Proceedings of the

28th Annual Conference

Of

The Rural Electric Management Development Council

Louisville/Clarksville
May 20-23, 1985

PROCEEDINGS OF THE

28th ANNUAL CONFERENCE

OF

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

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Louisville/Clarksville Marriott Inn
Clarksville, Indiana
May 20-23, 1985

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S C O P E

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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 (CONT.)

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 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.

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.

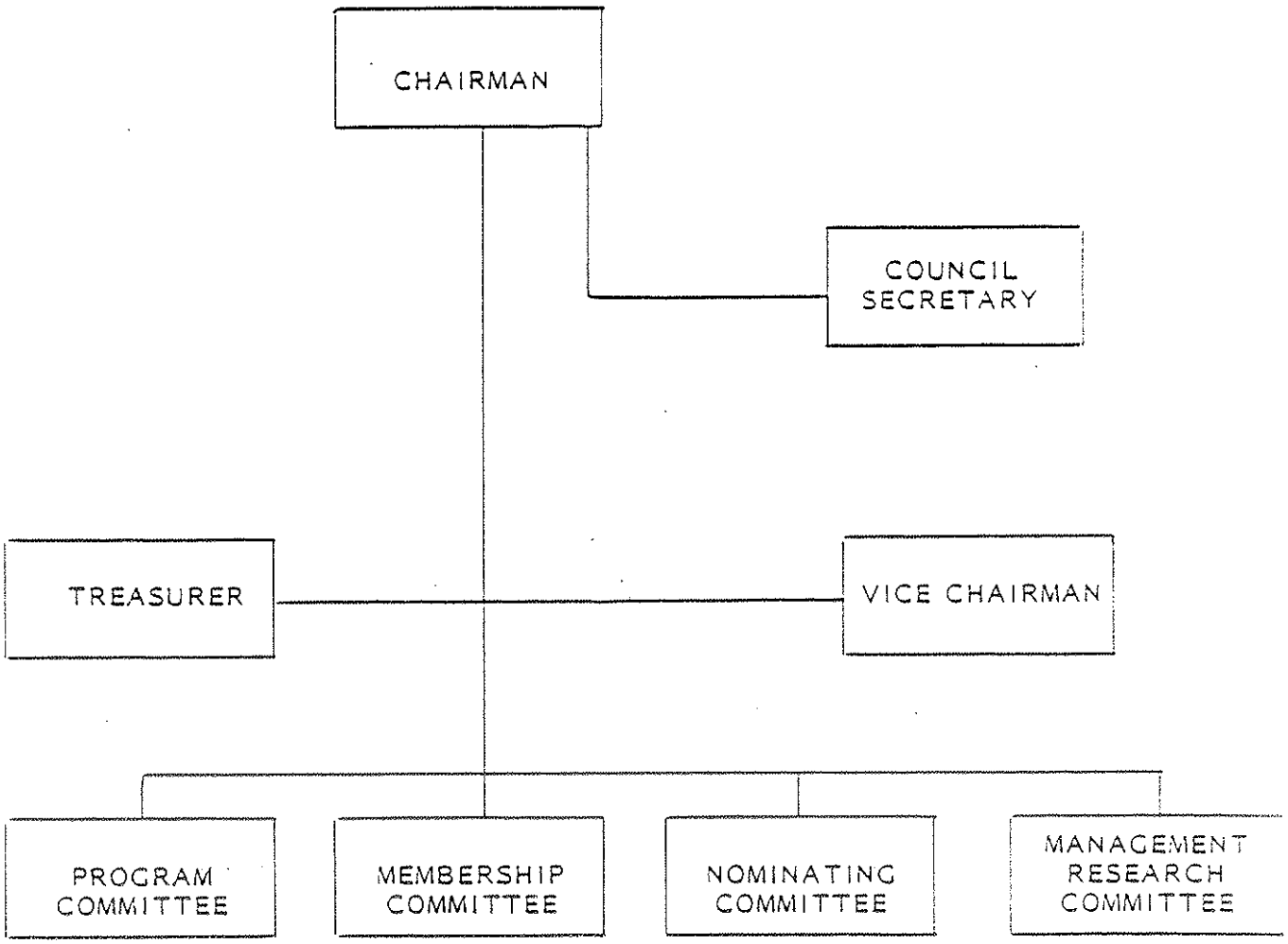
3. Evidence of a continuing dedication to, and active support of, excellence in rural electric management and leadership.

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.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL



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

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

OFFICERS AND COMMITTEES FOR 1985

Officers

Chairman	Barbara Deverick	Term Expires in 1987
Vice Chairman	Harold Smith	Term Expires in 1987
Treasurer	Allen Ritchie	Term Expires in 1986
Secretary		Appointed annually by Chairman

Standing Committees

Program Committee

Chairman	James Kiley	Term Expires in 1986
	Jon Elkins	Term Expires in 1985
	Craig DeBower	Term Expires in 1987
	Bill Ward	Term Expires in 1987

Nominating Committee

Chairman	James Golden	Term Expires in 1986
	W. R. Fleming	Term Expires in 1987
	Mike Gustafson	Term Expires in 1987
	Dave Larson	Term Expires in 1985

Membership Committee

Chairman	Lloyd Geer	Term Expires in 1985
	Robert Roberts	Term Expires in 1987
	Lyman Patee	Term Expires in 1986
	Phyllis Barber	Term Expires in 1986

Management Research

Chairman	Dick Arnold	Term Expires in 1985
	Charles Overman	Term Expires in 1986
	Wayne Keller	Term Expires in 1985
	Paul Weatherby	Term Expires in 1987
	Elmer Stocker	Term Expires in 1987
	Virgil Herriott, Ex Officio	

A. All committee members and officers elected for three year term except as noted.

B. Chairman of each standing committee named by the Nominating Committee and serve three years when elected, unless completing an unexpired term as a replacement.

