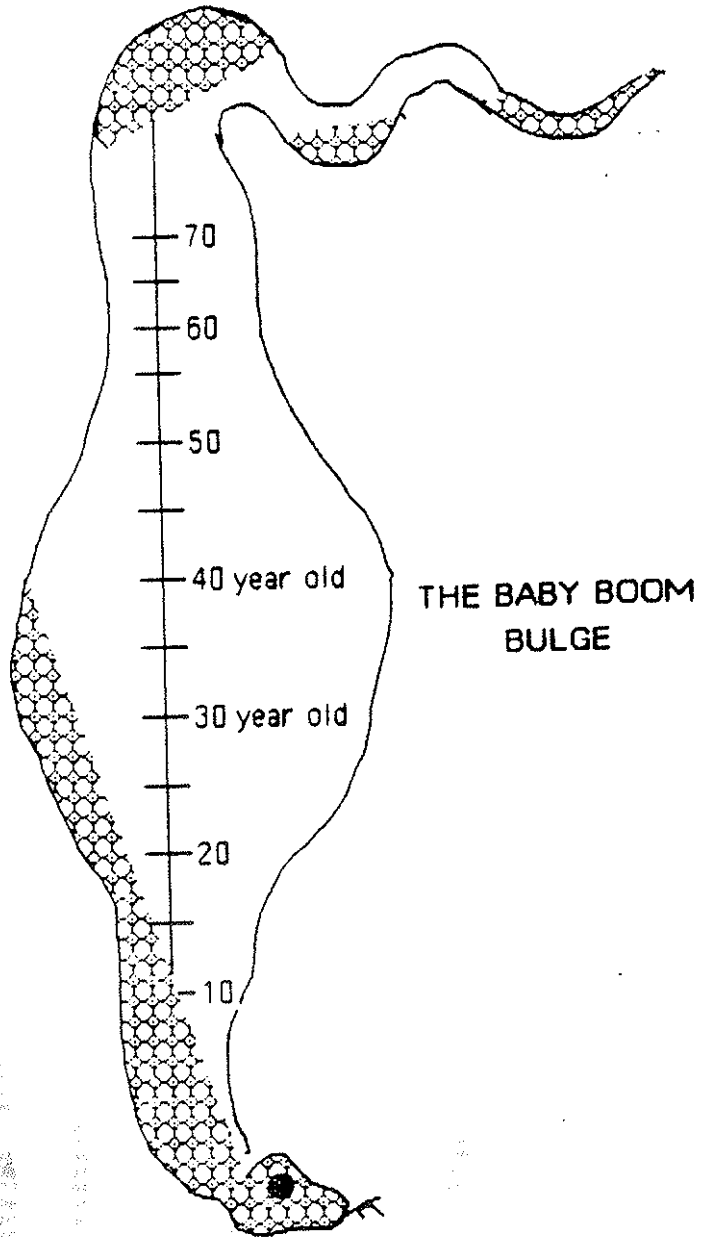


FIGURE 3

THE PIG IN THE PYTHON

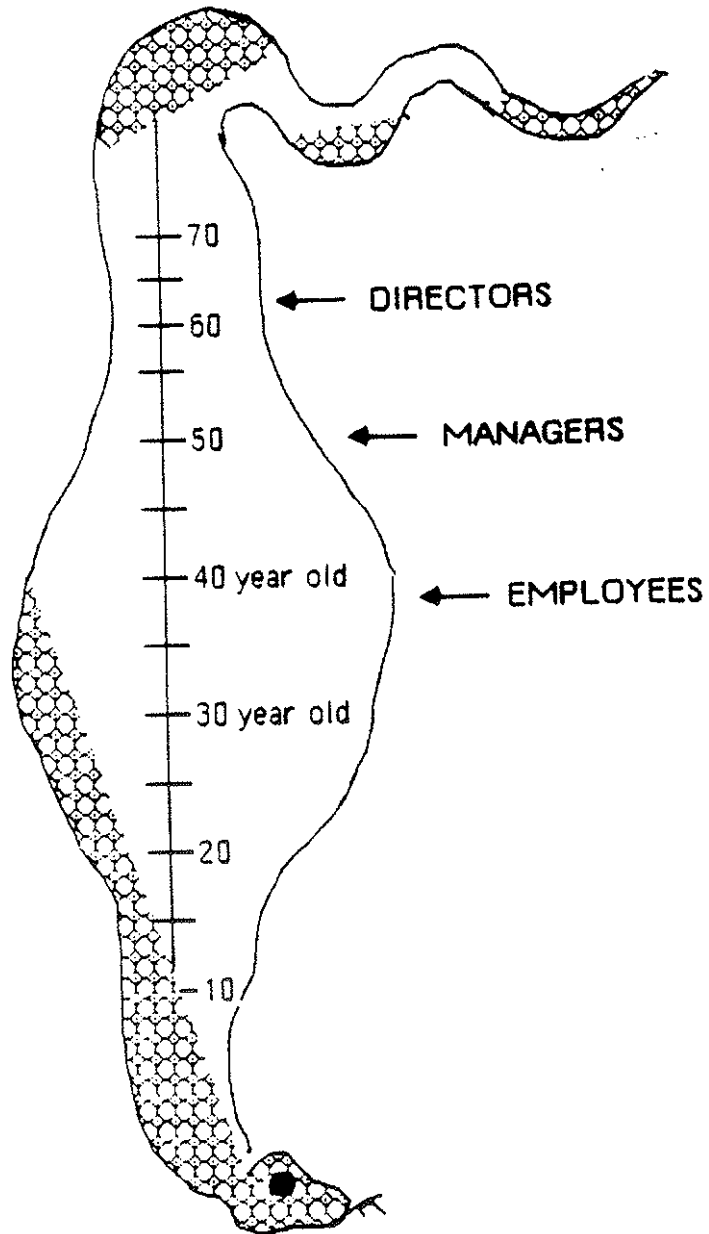
THE CURRENT U.S. POPULATION STRUCTURE



POPULATION SIZE

FIGURE 4

WHERE ARE EMPLOYEES, MANAGERS AND DIRECTORS?



POPULATION SIZE

FIGURE 5

THE SPEED WITH WHICH THE NUMBERS OF OLDER & VERY OLD PEOPLE ARE GROWING:

- * Since 1900, life expectancy has increased by 28 years, from 47 to 75.**
- * Since 1950, the number of Americans 65 and over has doubled to 28 million people --- 12% of the population.**
- * Since 1950, the number of people over 85 has more than quadrupled to 2.6 million.**
- * By the year 2020, 17% of the population will be 65 or over, and by 2030, over 20% will be 65 or over.**
- * By 2050, one-quarter may be over 75.**

**EQUALLY SIGNIFICANT HAS BEEN THE
DECLINE IN THE PROPORTION
OF THE YOUNG:**

1900: 35% was under 16

1940: 25% was under 16

1960: 31% was under 16

1985: 22% was under 16

**AS A RESULT OF THEIR GREATER
LONGEVITY, WOMEN OUTNUMBER MEN
THREE TO TWO IN THE OVER-65 GROUP,
AND ALMOST TWO TO ONE IN
THE OVER-75 GROUP.**

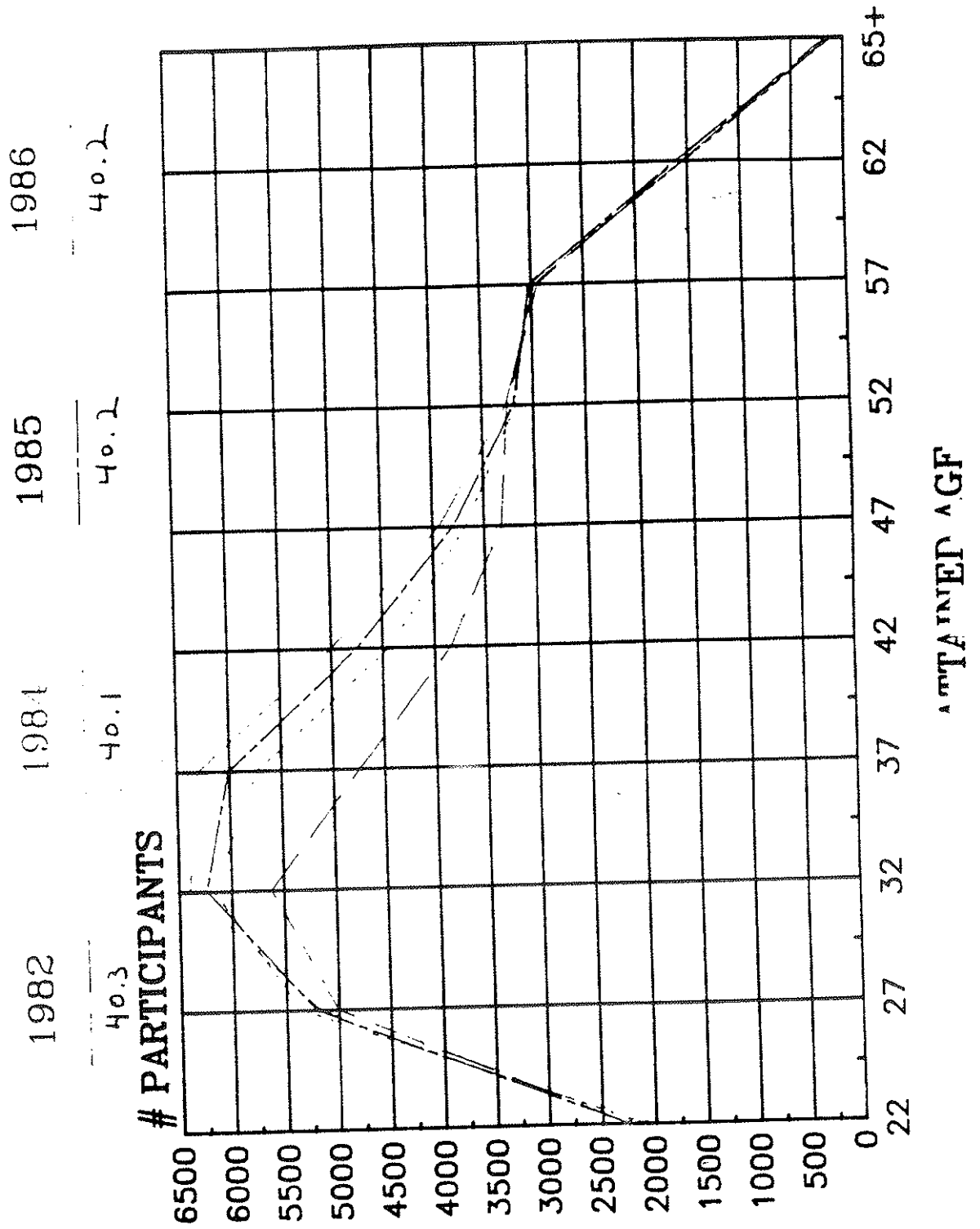
HEALTH CARE IN AN AGING SOCIETY

- * Per capita health-care expenditure on the elderly is nearly four times that of the rest of the population.
- * Men 50-64 submit an average of \$1900 per year in medical expenses -- triple that of men 20-35.
- * In 1984 the U.S. spent \$387 billion on health, about 11% of the GNP.

WORK-LIFE PATTERNS AND TRENDS

- * The average age of labor force entry is rising, and the proportion of older people remaining is falling.**
- * In 1900, 67% of men 65 and over were still in the labor force; today under 20% remain. Labor force participation for persons 55-64 is also decreasing.**
- * Between 1985 and 2000, there will be a decline in the age group 18-34 of 8 million. There will be an increase in the group 35-54 ("Prime Working Age") of almost 28 million.**

DISTRIBUTION OF ACTIVE EMPLOYEES BY ATTAINED AGE



II. THE DYNAMICS OF AGING IN MODERN ORGANIZATIONS

- * Older U.S. Long-term Workers**
- * Issues and Problems Associated With
Older Workers**
- * Issues and Problems Associated With
Long-term Workers
— Plateauing as the Key Issue**

III. CREATING EFFECTIVE ORGANIZATIONAL AND MANAGEMENT RESPONSES: DEALING WITH THE OLDER WORKER

*** SHORT-TERM AND REACTIVE**

*** OPTIONS:**

- * Job Redesign**
- * Sabbaticals (Building a Community Role)**
- * Phased Retirement**
- * Retirement Rehearsals**
- * Other Roles**

COUNSELING

- * Principles**
- * Counseling an Employee from
a Different Generation**

LONG-TERM RESPONSES

- * Proactive**
- * For Long-term (Not Older) Workers**
- * Plateauing**
- * Career Planning:
Preparing employees for a downsized
economy and the new (aged) demography**

THE KEY ROLE OF THE MANAGER

- * Recognition**
- * Understanding**
- * Involvement & Priority Setting**

IV. DESIGNING RETIREMENT & CAREER PLANNING PROGRAMS

- * RETIREMENT PLANNING**
 - * For Older Employees (Short-term Reactive Response)**
 - * Principles & Techniques**

- * CAREER PLANNING**
 - * For Younger Employees (Long-term, Proactive)**
 - * Younger Worker Expectations**
 - * Principles of Adult Education: Lifelong Learning**
 - * Keeping Skills Current**
 - * Anticipating and Dealing with Change**

BI-DIRECTIONAL SATELLITE COMMUNICATIONS
FOR RURAL ELECTRICS

GARY J. HOBSON
GENERAL MANAGER
CENTRAL AREA DATA PROCESSING COOPERATIVE

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL
MAY 20, 1987
ST. LOUIS, MISSOURI

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BI-DIRECTIONAL SATELLITE COMMUNICATIONS

By Gary J. Hobson

- INTRODUCTION -

One of the fastest growing technologies of our time is satellite communications. Many think it's just entertainment, allowing enjoyment of many TV programs. It is actually much more. Satellite communications involves educational opportunities, informational access, data transmissions and many other services not even thought of which will make our lives better and our business more efficient. This technology has been around for years but with the divestiture of AT&T and the Bell Systems its growth has been accelerated to a point beyond belief. The divestiture has resulted in decreased reliability in leased line services at a time when costs for that service are rising dramatically. This has caused an even growing number of AT&T users to seek economic alternatives to their existing communications.

Existing alternatives, other than bi-directional satellite communications, include hardware systems, microwave systems, fiber optic systems and coaxial cable communication systems. Because of the costs associated with these alternatives, their use appears to be cost prohibitive. Use of alternate common carriers for AT&T alternatives, such as MCI or GTE, would still require leased line technology. In addition, these alternate common carriers utilize AT&T circuits in the more rural locations, so that no real advantage would be realized by a change in the supplier of leased line service.

The one alternative technology which can provide reliable communications along with economic potential is bi-directional satellite communications. This communications medium is not dependent on member location, but is dependent on the number of locations. Satellite communications technology for bi-directional transmissions has evolved to the point where remote terminals can be utilized with small antennas of approximately four feet in diameter and power output of one watt.

This new technology is creating tremendous excitement within various industries due to its potential capabilities. Corporations such as Federal Express, Exxon, Halliburton, Schlumberger and Southland Corporation have all entered the bi-directional satellite arena to further enhance their operations.

New technology and struggles to access new technology are nothing new to Rural America. Our great program was founded on the principal of providing a service generally not available to Rural America. We now find ourselves trying to find more efficient ways to continue providing electric service to our members. Communication is an important ingredient in this search, and bi-directional satellite communications appear to be the new frontier. Many leaders in our program have recognized the possible benefit bi-directional satellite communications could be to our program. From this grass roots recognition, organizations like NRECA, CFC and Central Area Data Processing (CADP) established committees to study the potential of this technology for the Rural Electric Program.

CADP began a detailed analysis on the cost/performance of satellite communication back in 1983. In 1984, a subcommittee of the NRECA Management Advisory Committee was appointed to look into this technology on a national basis. This subcommittee commissioned a study to determine potential and feasibility of telecommunications for Rural America. The study was conducted by Southern Engineering of Atlanta, Georgia. This study was the basis of a broad based, integrated system of communications between rural electric organizations at all levels; and possibly between the rural electric and a national TVRO audience. The study found potential for rural electric systems in three satellite technologies: bi-directional voice/data transmission; bi-directional voice/data/video transmission; and one way video broadcasting.

Following the national study, NRECA and CFC established a National Rural Telecommunications Council. The Council's objective is to develop a national program to implement the recommendations contained in the NRECA/CFC telecommunications study. The Council consists of three subcommittees and a task force assigned to research ways of using bi-directional satellite communications to provide services to the rural electric and encourage establishment of pilot projects. I have been asked to chair this task force and the activities of the task force are included later in this report. Also following the study, CADP retained Southern Engineering to concentrate its efforts on bi-directional technology and assist CADP in preparing a specific feasibility study in this area. Results of the study revealed economic and technical feasibility for CADP to develop its own bi-directional satellite data network. CADP continues to work with the Council and will serve as a pilot project for many of the rural electric applications identified by the task force.

I see the implementation of a bi-directional satellite network for Rural America as the most promising activity to increase efficiency for rural electric in more than 20 years. I also believe it will provide an activity which will unite our rural electric organizations like we've never seen before. Communications is a key to the success of any organization, and rural electric united together in a network that provides reliable, efficient, cost effective communications will promote the continued success of our great program.

- HISTORY -

Since the beginning of time, man has been trying to find ways to communicate. Early efforts evolved drums, smoke signals, cave drawings, telegraph, and so on. Twenty years ago, most of us would have thought that all ways to communicate had been thought of. Not so! As early as 1945, a British mathematician, Arthur Clarke, theorized that satellites placed in orbit could provide communications throughout the entire world. Clarke's theory didn't receive much attention until 1957 when Russia launched Sputnik. The radio signal transmitted by Sputnik sparked the beginning of a technological revolution that is still being felt today. In fact, the impact is probably greater today than even before with almost limitless future possibilities.