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

1985 ANNUAL CONFERENCE REGISTRATION

Adams Electric Cooperative, Inc.
P. O. Box 130
Gettysburg, Pennsylvania 17325
Don Murray, General Manager
Lloyd Geer, Manager, Engineering and Operations

Blue Ridge Electric Membership Corporation
Caller Service 112
Lenoir, North Carolina 28645
Wayne Keller, General Manager
Barbara Deverick, Administrative Manager
Christine Beane, Director of Office Services

Cass County Electric Co-op, Inc.
P. O. Box 8
Kindred, North Dakota 58051
Michael Gustafson, Manager
Jack Delvo, Manager, Engineering and Operations

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

Clark County Rural EMC
609 East Utica Street
Sellersburg, Indiana 47122
Wayne W. Johnson, General Manager

Cobb Electric Membership Corporation
P. O. Box 369
Marietta, Georgia 30061
Paul E. Weatherby, 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

Guadalupe Valley Electric Co-op, Inc.
P. O. Box 118
Gonzales, Texas 78629
Marcus W. Pridgeon, Management Assistant
Lewis B. Eckols, Operations Manager

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

Linn County REC
P. O. Box 69
Marion, Iowa 52302
Jack K. Hicks, Manager
Phyllis Barber, Staff Assistant
Kim Colberg, Assistant to the Manager

Lumbee River Electric Membership Corporation
P. O. Box 830
Red Springs, North Carolina 28377
Earl Belcher, Manager, Engineering Services

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

Morgan County Rural Electric Membership Corporation
P. O. Box 1716
Martinsville, Indiana 46151
Richard P. Seger, Manager
Jon Elkins, Operations Manager

Randolph Electric Membership Corporation
P. O. Box 40
Asheboro, North Carolina 27203
Bob Phillips, Manager, Administrative Services
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
Dave Schornach, Staff Assistant

Union REA, Inc.
P. O. Box 359
Brighton, Colorado 80601
Dave Dunnell, Manager, Administrative Services

Whitley County REMC
P. O. Box 171
Columbia City, Indiana 46725
Carl Sederlund, Assistant Manager

Wright-Hennepin Cooperative Electric Assoc.
Maple Lake, Minnesota 55358
Dave Larson, Manager
Mark Vogt, Member Services Manager

Yampa Valley Electric Association, Inc.
Box 1218
Steamboat Springs, Colorado 80477
Jim Golden, General Manager
Ev Bristol, Chief Engineer

Guest Registration - 1985

Jim Weaver, General Manager
Jasper County REMC
P. O. Box 129
Rensselaer, Indiana 47978

Lynn Collyer, Manager
Kosciusko County REMC
523 South Buffalo Street
Warsaw, Indiana 46580

Charles Wilson, Area Representative
National Rural Electric Cooperative Finance Corporation
Washington, D. C.

Jack Wood, Manager, Conferences & Special Projects
Greg Boudreaux, Management Services
Martin Lowery, Management Services
National Rural Electric Cooperative Association
Washington, D. C.

Charles Weaver, Director
Electric Loans and Management Division
Rural Electrification Administration
Washington, D. C.

Virgil Herriott
Rural Route 1, Box 46A
Lake Norden, South Dakota 57248

Dr. Eugene Hunt
School of Business
Virginia Commonwealth University
1015 Floyd
Richmond, Virginia 23284

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL 1985 MEMBERS

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Velva, North Dakota 58790

Elmer Stocker, General Manager
Whitley County REMC
P. O. Box 171
Columbia City, Indiana 46725

David P. Larson, Manager
Wright-Hennepin Cooperative Elec. Assoc.
Maple Lake, Minnesota 55358

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

Program

Monday, May 20

1:00 p.m. - Registration

1:30 p.m. - Welcome and comments - Barbara Deverick, Chairman REMDC, Blue Ridge EMC, North Carolina

Program Overview - Jim Kiley, Program Chairman, Sioux Valley Empire Electric Association, Inc.

1:45 p.m. - **Morgan County Revisited** - Dick Segar, Morgan County EMC, Indiana. Two years after an emotional member uprising

2:15 p.m. - **History and Report on URD Cable Performance** - Jack Delvo, Cass County EA, North Dakota

3:00 p.m. - Break

3:15 p.m. - **New Approaches to Meter Reading** - Paul Weatherby, Cobb Co. EMC, Georgia

4:00 p.m. - **New Ventures and Strategies for the Rural Electric in the 80's** - Doyle Hines, Guadalupe Valley EC, Texas

Tuesday, May 21

9:00 a.m.
4:00 p.m. - **"Managing Corporate Culture, Strategy and Change in the New Age"** - Craig R. Hickman, President, Bennett Information Group

Mr. Hickman is the co-author of an excellent new book, **Creating Excellence**, which recites "hands on" management approaches that really do work in meeting today's business challenges. Craig will spend all day with us reviewing his book and their six-step process that can be tailored to meet your organization's management needs.

We feel this will be one of the most dynamic programs we've ever had at a Management Development Council Annual Meeting.

Wednesday, May 22

8:30 a.m. - **Effective Reporting at the Annual Meeting** - Lyman Patee, Northern Electric Co-op., Minn.

9:00 a.m. - **Cable TV - Our Next Great Service Opportunity?** - A Representative of Southern Engineering

9:45 a.m. - Break

10:00 a.m. - **New Breakthroughs in Compensation and Benefits** -

- **Wage and Salary Planning** - Harold Smith, Flint EMC, Ga.
- **So You Want Five Weeks Vacation?** - John Parham, Maquokota Valley REC, Iowa
- **Use of Performance Standards in Achieving Accountability** - Barbara Deverick, Blue Ridge EMC, North Carolina

(Each participant will make a 15-minute presentation with 15 minutes provided for questions and answers.)

11:00 a.m. - **A Corporate Retreat - New Direction & Stimulus to your Management Program** - Wayne W. Johnson, Clark Co. EMC, Indiana

12:00 noon - Lunch

Wed. p.m. Arrangements have been made for golf, tours or a trip to Churchill Downs.

(Over Please)

Thursday, May 23

8:30 a.m. - **New Programs and Emphasis at NRECA Management Services** - Martin Lowery, Manager, Training & Consulting, NRECA, Washington, D. C.

9:15 a.m. - **What's New and Not so New in Management** - The "Now Notorious" Charlie Weaver, Director, Borrowers' Management Division, REA, Washington, D. C.

9:45 a.m. - Break

10:00 a.m. - Business Meeting

12:00 Noon or prior - Adjourn

The Rural Electric Management Development Council

May 20 - 23, 1985
Louisville/Clarksville Marriott Inn
Clarksville, Indiana

MORGAN COUNTY REVISITED

Dick Seger, General Manager
Morgan County, EMC
Martinsville, Indiana

The geographic location and some reference to demographics were made relating to the make-up of the membership of the cooperative. It was pointed out that the proximity of the cooperative to Indianapolis had resulted in relocation of people because of a ruling on school busing. The territory of the cooperative is adjacent to Indianapolis Power and Light, which has one of the lowest rates for the city of Indianapolis. It has one of the 25 lowest electric rates for cities in the USA. The cooperative is served by a generation and transmission cooperative with coal fired units and coal contracts negotiated in 1978-79.