One of the byproducts of America's effort to regain space exploration supremacy has been technological communication breakthrough. As early as 1962, NASA launched the first satellite used for television programming. Satellites have been used for transmitting television signals since then, with increasing use each year.

In 1965, the first geostationary (an orbit at a precise distance from the earth, when the pull from the earth's gravity and from the centrifugal forces exerted from the orbit are equal) satellite was launched by the International Telecommunications Satellite Organization (INTELSAT). INTELSAT had been formed the year before to advance the development of satellite communications on a worldwide basis. Their satellites began to replace terrestrial lines between North America and Europe for television, voice, telex and facsimile requirements. INTELSAT now has over 10 satellites in space serving 108 countries. They are truly one of the most successful international businesses handling two-thirds of the overseas calls and most of the transoceanic television traffic.

The expansion and use of satellite technology has continued for over 20 years and will continue to expand for some time. Today, there are over 15 U.S. and Canadian Ku-Band satellites in geostationary orbit.
(See Exhibit 1.)

- HOW IT WORKS -

The operation of the satellite communications systems is based on the repeater approach of communications. These satellites operate on high frequency radio waves for transmission from the earth's surface to the satellite which is 22,300 miles from the earth's surface in geostationary orbit. This signal is then received by the satellite and retransmitted to the earth's surface at a slightly different frequency. (See Exhibit 2.)

Satellites operate using directional antennas. The direction of the transmitted signal is critical, and the antenna must stay oriented in one particular direction. Proper orientation is critical because the small satellite power output is spread over the North American continent to be received by earth stations. The signal pattern generated by these directional antennas is called a "footprint." The signal strength for any given area of the coverage pattern for a satellite will vary depending upon the distance from the center of the footprint. (See Exhibit 3.) The weaker the transmission from a satellite, the poorer the quality of reception for a given receiver antenna size. One way to counter this poor reception resulting from weaker satellite transmissions is a larger antenna at the receiving site.

The master station controller is the central hub for the system. This controller includes computer controlled information transmission, reception and routing for all data streams. Since this site is considered the "brains" of the operation, all critical components will include redundancy to enhance reliability and continued operation. The antenna for this site will be approximately 20 feet. The large size is required due to the various functions being performed by the equipment. (See Exhibit 4.)

Satellites are powered by photovoltaic cells which convert solar energy into electricity and store this energy in batteries. To maximize the power available from the sun, the satellites use outboard solar panels which rotate to collect the most power possible. The satellites have batteries on board which store power and provide operation during the two solar eclipses they experience each year. Even in geostationary orbit, some forces are exerted upon the satellite. These satellites have no resistance to movement, and therefore small propulsion rockets are attached for orbital correction and orientation. These rockets are powered only by fuel contained in the unit at the time of launch. All of these factors cause the useful life of a satellite to be rather limited and only replaceable with a new satellite.

Satellites are totally self-sufficient and inaccessible for repairs or adjustment. The net result is a very high standard for the manufacture of these devices and a corresponding high cost. For a satellite placed in orbit, the production cost of the satellite is typically \$50,000,000. In addition, the cost to launch the same satellite is approximately \$40,000,000. This total cost of \$90,000,000 places 24 transponders in operation for a life expectancy of seven to ten years.

For satellite communications, two frequency bands, the C-Band and the Ku-Band, are available. There is a predominance of video entertainment in the C-Band, home satellite receiving systems for TV entertainment called TVRO systems. For bi-directional data, voice and video transmission, the Ku-Band has many advantages which provide technical feasibility for these type systems. The C-Band, due to severe limitations, cannot be used for bi-directional voice or video, but is capable of accommodating limited bi-directional data-only systems. Both the C-Band and the Ku-Band provide reliable communications and are well-suited for satellite communications. The C-Band is in greater use today, primarily because of the way it was started many years ago. When the use of satellite systems first became a likelihood, the radio equipment did not exist in commercial form to allow transmission in the frequencies above eight gigahertz. The only combination of equipment and frequencies available was in the C-Band which was already allocated by the FCC for use in terrestrial microwave common carrier communications. As is the case when more than one group desires to use a given frequency, the FCC instructed the new applicant to secure consent from the existing user for sharing of the frequency. The result was an agreement, still in effect, which limits the power output of the satellite transmitters to approximately ten watts so that interference with microwave stations on earth will be minimal. During the initial phases of implementation of these satellite systems, a great deal of investment was made in equipment which would only operate in the C-Band. There is now equipment available which will operate in the higher frequency Ku-Band, but there are no real advantages to changing to this higher frequency for the users who are already on the C-Band.

The Ku-Band is rapidly expanding due to equipment availability and the likelihood of lower costs of equipment in that band. One distinct advantage of the Ku-Band is the use of smaller dishes in the higher frequencies. At the present time, the Ku-Band is used primarily for telephone and data communications rather than satellite TV.

- ADVANTAGES OF SATELLITE COMMUNICATIONS -

Bi-directional satellite communication systems offer many advantages over costly and unreliable leased line circuits. Advantages include: cost savings, flexibility, high transmission rates, control, reliability, accuracy, and tremendous expansion capabilities.

Some companies are already reporting savings as high as 30 to 50% for satellite delivered data networks. Volume is an important factor in these cost savings. A certain volume level must be required before economic feasibility can be obtained. However, once a feasibility level is reached, additional volume has the effect of reducing overall costs. Another cost advantage is the benefit of fixing costs of equipment and transponder space for long periods of time. No more rate increase surprises from leased line vendors. Citibank reports that they have held telecommunication expenditures steady for almost three years while usage has increased, simply by investing in a satellite network.

Another big advantage to bi-directional satellite networks is the control, speed, and flexibility given to its owner/operator. Since the divestiture of AT&T, we have seen not only increasing costs but degrading service, less responsiveness and long installation times. No matter how large a customer you are of AT&T, or how much you complain, their response is always the same - "slow and uncaring." With a private satellite network, the owner has operational control which allows the system to be more flexible and responsive to its users.

Reliability and accuracy are other advantages which must be pointed out. The industry reports a 99% reliability factor which is much higher than traditional terrestrial networks. Some terrestrial line networks have been known to be operating "normally" with a reliability factor of 75 to 80%. Bit error rates on satellite networks are reported to range from 10^{-5} to 10^{-10} which at the high end might be considered "error free."

From a technical standpoint, the satellite-based network will provide extremely reliable communications when compared to leased telephone circuits. Two phenomena unique to satellite-based communications, however, will be a factor in this communications medium.

One phenomenon is known as "rain fade." Since Ku-Band systems operate at such high frequencies, heavy rain will tend to attenuate transmitted signals. The extent of the attenuated signal will be dependent on the rain density; however, this phenomenon will be of short duration and very localized. To offset this characteristic and to increase reliability, larger antennas could be used.

The other phenomenon is known as "sun outage." This outage is caused by the sun aligning exactly behind the satellite in a line with the receiving antenna. The sun emits white noise (noise of all frequencies). Since each antenna has a very narrow beamwidth, this phenomenon will only

occur twice yearly during the vernal equinox. This outage is highly predictable within several seconds, and can be accommodated well in advance of occurrence. During these two periods, the outage will last several minutes for each of three or four consecutive days. This will occur for any type of satellite-based system and affects all systems similarly. Even considering these two phenomena, satellite systems still will provide reliability in excess of 99%.

The final advantage I will mention here goes hand in hand with cost and control. This is the tremendous expansion capabilities of a satellite communications system. I have already mentioned that future growth will actually have the effect of reducing overall costs. Likewise future growth is more likely to happen if we have control of our own network and can plan this growth for the benefit of all users. The owner/operator is not at the mercy of AT&T or any other leased line company.

Four years ago there were virtually no companies in the satellite data market at Ku-Band. Today some people estimate as many as 30 companies are vying for corporate contracts for small aperture, bi-directional networks for data distribution. Estimates on the size of the satellite data market range from \$1 billion to \$3 billion in earth station sales alone by 1990. Telecon General's Gloria Dowden has stated that "we have never seen an industry develop so rapidly and have such viable and credible cost savings as a result of the technology."

- APPLICATIONS FOR RURAL ELECTRICS -

The key questions to all of us here today is how can bi-directional satellite communications be used in the Rural Electric Program? What are the advantages and applications for our type of business? Is it technically and economically feasible for Rural Electric? What has been done to answer these questions?

First of all let me say in general, that all the advantages I have mentioned earlier in this paper can apply to Rural Electric. Economic feasibility is there, especially if we all work together to support and encourage a cooperative type organization to bring all our efforts together. Remember the larger the satellite network, the better the economic feasibility. Also available to the Rural Electric Program are the advantages of flexibility, control, reliability, accuracy and expandability. So what are the applications for Rural Electric?

To answer these questions, the NRECA/CFC National Rural Telecommunications Council established a task force to specifically look into this area. I was asked to chair the task force which was assigned the job of researching ways of using bi-directional satellite communications to provide communication services to the Rural Electric Program and to provide for the establishment of pilot projects. We were also asked to:

Survey possible uses of bi-directional satellite communications by rural electric and associated organizations.

Determine present and future communication requirements of rural electric and associated organizations.

Investigate available satellite technology and recommend most feasible approach to each rural electric application.

Develop economic feasibility of using bi-directional satellites instead of standard communication methods.

Determine compatibility of satellite systems to other communication systems.

Develop implementation plan.

Develop long-range plan.

Members of the task force include John McBride, Guernsey-Muskingum Electric Cooperative; Charlie Jack, Buckeye Power Cooperative; Norman Hoge, Cornhusker Public Power District; John Ferguson, Indiana Statewide; Jim Boatman, CFC; Morgan Dubrow, NRECA; Don Wood, United Utility Supply and Gene Chiodo, National Telephone Cooperative Association representative.

The task force has made steady progress toward its objectives. We will be submitting a report to the council in April dealing primarily with potential Rural Electric applications. The report will be divided into three application categories: Data, Voice and Video. At this point we have identified the following applications:

DATA -

- Computer to computer
- Energy Management Systems
- Supervisory Control and Data Acquisition
- Load Research
- Remote Meter Reading
- Distribution System Automation
 - System Control
 - System Monitoring
 - Switching
- Rural Electric Bulletin Board
- Electronic Mail
- Facsimile
- Financial Transaction Systems
 - Cash Management Functions
 - Financial Report Submission
 - Financial Information
- Credit History Data Base
- Material Supplies Ordering & Information
- Insurance Claim Transactions

VOICE -

Private network between rural electric distribution systems and their associated organizations.

VIDEO -

- Broadcast Only
- Bi-Directional
- One Way with Voice Return
- Slow-Scan Video

There will be more applications added as the task force gathers the information. We also will take each of the applications and attempt to ascertain the following specific information about each one:

DATA -

1. What are the application advantages?
2. What are the application disadvantages?
3. Identify send-receiver pairs involved with data exchange.
4. Describe messages exchanged via the network.
 - a. What is the purpose/use of each message type?
 - b. What are the size(s) of each message type?
 - c. What is the direction of data flow?
 - d. What is the relative priority of each message type?
 - e. What are the response time constraints, if any?
 - f. For each message type, indicate if inquiry/response?
 - g. For each message type, what percentage of total does it represent?

5. Characterize the application traffic patterns.
 - a. What are daily, hourly, quarter-hour, minute traffic requirements?
 - b. Under what conditions, if any, will traffic patterns change?
 - c. What time zone interactions exist?
6. Best long term (2-10 years) application predictions.
 - a. Will there be an increase/decrease in traffic?
 - b. What requirements for new applications do/will exist?
 - c. Will response time constraints become more stringent?
7. What are the potential protocol requirements for the DP equipment?
 - a. Ascertain protocol is conducive to satellite communication procedures.
 - b. Determine any variations from standard protocol definitions.

VOICE -

1. What are the application advantages?
2. What are the application disadvantages?
3. Identify access requirements (who needs access to the application?).
4. Profile conversations that would typically go over the network?
 - a. Length of calls
 - b. Priority of call - Acceptability of delay prior to call establishment.
5. Characterize the voice application traffic patterns.
 - a. Average traffic requirements.
 - b. Peak period traffic requirements.
6. Best long term (2-10 years) application predictions.
 - a. Will voice traffic increase/decrease and by what amount?
 - b. Will usage patterns change?

VIDEO -

1. What are the application advantages?
2. What are the application disadvantages?
3. Identify users of application.
 - a. What are individual needs?
 - b. Identify conflicts in periods of usage?
4. Identify types of video requirements?
 - a. Broadcast only (one way).
 - b. Bi-directional.
 - c. One-way with voice return.
 - d. Slow-scan video.
 - e. Video tape dissemination.
5. Identify quality requirements.

Once all the information is gathered, consideration will be given not only to which applications are more feasible today, but how they can be implemented in a pilot project. Central Area Data Processing is very close to making a decision to implement a satellite data network which could also serve as a pilot project for other applications.

- CENTRAL AREA DATA PROCESSING PROJECT -

To date, all of Central Area's service to its on-line member systems has been handled by AT&T dedicated telephone lines. This was an acceptable method of communication for some period of time even though there were many problems. However, problems after the divestiture of AT&T made past problems look good.

The breakup of AT&T and the Bell Systems has caused many companies to consider alternatives to AT&T leased line networks. AT&T service has declined, installation and repairs are very slow, and prices are going up. These problems are making it very difficult for Central Area and many other companies to meet the communications needs of end users at a reasonable price. Central Area's objective has always been to provide cost effective services to its membership along with providing future new developments such as load control, energy management, office automation, electronic mail, etc. These new technologies require speed, reliability and flexibility which we are not experiencing with our current AT&T network.

Under the direction of Central Area's Board of Directors, a detailed analysis of the cost/performance of satellite communications versus the present leased line methods was approved over two years ago. A tremendous amount of research and study has gone into this effort. During this time, Central Area participated in the NRECA/CFC Telecommunications Study followed by our own study completed by Southern Engineering of Atlanta, Georgia. Both studies showed technical feasibility, and Central Area's study also indicated economic feasibility.

Central Area presently has 32 dedicated leased lines serving approximately 700 data terminals at 130 rural electric systems in 27 states. Central Area communicates via data or voice to over 400 rural electric and associated organizations during the year. The Central Area on-line network transmits almost 2 billion characters per month with a peak hour of over 20 million characters. The network has been growing at the rate of 30% per year for the past four years.

Central Area and its members are paying over \$750,000 per year for dedicated lines. We have no control over cost, repairs, installations, reliability, accuracy or network transmission rates.

Satellite communications is a proven technology and definitely an answer to the problem ridden leased line networks. We believe it is the communications technology of today and the future for rural electric systems. By using a satellite communications network, costs will be more stable and predictable, reliability will be improved, and system flexibility will be added.

As a cooperative, Central Area is committed to providing automated services to the rural electric program. We are making every effort possible, both independently and working with organizations such as NRECA, CFC, Statewides, G&T's and other associated organizations, to see that present and future operational needs of rural electric distribution systems are met. A satellite communications network for Rural America could be the key to this, as well as the key to keeping our great program unified.

- CONCLUSION -

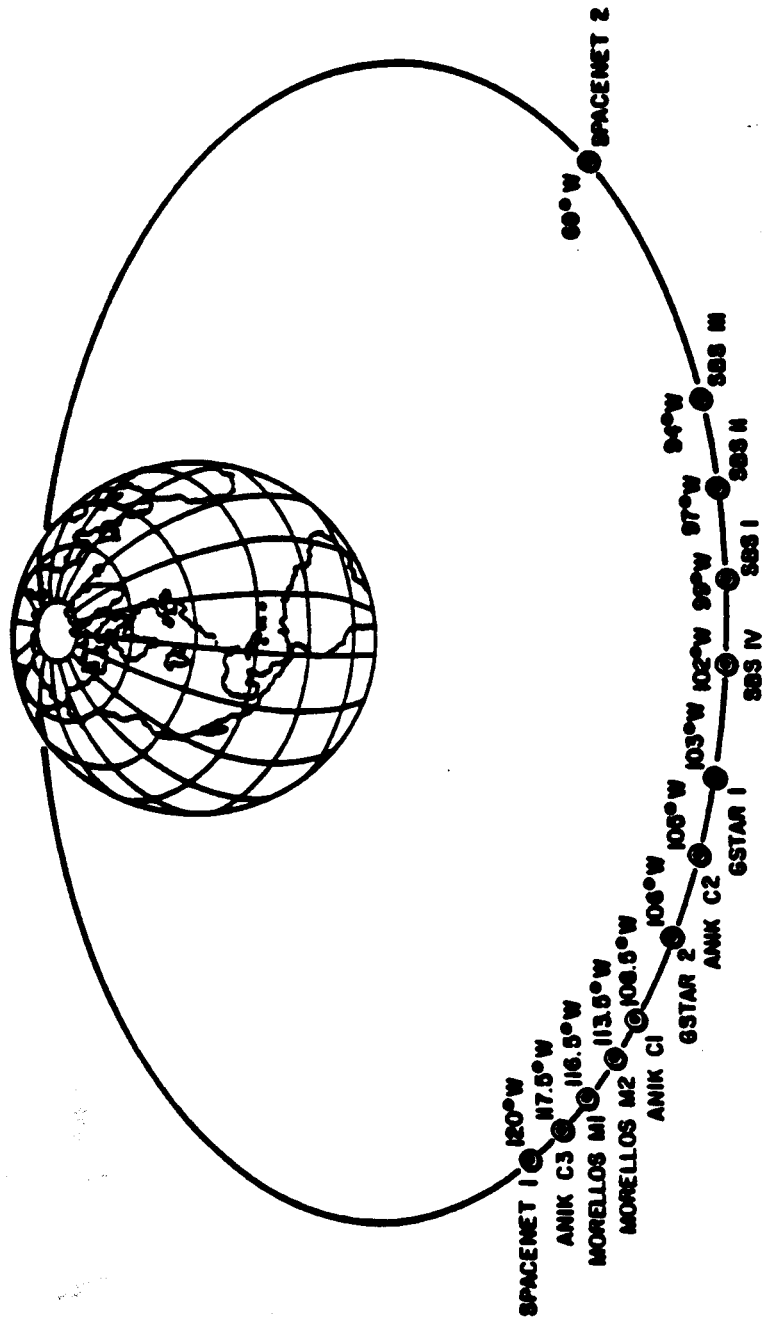
In conclusion, I would like to thank NRECA, CFC and many of you for encouraging me and CADP to continue our efforts in bi-directional satellite communications. I honestly feel this is a technology which has the potential of not only improving efficiency in the Rural Electric Program, but most importantly, it will have a significant uniting effect on our entire program.