The cooperative had a member uprising following rate increases in 1982. It went through the process of proving need for increases to the utilities commission. The rate increase was put into effect January, 1982, in the coldest part of the winter. G & T Cooperative had a rate increase at the same time, which the cooperative flowed through to its member. The G & T increase went into effect in March. Rates to members went up in January, again in Febraury, and still again in March. April was the month of the annual meeting. Members organized a group called "Consumers for lower electric rates (CLEAR), and came to the annual meeting. The nominating committee had nominated a double slate. Nominations could also be received by petition and from the floor at the annual meeting. There were 1,600 angry members with their spouses attending the meeting. It was chaotic. Nomination of three directors from the floor was made and they were elected in the unruly meeting. The members mood changed from apathy, before the rate increases, to anger after the rate increases, and after their initial actions, back to apathy again. This year the cooperative did not have the 2% quorum of members necessary to hold a legal annual meeting.

There were three new directors - one an attorney, who teaches freshman law at the university and serves as head of the student legal services; one was secretary-treasurer of a security organization, which sells stocks and bonds; the third was a lady employed by RCA in Bloomington. The cooperative immediately established a formal training/learning environment for these, as well as the previously elected board members. The general manager emphasized the fact that the cooperative is under the jurisdiction of the State Utilities Commission. During the training program, he reviewed with the directors, and gave them a copy of the following materials:

- Copy of the State Rural Electrification Act
- Rules and Regulations of the State Utilities Commission including regulations on collections and meter readings
- By-laws of the cooperative
- Organization of the cooperative - Duties of general manager and key personnel
- Ideals, objectives and policies of the cooperative
- REA mortgage requirements

- Annual work program and budget for the cooperative
- Power Requirement Study
- Long Range Financial Forecast
- Legal responsibilities of directors
- Reviewed reasons of member communications
- Board/Manager relationships
- Relationships and responsibilities with the G & T, Hoosier Energy
- Board training opportunities, meetings, awards and entitlements

New directors wanted to cut out all attendance at off-system meetings, awards and entitlements. This was done. Now, they have changed their minds and the cooperative will go back to the program it had in operations, previous to the coming of the new directors.

The new directors also requested that the Hoosier Energy G & T have a management audit.

The general manager needed the assistance of the staff to convince the new directors the reasons for (1) Meter reading by cooperative personnel; (2) Why power lines can't all be put underground.

In the director orientation, some of the acronyms used by the cooperative were explained. The cooperative put out a glossary on this.

In 1983, two new directors were elected out of four, whose terms had expired. These were elected from the list of nominations presented by the nominating committee.

A few months later an older board member expired. The board had to appoint a new director to take his place.

In 1984 three new directors were elected, one of these by petition.

At this time the cooperative had nine new directors out of 12. This had occurred in just three years.

In April, 1985 the board president resigned as president and director. Now, the cooperative has ten new directors in only three years. Only two of the twelve have more than one term of director's experience.

This review of what had happened with the board of the cooperative points up the importance of orientation and training for the board members to give them a frame of reference as quickly as possible for their decision making responsibilities.

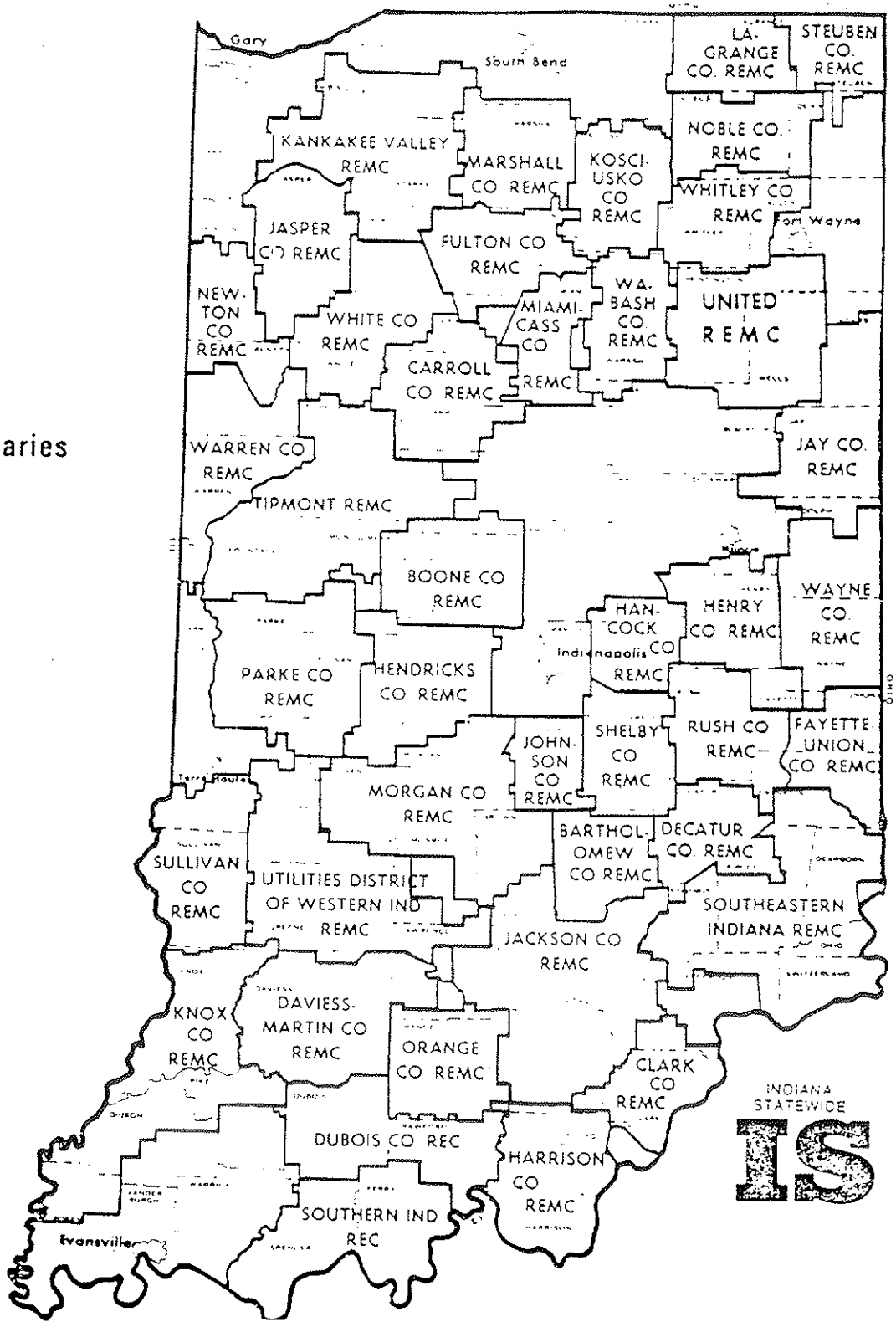
DISCUSSION

Question: The president that resigned, was he the attorney?
Answer: Yes. he had concerns about the inter-relationship of NRECA/REA/ the statewide/Hoosier Energy G & T and the local cooperative. I was concerned that he and the general manager could not agree on a concept of the role of the board president and what constituted a good board member.