I have attempted in this presentation to give you a brief "history" of satellite technology and "how it works." We have discussed the many advantages of this technology and the various potential applications for rural electricians. We are now at a point where the implementation of a live bi-directional network is in order. CADP appears to be the most likely candidate for this first application. If all continues to go well, CADP could have initial satellite data communications available to some of its members by year-end.

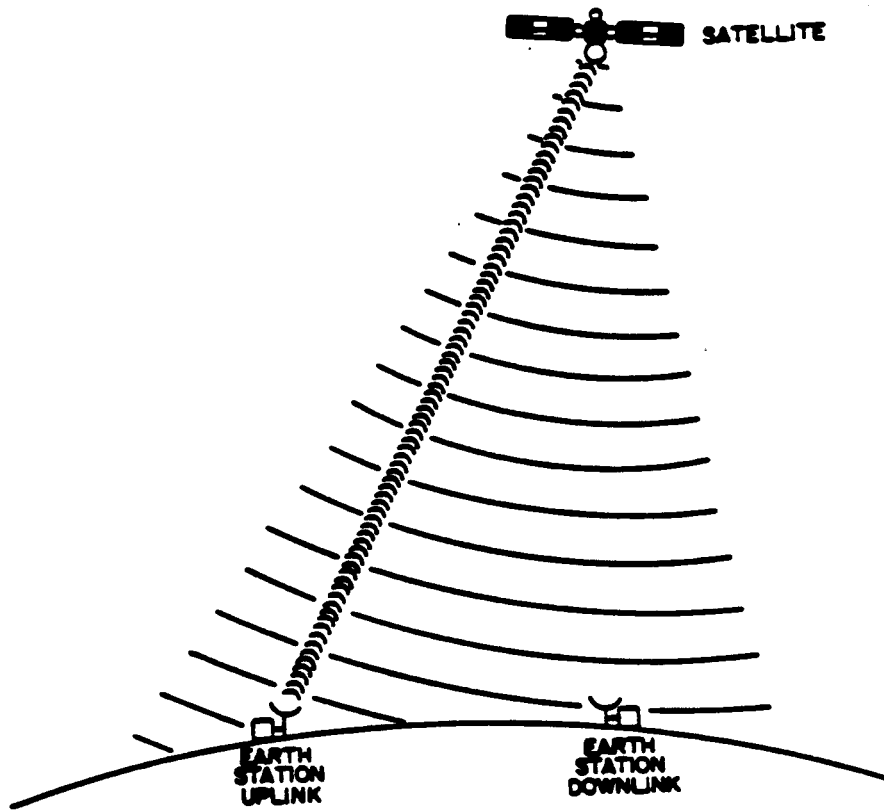
One thing I haven't mentioned in my presentation is the amount of interest shown by rural electricians across the country in response to the NRECA/CFC Telecommunications Study. The positive response to bi-directional satellite communications is very encouraging. Approximately 60% of the respondents to the survey said that if available, they would use electronic mail and facsimile transmission services offered by a bi-directional network. Over 83% of those responding indicated they used telephone lines to communicate with a computer (50% of these were using an outside data processing service). The greatest response area was for electronic funds transfer. Seventy-two percent said that their cooperative would use this service.

The study also stated that interest by rural electricians would increase as the program developed and understanding of the nature of bi-directional communications grew.

Bi-directional satellite communication technology is here today, and it will play a major role in worldwide communications in the future. Economic feasibility can be proven, and the interest shown and needs expressed by rural electricians are mounting. As cooperatives, we have always worked to find ways to provide better service in a more efficient way. Bi-directional satellite communication is another way we can do this. It could actually be today's key to keeping our great Rural Electric Program unified through better, more efficient communications.