Q: How do you, as a manager, react to the new board?
A: It has made my job tougher; made me a better manager. We compromise on some things.
Q: How systematic was your director orientation? Were new board members willing to take the time?
A: First, three new directors spent a lot of time and asked for more information. Next, new directors were less willing to spend time. I suggested that if they didn't use their time and learn their roles, I couldn't run this cooperative. Directors are requested to spend two days of their time when they first come on the board to learn how the cooperative functions.
Q: Does Indiana permit mail ballot?
A: Yes, we can do a mail ballot, but we must have an annual meeting to ratify.
Q: To what do you contribute the decline in member attendance at the annual meeting.
A: Prior to this meeting, the directors/members/staff planned the annual meetings.
Q: Do you have member advisory councils?
A: We have tried. New directors questioned using member advisory committees as "stooges" for staff. We have re-activated the committees.
Q: How far does the new board get into operations?
A: They try, but the manager must be firm about abiding by the board manager relationship policy.

REMC Boundaries

(Approximate)



Wabash Valley Power Association

Hoosier Energy

YEAR	MEMBERSHIP	ATTENDANCE	PERCENTAGE
1949	4411	492	11.2
1950	4427	649	14.7
1951	4842	750	15.5
1952	5217	1206	23.1
1953	5594	306	5.7
1954	6285	435	7.9
1955	6655	505	7.6
1956	7025	566	8.3
1957	7304	588	8.1
1958	7550	622	8.2
1959	7806	663	8.5
1960	8079	701	8.7
1961	8340	667	8.2
1962	8645	835	9.7
1963	8977	2128	23.7
1964	9187	713	7.8
1965	9167	1136	12.4
1966	9654	868	9.2
1967	10190	710	7.0
1968	10482	1669	15.9
1969	10994	2171	19.7
1970	11399	967	8.5
1971	11863	2101	17.7
1972	12578	1101	8.8
1973	13285	1126	8.5
1974	13863	1896	13.7
1975	14518	2046	14.1
1976	15038	2216	14.7
1977	15815	1987	12.6
1978	16137	1804	11.2
1979	16355	863	5.3
1980	17151	1204	7.0
1981	17214	993	5.8
1982	17584	1692	9.6
1983	17453	420	2.4
1984	18178	388	2.1
1985	18204	290	1.6

EXCERPTS FROM MORGAN COUNTY EMC NEWSBULLETIN

No quorum at the Annual Meeting

THE 45TH Annual Meeting was scheduled for Saturday, April 20, 1985, but due to the lack of a quorum, the election of three directors and other important business could not be conducted.

A decision was made by the Board of Directors that they would continue with the other portion of the meeting and give the prizes to those members and children who were present.

The 'Early Bird' prize was for those members who had registered before 2 p.m. This prize was a 19 inch color television set and was won by the Princes Lake Water and Sewage Utility. The prize was accepted by L. Diane Howard, Clerk-Treasurer.

President John Irvine gave special recognition and plaques to five directors who had served over 20 years on the REMC Board. They are M. John Sherwalt, 31 years; John Walters, 22 years; Woodrow Williamson and Frank Dean, 21 years; and Ralph Smith, 20 years. Mr. Williamson and Mr. Smith were unable to attend. Mrs. Smith accepted the plaque on behalf of her husband.

President Irvine presented Mr. Omer Young, one of the three original incorporators of the Morgan County REMC, a book on the history of the rural electric cooperatives entitled, *The Next Greatest Thing.*

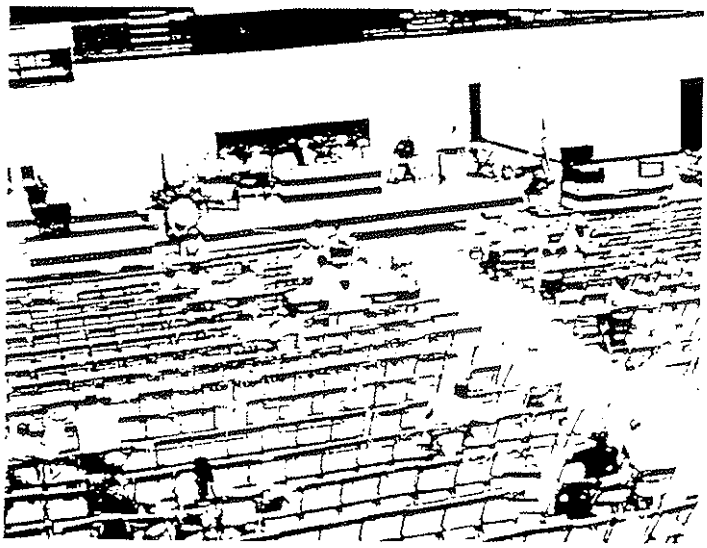
The girl's bicycle was won by Amy Hicks and Verner Ulmet won the boy's bicycle. Thirty-three very nice adult gifts were given with Charles Gray winning the 'Grand Prize' of a microwave oven.

This is the first time in 36 years that the attendance at the Annual Meeting was not large enough to meet the number necessary to establish a quorum and transact the business at hand.

As you can see by the picture, there were many empty seats that needed to be filled by REMC members.

The Board of Directors met May 6 at a special Board Meeting and set the next Annual Meeting date for Saturday, October 19, 1985. The meeting will be held in the evening with registration at 6 p.m., and the meeting beginning at 7 p.m.