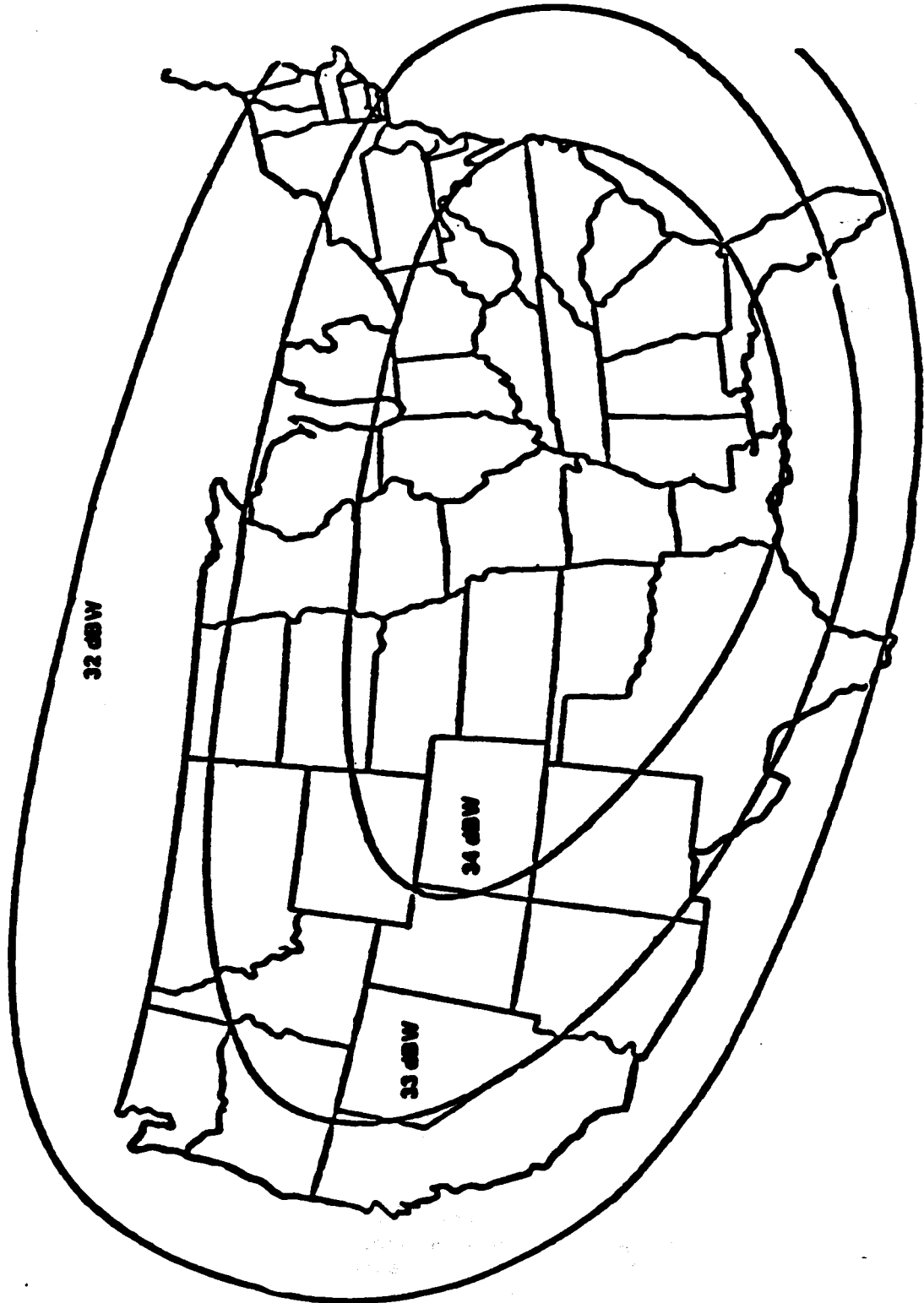
Location of Ku-Band Satellites in Orbit



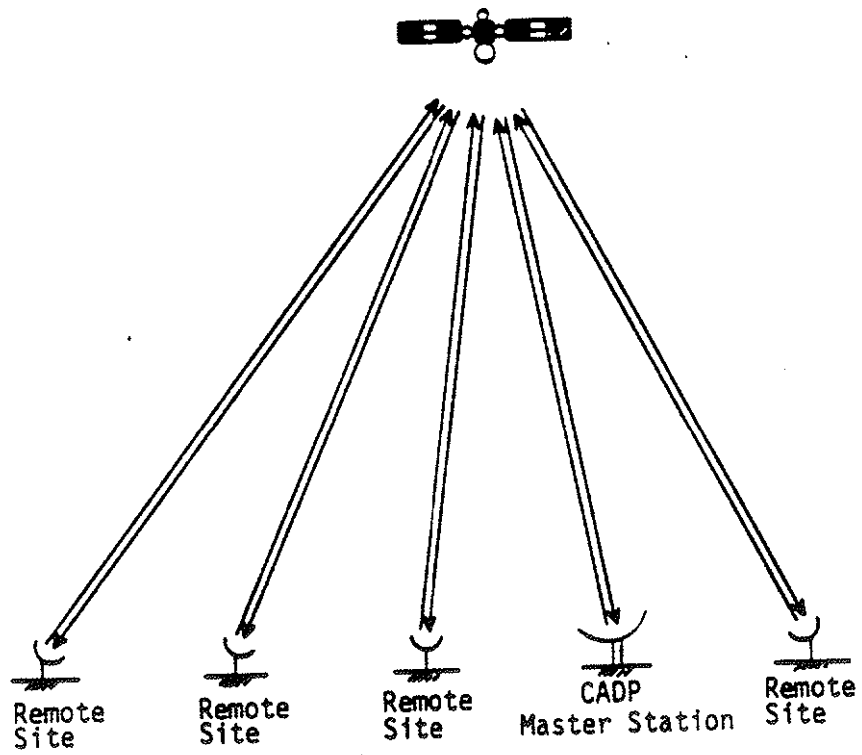
Typical Satellite Communication System

Exhibit 2

SATCOM IV AT 83° W EIRP CONTOURS



Footprint of a Satellite



Typical Data System

Exhibit 4

NEW PROGRAMS AND EMPHASIS AT NRECA MANAGEMENT SERVICES

Martin Lowery, Manager
Consulting and Training, NRECA

- o Employee training and management internship programs going well. Consolidation studies on the increase; compensation factoring system for G&T's looks solid for large systems only.

New Programs:

- o Marketing: Trying to come up with a more focused framework. Research and EPRI work coordinated. The new modules and documents are rural-electric specific. In order to pursue the delivery of marketing, NRECA bought a company - "AHP" - a wholly-owned subsidiary - two employees of the company are on the Board and the control mechanism is in place. Two new staff persons have also been hired. There are on-going planning activities with the staff. Delivery of training services should be consistent.

An agreement has been signed with a ground water heat pump manufacturer out of Texas. Statewides and G&T's have right of first refusal. Hope cost of installing these systems will be significantly reduced. Material will be put together on the geo-thermal systems.

Information should have been received on the marketing conference. There is also going to be a marketing newsletter.

- o Strategic Planning is a growth area and a critical area for cooperatives today. Have worked with three G&T's the past year. Now going through the second cycle on this and plans have been updated. This forces key staff and board to look at priorities in power supply planning. Key issues need to be defined (3 to 5 areas that need to be focused on). Need back-up with good data. Discuss how to deal with these issues. Board should be involved in the entire process. Management has the responsibility to plan. Board has responsibility to see that management follows plan. There is great potential with the distribution systems.
- o Executive Management Forums: Concerned that general managers are not participating in these programs. Need to get more of them involved in discussing issues. A series of topics for discussion have been developed on a statewide basis: consolidation/mergers; economic development; telecommunications; possibly productivity and use of technology. The desire is to get more managers involved in dialogue.
- o RECNET: This is a two-year telecommunications pilot project by NRECA and is oriented toward training. It is expensive because of studio time, production time, etc. There is a \$2,000 subscription fee from co-ops to cover the cost of this program. NRECA must recover the cost of putting together the training programs. NRTC may at some point have production capabilities. Presently have 70 subscribers. Want to pursue new technology and improve services to individual systems. One of key steps will be training of facilitators on each system.
- o Computer-Based Programs: 400-level course being developed with University of Nebraska as part of the Internship Program. A computer center is being built at the University of Nebraska. A one-week micro-computer program is in development stage. Critical area for middle managers.

RECNET

The following programs are scheduled for 1987. Other special courses, updates and informational broadcasts will be included and announced prior to their delivery.

- May 27 THE WHEEL OF MISFORTUNE: Key Issues in Power Generation Planning.
--Produced by RECNET in association with Oglethorpe Power Corporation
--For directors and employees
- June 10 HOW TO DEVELOP ASSERTIVE MANAGEMENT SKILLS
--Produced by the American Management Association
--For new supervisors
- July WOOD TECHNOLOGIES AND POLE TREATMENT
--Produced by RECNET in association with Texas Electric Cooperatives
--For purchasing agents and operations personnel
- Sept. TRANSFORMER MANUFACTURING AND CURRENT ENVIRONMENTAL ISSUES
--Produced by RECNET in association with Texas Electric Cooperatives
--For managers and operations personnel
- October WORKORDER PROCESSING: Part I
--Produced by RECNET in association with Texas Electric Cooperatives
--For managers, office managers, and accounting personnel
- November WORKORDER PROCESSING: Part II
- December TIME MANAGEMENT FOR SECRETARIES AND ADMINISTRATIVE ASSISTANTS
--Produced by the American Management Association
- December RURAL ECONOMIC DEVELOPMENT: A Teleconference
--Produced by RECNET
--For managers, directors, and employees

UPDATE ON NRTC AND CFC PROGRAMS AND ACTIVITIES

Gerald V. Beer
Director of Loan Development, CFC

Brief updates on the following areas:

- o NRTC was organized in 1986 - 380 member systems in 40 states. Announced rural TV program package on May 6. Received mixed response - too little, too late, great. Questions ranged from when do we get programs to what is the cost. Six seminars scheduled this summer to explain the program. Announcement will be made concerning programs on each channel, cost, descramblers, etc.
- o Telephone system lending program - would like to refinance telephone debt. CFC needs to be in position to make commitments when new power plants are being built in 1990's. Are now making some telephone loans. Do not want to jeopardize tax exempt status. Increasing area representatives from 10 to 12.
- o Cooperative System Integrity Program going well. Presently 459 systems involved.
- o Prepayment of REA Notes - 100% loans made to three systems. One system is challenging IRS on tax. These systems are going to buy-down notes at discount. If CFC does not cooperate, they will go to another source. Have tried to respond to all inquiries about system. New mortgage provides some leeway; changed TIER ratio; monitoring borrowers' compliance, etc.
- o Commercial paper program changed June 1 - old way could invest from 3 to 270 days. Now may invest minimum one or two days. Minimum investment of \$5,000. Rates will be set at 8:00 A.M. each day. Calls may be made prior to 11:00 A.M. to the money desk. Rates should not be sensitive to volume. All messages will be recorded.
- o Collateral Security Program - concerned about overall equity and TIER ratio. Gross TIER for 1986 - 2.35; operating TIER - 1.87.
- o Load Building Activities - sale of heating and cooling equipment. Questionnaire sent out to member systems. Each co-op needs to be involved in their area with local banks, agricultural extension offices, etc. If local banks will not work with you, neither will CFC.
- o Equipment Financing Area - working with AHP (company owned by NRECA) and NRECA. Must know what is going on from marketing viewpoint. Some systems have not done homework. A program is approved and in place involving 5-year unsecured loans. Have had pilot programs to find out what was really wanted. Message received was "keep it simple."

MINUTES
1987 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

The Rural Electric Management Development Council held its annual conference at the Sheraton West Port Inn in St. Louis, Missouri on May 18-21, 1987. Council Chairman Barbara Deverick opened the meeting at 1:30 P. M. with the invocation and welcomed members and guests.

Gary Hobson, manager of Central Area Data Processing, gave a special welcome to St. Louis and gave information about restaurants, sight-seeing, and other highlights about the city. He said he was looking forward to having the group tour the Central Area operation on Wednesday morning and the luncheon and golf to follow at the Lake Forest Country Club.

Chairman Deverick officially named Christine Beane as secretary to the Council.

Chairman Deverick shared with the group regrets from several people who were unable to attend the meeting this year. She recognized committee chairmen for announcements concerning meetings of their committees prior to the business session on Thursday morning.

Each person present introduced him/herself. (See registration sheet.)

Chairman Deverick stated the theme for this year's meeting was very appropriate - "Managing for Tomorrow." She said this was the 32nd meeting of this group, having met for the first time in May 1958 in Missouri (in the early years the group met twice a year). She said this first meeting gave the following description of the group: "The organization - unorganized group of persons with common interests and purposes, in consultation without portfolio."

The objective was "to exchange ideas and experiences in areas of advanced cooperative management and provide a basis for further study and research which will contribute to the development of improved rural electric management throughout the entire program and within the framework of existing organization." She said today, 29 years later, the objective set by the group of managers who came together in 1958 to form an informal organization of REC managers and key personnel is still valid.

She said those managers were on the cutting edge of REC management development then, and those of us present now are following in their footsteps. We're seeking to find innovative and creative ways of managing for the future to meet the challenges of tomorrow.

Chairman Deverick said the information age is here with all its impacts and changes on our co-ops and our lives. She said there have been three eras in this country: agricultural, industrial, and now the information age. There are no such things as trends any more - when everything changes at once - there are no trends - what we have is revolution. Power (social, political, economic) rests with institutions who have control of information. First, there were the churches, then governments, then the press.