The details of the meeting will be published in future issues of the *Circuit Breaker News.*



Were you at the Annual Meeting on April 20, 1985? Not many people were! Because there was not a quorum present, the Morgan County REMC Board of Directors have rescheduled the Annual Meeting for Saturday night, October 19, 1985 at 7 p.m. in the Martinsville High School Gym

Manager's Comments

By Richard P. Seger

FOR THE first time in 36 years, the Morgan County REMC failed to secure a quorum at its Annual Meeting of Members which was held April 20, 1985. A quorum of just 2 percent is required by law for a cooperative-type organization such as the Morgan County REMC. This meant that only 376 members were required to register in order to meet the minimum requirement of the law. Prior to 1982, the lowest registration of members was 5.3 percent which was well above the quorum requirement. However, since 1982 we have had registrations of 2.4 percent, 2.1 percent, and 1.6 percent respectively.

As you will recall, at the 1982 meeting many members attended the Annual Meeting for the first time and vehemently asked for several changes in the Cooperative policy and in the conduct of the Annual Meeting as a result of their dissatisfaction over the rate increases which were experienced early in 1982. In the period between the 1982 Annual Meeting and the present time, the REMC has 9 of 11 directors in their first term and there has been a great deal of experimentation with the Annual Meeting prizes and programs in an attempt to satisfy many of the complaints which were registered at the 1982 Annual Meeting.

Annual Meetings of Members are required by law for rural electric membership corporations, and for this reason, the Board of Directors will have to do whatever is necessary to assure at least a 2 percent quorum at the Annual Meeting of Members in the future in order that the election of directors and other necessary business can be conducted. Whenever we have resumed prizes or registrations gifts, since the 1982 Annual Meeting, we receive complaints from some members, but the expense of holding an Annual Meeting of Members a second time in the year because of the lack of a quorum at the first meeting, is quite expensive. Registration gifts and prizes to assure a quorum appears to be the least expensive of the two alternatives. It's nice to believe that enough members would have an interest in their Cooperative to come to the business meeting without these gifts, but we have to be realistic and look at the experience of the past three years to make judgment as to whether or not money should be budgeted to avoid the expense of an additional Annual Meeting.

The Board of Directors will select a date to continue the adjourned Annual Meeting of Members and we will give you notice in this newsletter as soon as the date and time are selected.

I do want to thank the 290 members who came out on such a nice day, April 20, to participate in their REMC business. I hope that these members were not totally discouraged by the lack of a quorum and that they will continue to support the REMC through their attendance at future Annual Meetings and encourage other members to attend. I also want to commend the candidates for director and the Election Committee for their attendance and sincerely hope that the candidates for director will continue to encourage members to attend to support their candidacy and the REMC. It is only through the interest of the membership that qualified and responsible directors will be elected to conduct the future business affairs of the Morgan County REMC.

HISTORY AND REPORT

U R D

AT CASS COUNTY ELECTRIC

BY

JACK DELVO
MANAGER, ENGINEERING & OPERATIONS

NOVEMBER 1984

HISTORY AND REPORT OF URD AT CASS COUNTY ELECTRIC

In 1968 Cass County Electric installed 200 miles of URD cable to serve approximately 160 customers in the Tower City area. Cass County Electric received nationwide publicity on this project, and was probably responsible for starting URD in large use in rural areas.

When this project was started, we had anticipated we would be making substantial improvement in distribution in a rural area. The advantages we anticipated were: lower maintenance costs, freedom from ice storms, and greater reliability.

As of this date, 16 years later, none of these promises have been fulfilled. There are, however, advantages in underground, and these are primarily: safety, aesthetics, and it is also easier to obtain right of way for construction of new lines because the landowners are more than happy to get rid of poles on their land, and the URD system has only an occasional sectionalizing point that is above ground.

The URD system that we operate has been plagued with problems virtually from the beginning. In less than a year, nine months to be exact, we began to experience failures in the splices that were used in the original 200 mile system, approximately 385 of these splices were replaced. These splices failed because of corrosion of the stress cone that held the splice together, and over the years to come other components of the underground system would fail. We never seemed to get all of the parts working at the same time. Most of these failures have been systematic; by this I mean all of a certain component would fail. For example, all of the splices failed, all of a certain terminator failed, all of the 1970 Rome cable failed.

If there had been a 1 or 2% random failure, this wouldn't have been so bad. Replacement of these items would restore the continuity of the system; however, failures continue to be systematic. Further examples are:

The 4-way module: Due to a manufacturing defect, when these parts were loaded they would fail and the resulting heat and arc would pop one of the elbows off. All of the one vintage failed. The 1970 Rome cable began failing after 5-7 years of service. Most of this cable has been replaced. This is one of our most alarming defects in the entire URD system because the very heart of the system, the cable itself, is subject to failure. Although a component such as a splice or a module or an elbow or a terminator may occasionally fail, these failures, although annoying an expensive, can be replaced and repaired

and the system brought back into operation. However, when the cable fails, you lose the entire system from end to end. The particular vintage of RTE splices began failing on us. These were splices manufactured prior to 1977, and these splices became a major cause of outages on our underground system, although some of these splices were removed from the system by force failure. This did not substantially reduce the cost, however, it did reduce the outage time.

Very accurate records were kept on these failures, and it was determined that it cost approximately $1,000 per splice failure. Our #2 Kaiser which was installed in the original 200 miles of the Tower City area is beginning to fail. Other areas that have caused problems have been gophers. This problem was brought into control by using a secured neutral on the cable, and by adding extra strands to the neutral. Both of these features tend to add some cost to the system. Not long after URD cable began to be used extensively, corrosion reared its head as being a major problem with the system. For years, many companies and laboratories investigated the sources of corrosion. It has pretty much been determined that these causes are the classical corrosion mechanisms of galvanic corrosion stray current, corrosion differential aeration, and concentration cell corrosion. It is still a serious problem in that it can cause total loss of the neutral. An easy or convenient way of locating the areas of corrosion is still illuding us. Dealing with corrosion has added still another cost to the underground system. Not only the capital cost of installing cathodic protection, but an added expense of maintaining the cathodic protection system.