Power now rests with computers - which are magic. Access to and control of information is being driven down to the individual - with a personal computer you have only to add a modem to be able to access over 4,000 national data bases. She said there is massive re-distribution of power.

Chairman Deverick quoted the guru of management, Peter Drucker, who in 1985 said "We must re-think policies and practices under which we manage. We're in the early stages of technological changes and we must encourage flexibility, change, and entrepreneurship."

The future belongs to the pioneers, the entrepreneurs, and the builders. She said we must bury the myths - Lone Ranger, Bat Man, Superman - we can no longer out "macho" the problem. We must handle the "real" problems. Managers no longer just control the system, they must control the entrepreneurs.

Chairman Deverick talked about the new mythical hero from Star Wars - Yoda (don't know if male, female, or both). Yoda taught Luke Skywalker to overcome the evil forces of the world by looking inside of himself. Co-ops are different from what they have been in the past. We must work on re-inventing the co-op and manage for the future.

Our program this year addresses some of the issues we must deal with in managing for the future and poses some challenges and some answers. Chairman Deverick encouraged each person present to become involved in the program during the next four days and share ideas and experiences so everyone could benefit together.

Chairman Deverick then recognized Craig DeBower, chairman of the Program Committee. He introduced his committee and then gave an overview of the program for the week.

On Thursday, May 21, 1987 Chairman Barbara Deverick convened the membership for the annual business session of the Council. She expressed appreciation to the program chairman, Craig DeBower, and his committee for the excellent programs enjoyed each day; also a special thank you to Wayne Johnson, chairman of the Research Committee, and the committee, for Tuesday's program on "Management Challenges with Long Term Employees" led by Andrew Weiner from the University of Kentucky and Greg Boudreaux of NRECA.

Chairman Deverick also expressed appreciation to Gary Hobson for arranging the program on Wednesday, including the luncheon and golf outing. A brief report on the golf outing revealed the only "birdie" of the afternoon did not come from a Council member (but a spouse)!

Allen Ritchie, Treasurer, was recognized for a report. The report covered the period of May 12, 1986 to May 12, 1987 and indicated reserve funds of \$29,387.95. At the time the report was prepared, only 27 systems had paid their current dues. With a motion by Harold Smith and a second by Wayne Johnson, the treasurer's report was approved.

Phyllis Barber, chairman of the Membership Committee, was recognized for a report. She said of the seven new systems who attended last year's meeting, she received four applications for membership. There was a motion and a second and memberships were approved for the following four cooperatives:

Blue Ridge Mountain EMC, Young Harris, Georgia
Joe Satterfield, Manager
Brunswick EMC, Shallotte, North Carolina
David Batten, Manager
Central Georgia EMC, Jackson, Georgia
George L. Weaver, Manager
Wells REC, Wells, Nevada
Daniel Kessler, Manager

With a motion and a second, Southside Electric Cooperative, Crewe, Virginia, John C. Anderson, Manager, was approved for re-certification.

Ms. Barber said the appropriate certificates would be mailed to these cooperatives. She said the re-certification date for each cooperative would be printed in the proceedings book this year.

In the absence of Nominating Committee chairman W. R. Fleming and other members of the committee, Marylenn Cox was recognized for a report from this committee. On behalf of the Nominating Committee, the following nominations were made (nominees are underlined):

| | | |
|-----------------|--------------------------------------|-------------------|
| <u>Officers</u> | Chairman - <u>Harold Smith</u> | Term expires 1990 |
| | Vice Chairman - <u>Wayne Johnson</u> | Term expires 1990 |
| | Treasurer - <u>Allen Ritchie</u> | Term expires 1989 |

| | | |
|--------------------------|---------------------------------|-------------------|
| <u>Program Committee</u> | | |
| | Chairman - <u>Craig DeBower</u> | Term expires 1989 |
| | Dave Larson | Term expires 1988 |
| | Paul Bienvenue | Term expires 1989 |
| | Gary Hobson | Term expires 1989 |
| | <u>Kim Colberg</u> | Term expires 1990 |

| | | |
|-----------------------------|---------------------------------|-------------------|
| <u>Nominating Committee</u> | | |
| | Chairman - <u>W. R. Fleming</u> | Term expires 1989 |
| | Derl Hinson | Term expires 1989 |
| | Dave Dunnell | Term expires 1988 |
| | <u>Mike Gustafson</u> | Term expires 1990 |

| | | |
|-----------------------------|----------------------------------|-------------------|
| <u>Membership Committee</u> | | |
| | Chairman - <u>Phyllis Barber</u> | Term expires 1988 |
| | Ev Bristol | Term expires 1988 |
| | David Schornack | Term expires 1989 |
| | <u>Layton Wheeler</u> | Term expires 1990 |

Management Research Committee

| | |
|--------------------------|-------------------|
| Chairman - Wayne Johnson | Term expires 1989 |
| Wayne Keller | Term expires 1988 |
| Doyle Hines | Term expires 1988 |
| <u>Jim Kiley</u> | Term expires 1990 |
| <u>Joe Satterfield</u> | Term expires 1990 |

The chairman called for further nominations. There were none. With a motion by Allen Ritchie and a second by Paul Bienvenue, the slate of officers was approved as presented. Appreciation was expressed to those who rotated off the committees and for their contributions while serving on the committees.

Wayne Johnson, chairman of the Research Committee, was recognized for a report. He reported that the current research project had been the Council program on Tuesday and that NRECA would be developing the program into two one-day institutes: (1) Managing the Older Employee and (2) Managing the Long-Term Employee. He thanked Greg Boudreaux and Andrew Weiner for their work with the committee.

Mr. Smith said his committee met and considered six research ideas for next year and selected the one they felt to be the most urgent. There is a need for professional training which meets the unique requirements of rural electric systems in order to have qualified economic development specialists in the rural electrification area. The Research Committee agreed on the following issues relative to this subject:

- 1) Research existing professional certification programs.
- 2) Need of specialists to possess community organizational skills.
- 3) Need of specialists to understand the RE program.
- 4) Current national rural development initiatives (NRECA and CFC).
- 5) Training curriculum.
- 6) Training format.
- 7) Resources for training.

Objectives to determine:

- 1) Knowledge and skills needed.
- 2) Available resources.
- 3) Type and format of program required.
- 4) Options for establishing a program, and
- 5) Develop a recommendation.

Methodology: Use a consultant, use surveys, and meet with NRECA and CFC leadership for information and assistance.

Working with NRECA and CFC, Mr. Johnson said the committee agreed that REMDC would need to budget \$4,000 to help launch this program with NRECA and CFC.

Following a brief discussion, there was a motion by Mr. Johnson, a second by Harold Smith, and the recommendation to approve the research project dealing with the subject of rural areas economic development specialists for electric cooperatives was approved.

Chairman Deverick asked Paul Bienvenue and Harold Smith, whose cooperatives are involved with the large system users group, to share with the REMDC group something about the work of this group. She asked how could REMDC and the large systems group work together.

Mr. Bienvenue said the large systems group came into being because the needs of the large systems were somewhat different. He said this group questioned whether it was possible to have a separate group made up of the larger organizations. He said they considered such things as capital needs, density, state laws, and local conditions. The large systems had a lot of these things in common. They agreed to meet twice a year to discuss common issues with the Board president and general manager attending. Discussion focuses on issues relative to the large systems only. They have a planned program with round-table discussion on how issues are being handled.

Mr. Smith said the format used is comparable to the format used by REMDC. They are bringing in groups/agencies with innovative ideas and new faces. He said the cooperatives involved are a very visionary group.

There was discussion on how REMDC and this group could interact. Could the same subjects be discussed with both groups? It was suggested that an opportunity be extended for the large systems group to schedule a meeting along with REMDC with breakout sessions for interaction. This is something for the Program Committee to take into consideration.

Chairman Deverick asked if there were objections to our approaching the large systems group and asking them to hold their meeting just before or just after our meeting. It was pointed out that the acceptability of such an invitation would be enhanced if the location of the meeting was near a major airport. Chairman Deverick asked incoming chairman Harold Smith to contact the group of large cooperatives and explore possibilities of joint meetings.

Wayne Johnson said as a follow-up to Doyle Hines' presentation and commitment on efficiency, maybe consideration could be given to inviting G&T managers to talk to us about what they are doing in improving efficiency and also the direction they are taking in planning. Chairman Deverick suggested the Program Committee be contacted if anyone had further ideas for the program. She said the Program Committee is looking for innovative and creative ideas that are on the cutting edge of management to share with the group.

Chairman Deverick stated she was pleased with the program content this year and felt it was relevant. She expressed appreciation for the support she had received during her three years as chairman. At this time, she turned the meeting over to the new chairman, Harold Smith.

Mr. Smith expressed to Mrs. Deverick, on behalf of the Council, his appreciation for the superior leadership she had provided during the years of her involvement with the Council. She received a standing ovation from the group.

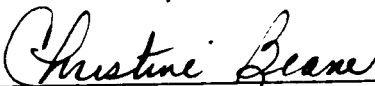
The new chairman said he welcomed comments and remarks from everyone as he assumed the chair. He thanked Christine Beane, who served as secretary to the group, and appointed her to this position for the coming year.