Oil filled switch gear has proven to be a problem. In the initial system, very little sectionalizing and over-current protection was installed in the system. However, as time went on, it was necessary to add more and more sectionalizing and overcurrent protection to the system. One of these devices was an oil filled switch with fused taps. Very shortly after installing these switches, they began to fail. It took several years to determine the cause of the failure. It eventually turned out to be that water was getting into the switches and degrading the insulation value of the oil. We are now faced with another maintenance problem of sampling, testing, and removing the water from the oil in these switches. Air insulated switch gear has not fared much better. It is subject to dirt and contamination blowing into the switch gear. As this dirt accumulates, it will eventually reduce the insulation enough to cause it to flash over. Some switch gear of this type has been totally destroyed by such flashovers, and it introduces an additional problem of

maintenance in cleaning the contamination out of these switches. Maintenance and operation of the URD system have continued to be very high. A recent analysis of our system revealed that the underground system costs $208 per mile to maintain while our overhead system cost $107 per mile. These numbers include only operations and maintenance, and do not include replacement of the cable due to the insulation failure. Because of the numerous outages, the reliability of the underground system is lower than our overhead system. Outage records reveal that approximately 50% of our consumer hours of outage time are attributed to underground system. While our underground system is 1500 miles of cable, our overhead system has approximately 3500 miles of cable. Other operating problems besides high operating costs and low reliability, planning and engineering are more difficult; cable may be installed in an area, and later this area will be developed as a subdivision, thereby requiring parts of the cable to be moved. Also subdivisions that are laid out and cable installed; later the subdivision may be replatted and the cable will be in the wrong location. Very often construction activities will change the grade requiring the cable to be lowered. Temporary service from an underground system is difficult as it is very expensive to tap, sometimes requiring a very expensive switch. It requires more meticulous record keeping because the underground system is out of sight, and it is sometimes difficult to locate, therefore requiring very exact records of where the cable plant is located. It is sometimes necessary to add premature construction. Very often more underground plant is added than would be necessary to serve the load. All of these tend to add cost to the underground system. The solution to these problems all add substantial cost to the underground system.

On our initial project, we were building underground for about the same cost as overhead. However, as the years have progressed, the cost of the underground system has increased to where it is higher than the comparable overhead system. These additional costs can be attributed to the requirements for better cable and more and better sectionalizing.

We have always had a positive attitude toward operating problems. We have been able to cope with all problems as they arise. The troublesome thing is after sixteen years we are still developing problems as quickly as they are being solved.

The area of greatest concern is the life of the cable. It was originally anticipated that cable would be permanent with an indefinite life. The first indications of the problem were when Rome cable began failing after 5-7 years.

Next, Kaiser cable began failing after 12-14 years. There are some failures of other brands and vintages. If we use present costs and assume a 30 year life, it will result in a cost of $300 per year per mile for replacement costs, on top of already high operating costs. Reliability will not improve.

WHAT IS THE FUTURE OF URD?

When we look back 16 years, we see all of the trouble. The most costly of all the trouble is with cable failure and its replacement. If we were to go ahead 16 years and look back at today's cable, I am confident we would see a different picture.

As we look back at our trouble, one may be tempted to abandon underground. We now have a vastly superior product, and abandoning underground would prove to be foolish.

If our problems have been resolved (and they appear to be), we could be turning our backs on the newest and best technology.

Let's look at some of the advantages of underground:

* First, it's safer. There is less chance of contact with live parts from the public and employees.
* Convenient - no poles to farm around.
* Asthetics, some people do not like the look of poles.
* Easier to obtain right-of-way. We find less resistance to underground. Very often we can reduce the number of objectionable poles.
* Free from storm damage.

There is some uncertainty in continuing to build underground. The cable and components we are using now supposedly have solved our early problems, but then we thought they were solved before.

The future of URD lies in the heart of the system, the cable. The cable we have available today is vastly superior to the cable we started with; specifications have improved.

Most of the trouble we have today is with older cable and components.

If we are to continue with underground, we must use the best cable we can obtain.

A little explanation about the term "treeing". This term is used to describe the process by which cable insulation fails. When an insulating material is subjected to an electrical stress, that material begins to break down. As this breakdown progresses through the insulation, it develops in pattern that is shaped like a tree; hence the name treeing. As the tree progresses across the insulation, it eventually will complete a conducting path; and the failure is complete. We generally speak of average stresses across the insulation; however, the stresses are not uniform and things such as small foreign particles or contaminants can cause stress concentration that exceed the materials' limitations. For that matter, almost imperfection can cause those stress concentrations. Bubbles or voids, even water molecules. Trees can also be started by surges such as lightning.

In order to extend the life of cable we buy, we should use cable with 260 mils of insulation (25kv) crosslinked polyethelyne with a tree retardent and an insulating jacket.

The added insulation will reduce the electrical stresses on the cable. There is no magic here, this has always been true. We would switch to crosslink insulation. Crosslink is somewhat different, it is thermoset rather than thermoplastic, i.e., thermoplastic softens when it is heated, thermoset does not. Tree retardents are a relatively new innovation. When certain compounds are aadded to the polyethelyne, they retard the growth of trees. The mechanism is not fully understood; however, it works well. Adding a jacket also appears to extend the life of the cable--it performs several functions. Probably the most important is that it helps keep water out of the cable. Water molecules will penetrate the insulation, and cause a tree to start. The jacket insulates the neutral from the ground and prevents and controls corrosion. It adds another layer of protection to the cable and helps to prevent mechanical damage.

If we look at the number of cable failures by month for the years 82-83-84, a definite pattern develops with failures peaking in August and a low in February. We believe this pattern is a result of thunder storms in June and July. The failures follow the pattern of thunderstorms with a shift of about 30 days.

Other utilities report most cables fail near the ends. A calculation of surge voltages in cable show that the highest stress is near the end where the surge enters the cable and at the open end where the wave is reflected back. (i.e. the wave doubles and is reflected back). All this leads one to the conclusion

that surges are a major cause of cable failure. This is why 25kv cable has a better track record and improved surge protection (lightning arrestors) helps a great deal.

In the last few years a new type of surge arrestor has become available. This arrestor is commonly referred to as metal oxide. Its operation is quite different than the old arrestors. Cable protected by the old arrestors could be subjected to surges as high as 110kv, where the metal oxide arrestor will hold these down to around 60kv. This is quite a significant improvement.

We have been installing metal oxide arrestors on all new construction for the last 2 years. These installations are working well. I would recommend we retrofit our existing cable with these arrestors. We would probably be looking at about $500,000. This is a rough approximation based on two arrestors per mile. This would be a good investment considering we have $15,000,000 in URD plant. Total plant is about 33½ million.

The data used to make the graph on plant costs did not come from construction costs, but from plant accounting records; both cost and miles installed. Because of several factors, the costs are a little erratic, but the trend is well defined. There is a definite break in '78; this is probably due to inflation.

Several factors are driving URD cost higher. These are: better and more expensive cable, corrosion mitigation, sectionalizing equipment such as switches and fuses and premature cable failures.

We have a pretty good idea what our underground costs are; however, we have very little idea what our costs would be to build overhead. Overhead would not be any more expensive and quite possibly cheaper.

Other considerations would be an increase in inventory and it is more labor intensive.

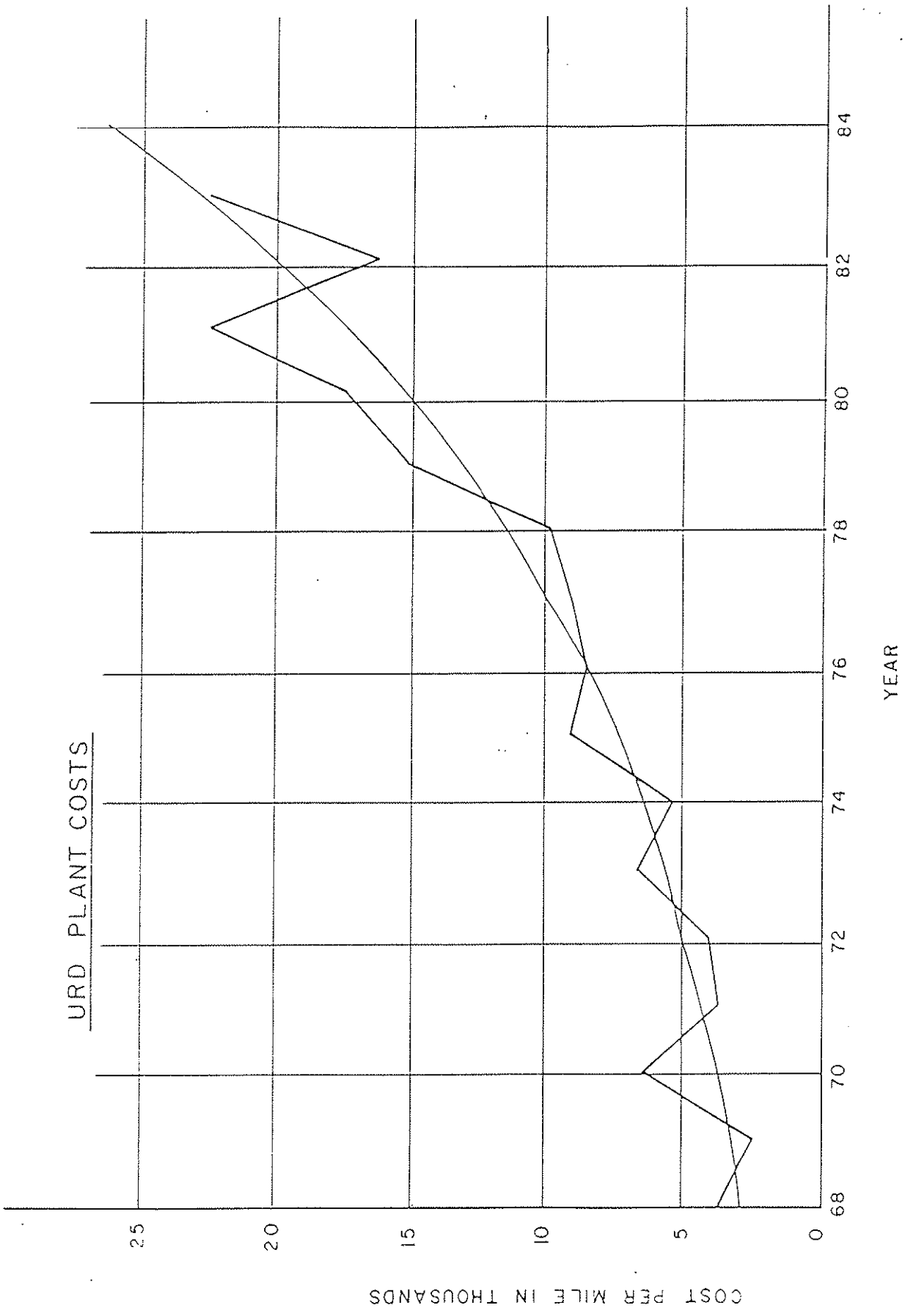
When we asked Ulteig's for a relative cost comparison between OH and URD, they indicated URD would be about 130% of OH.