There was discussion on the location of the meeting in 1988. An invitation was issued from Four County Electric Power Association located in Columbus, Mississippi. An invitation was also issued from Wells Rural Electric Cooperative in Lake Tahoe, Nevada (for either 1988 or 1989). Since this is the third year an invitation had been received from Four County, Wayne Johnson made a motion that this invitation be accepted. There was a second and the motion carried and the group will meet in Columbus, Mississippi with Four County as host next year.

There was discussion concerning the date for the 1988 meeting as some of the REMDC members have conflicts during this particular week. The REMDC meeting has traditionally been held during the third week in May. Following discussion, it was agreed to leave the date as is, therefore the REMDC meeting will be held May 16-19, 1988 in Columbus, Mississippi.

A suggestion was made that newsletters be exchanged among the REMDC members - that this would be a good idea exchange.

There being no further business, Chairman Smith declared the meeting adjourned.



Christine Beane, Secretary

TREASURER'S REPORT
THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OPERATING STATEMENT

May 12, 1986 to May 12, 1987

INCOME:

| | |
|--|-----------------|
| 1986 Dues (Schedule A) - 2 | \$ 600.00 |
| 1987 Dues (Schedule B) - 28 + 1 (1988) | 8,700.00 |
| Interest from Investments | <u>1,162.08</u> |
| Total Income | \$10,462.08 |

EXPENSES:

Council

| | |
|---|-----------------|
| 1986 Meeting | |
| Coffee & Room - Sheraton-Myrtle Beach Inn | \$ 1,001.96 |
| Presentations | |
| 1. Dr. Andrew I. Weiner, Inc. | \$1,152.55 |
| 2. Joe Sloan, Anoka EC | 750.67 |
| 3. Tony Pisano - NRECA | <u>2,125.00</u> |
| Total | 4,028.22 |
| Blue Ridge EMC - 1986 REMDC Proceedings | <u>557.43</u> |
| | \$ 5,587.61 |

Research Committee

| | |
|----------------------------|--------------------|
| Dr. Andrew I. Weiner, Inc. | |
| Consulting | \$ 390.00 |
| Course Development | |
| 1987 - 75% Paid | <u>2,400.00</u> |
| | \$ 2,790.00 |
| Total Expenses | <u>\$ 8,377.61</u> |

NET INCOME:

\$2,084.47

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

SCHEDULE A

| | | |
|--|---------|------------------|
| <u>1986 Dues Paid After May 12, 1986</u> | | |
| Davidson EMC | 5/29/86 | \$ 300.00 |
| Four County EPA - MS | 9/16/86 | 300.00 |
| Total | | <u>\$ 600.00</u> |

SCHEDULE B

| | | |
|--|---------------------|-------------------|
| <u>1987 Dues Paid as of May 12, 1987</u> | | |
| — Adams EC | 5/05/87 | \$ 300.00 |
| — Blue Ridge EC | 4/27/87 | 300.00 |
| — Cass County EC | 4/27/87 | 300.00 |
| Central Area DP | 4/27/87 | 300.00 |
| — Clark County REMC | 4/27/87 | 300.00 |
| — Cobb EMC | 4/27/87 | 300.00 |
| Cotton EC | -- | -- |
| Davidson EMC | 4/27/87 | 300.00 |
| — Delaware EC | 4/27/87 | 300.00 |
| East Central EA | -- | -- |
| — Flint EMC | 4/27/87 | 300.00 |
| Four County EMC-NC | 4/27/87 | 300.00 |
| — Four County EPA-MS | 4/27/87 | 300.00 |
| Guadalupe Valley EC | 5/28/86 and 4/27/87 | 600.00 |
| — Hancock-Wood EC | 4/27/87 | 300.00 |
| Lee County EC | 4/27/87 | 300.00 |
| Linn County | 4/27/87 | 300.00 |
| Lumbee River EMC | 4/27/87 | 300.00 |
| Maquoketa Valley REC | 4/27/87 | 300.00 |
| Morgan County (IN) REMC | 4/27/87 | 300.00 |
| Northern EC | 4/27/87 | 300.00 |
| Pioneer REC | 4/27/87 | 300.00 |
| Randolph EMC | 4/27/87 | 300.00 |
| — Shenandoah Valley EC | 5/05/87 | 300.00 |
| Sioux Valley Empire EA | 4/27/87 | 300.00 |
| Southeast Iowa EA | 4/27/87 | 300.00 |
| Southeastern Illinois EC | -- | -- |
| Southside EC | 4/27/87 | 300.00 |
| Union REA, Inc. | 5/05/87 | 300.00 |
| Verendrye EC | -- | -- |
| Walton EMC | -- | -- |
| Whitley County REMC (North- eastern REMC) | 4/27/87 | 300.00 |
| Wright-Hennepin CEA-Withdrew-Letter | 5/27/86 | -- -- |
| Yampa Valley EA | 4/27/87 | 300.00 |
| Total | | <u>\$8,700.00</u> |
| Grand Total | | \$9,300.00 |

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

BALANCE SHEET

May 12, 1987

| | 5/12/87 | 5/12/86 |
|-------------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Current | | |
| Cash in Checking Account | \$ 9,003.28 | \$ 7,080.89 |
| Investments - Savings Account | <u>20,384.67</u> | <u>20,222.59</u> |
| Total | \$29,387.95 | \$27,303.48 |

MEMBERS' EQUITY

| | | |
|-------------------|-----------------|-------------------|
| Retained Earnings | \$27,303.48 | \$28,839.74 |
| Net Gain (Loss) | <u>2,084.47</u> | <u>(1,536.26)</u> |
| | \$29,387.95 | \$27,303.48 |

RESEARCH COMMITTEE

| | |
|--|-----------------|
| Resources | |
| 1986 REMDC Allocation Remaining | |
| 5/12/86 | \$2,544.33 |
| Expenditures from Operating Statement | <u>2,790.00</u> |
| Expenditures over Allocation Authorized by Chairman | \$ 245.67 |

Respectfully submitted,



Allen R. Ritchie
Treasurer

SCHEDULE OF REMDC MEETING DATES AND LOCATIONS

| <u>Meeting</u> | <u>Date</u> | <u>Location</u> |
|----------------|--|--|
| 1st | May 22-23, 1958 (8 people present - Clyde Ellis participated) | Hotel Pickwick, Kansas City, MO |
| 2nd | October 13, 1958 | Hotel Pickwick, Kansas City, MO |
| 3rd | March 9-10, 1959 | Hotel Pickwick, Kansas City, MO |
| 4th | October 1-2, 1959 | Hotel Pickwick, Kansas City, MO |
| 5th | May 19-21, 1960 | Hotel Pickwick, Kansas City, MO |
| 6th | May 24-26, 1961 | Town House, Kansas City, KS |
| 7th | May 1962 | Kansas City, KS |
| 8th | May 15-17, 1963 | Town House, Kansas City, KS |
| 9th | May 6-8, 1964 | Town House, Kansas City, KS |
| 10th | May 1965 | Chicago, IL |
| 11th | May 9-11, 1966 | St. Louis, MO |
| 12th | May 9-11, 1967 | Fountainbleau Lodge, New Orleans, LA |
| 13th | May 7-9, 1968 | Peabody Hotel, Memphis, TN |
| 14th | May 6-8, 1969 | Antler Plaza, Colorado Springs, CO |
| 15th | May 12-14, 1970 | Bucanneer Lodge, Jekyll Island, GA |
| 16th | May 12-15, 1971 | Holiday Inn, Kimberling City, MO |
| 17th | May 9-11, 1972 | Radisson, Denver, CO |
| 18th | May 8-10, 1973 | Holiday Inn, Fargo, ND |
| 19th | May 7-9, 1974 | Landmark Inn, Myrtle Beach, SC |
| 20th | May 20-22, 1975 | Ramada Inn, Sioux Falls, SD |
| 21st | May 11-13, 1976 | Velda Rose Hotel, Hot Springs, AR |
| 22nd | May 10-12, 1977 | Sheraton Airport Hotel, Denver, CO |
| 23rd | May 22-26, 1978 | Crown City, Kansas City, MO |
| 24th | May 21-25, 1979 | Quality Inn, Hilton Head, SC |
| 25th | May 19-22, 1980 | Marriott (Bloomington), Minneapolis, MN |
| 26th | May 18-22, 1981 | Hilton, Myrtle Beach, SC |
| 27th | May 24-27, 1982 | Hyatt Regency, Nashville, TN |
| 28th | May 23-26, 1983 | Harley Hotel (Earth City), St. Louis, MO |
| 29th | May 20-24, 1984 | Waverly Hotel (Smyrna), Atlanta, GA |
| 30th | May 20-23, 1985 | Marriott Inn, Clarksville, IN |
| 31st | May 19-22, 1986 | Sheraton Inn, Myrtle Beach, SC |
| 32nd | May 18-21, 1987 | Sheraton West Port Inn, St. Louis, MO |

Note: Two meetings each were held in the years 1958 and 1959.