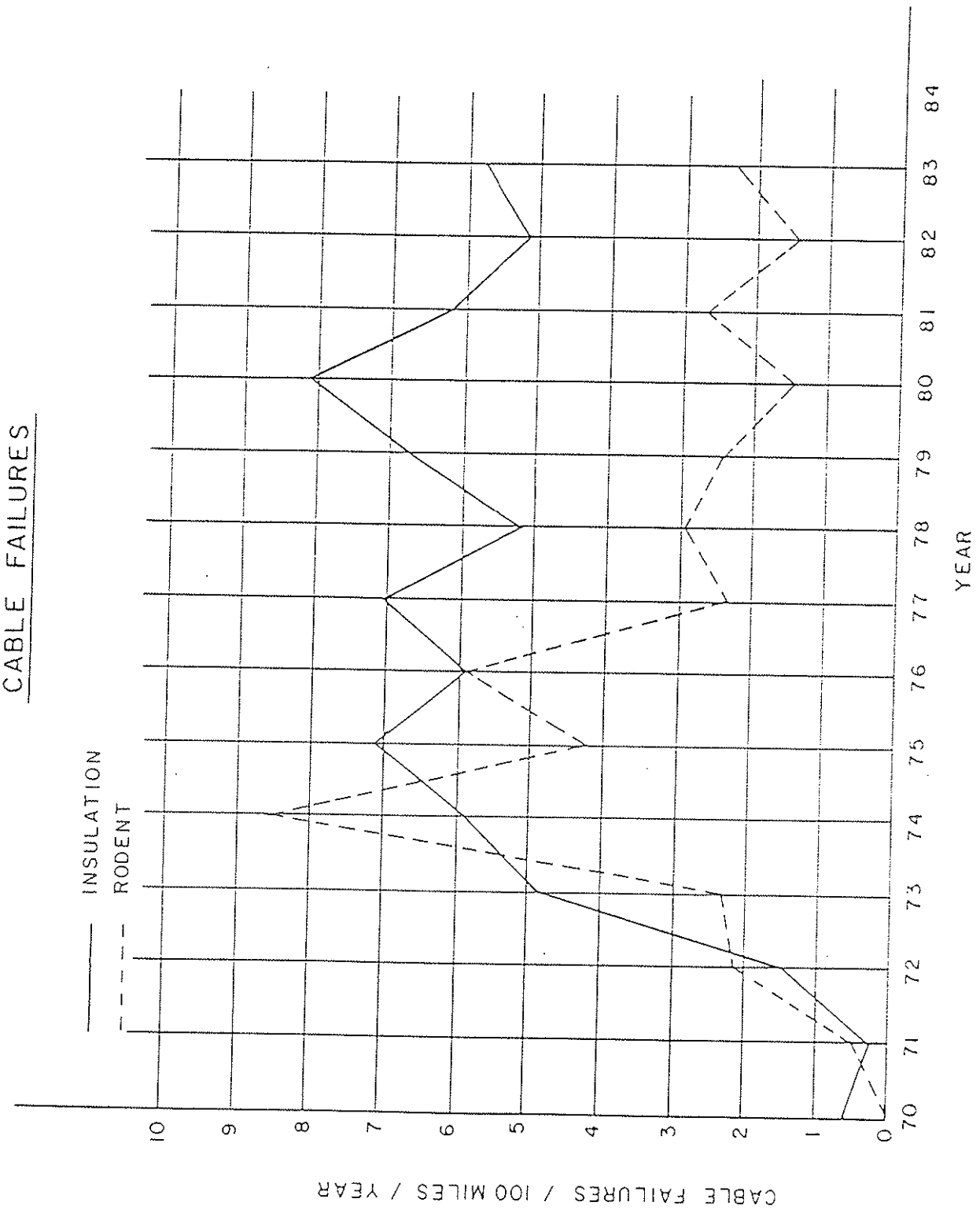
CONCLUSION AND RECOMMENDATIONS

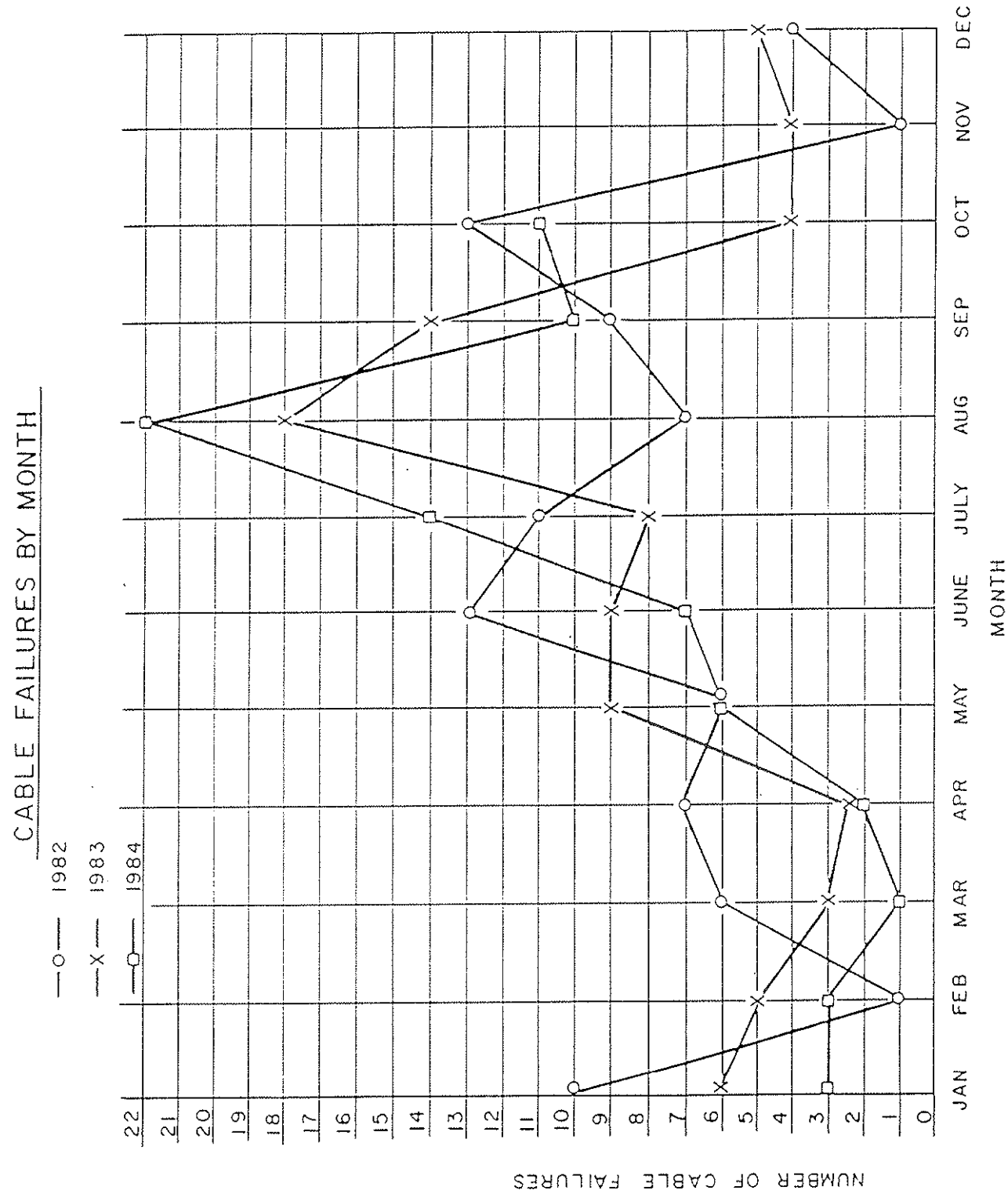
At this point, our URD system is more expensive to install and more costly to operate and less reliable. These are the present facts, and for the ardent URD fan they may be hard to accept. Nontheless, URD has a definite place in our distribution system. Safety and consumer preferences are powerful forces that will keep us in the URD program. The failures we are experiencing now will be resolved; however, the solutions will result in a more expensive system.

I would therefore propose we continue to build URD to residential and farm consumers, and to continue our present policy on URD on revamps. But we should leave our overhead lines in place wherever possible. If we have good right-of-way for overhead, we should rebuild as necessary and leave the line overhead. New lines where we do not have right-of-way would have to be URD. This would enable us to establish some good cost comparisons. We would not be adding poles to farm land, we could maintain the safety of URD around farms and residences. We could reduce costs by retaining our overhead plant.

A decision on this is important at this time because of our 1985 construction season, and we have begun on our 1986-87 Work Plan. Ulteig's will need to know what criteria to use in working up the plan.


URD PLANT COSTS
COST PER MILE IN THOUSANDS
0
5
10
15
20
25
68
70
72
74
76
78
80
82
84
YEAR


CABLE FAILURES
INSULATION
RODENT
CABLE FAILURES / 100 MILES / YEAR
0
1
2
3
4
5
6
7
8
9
10
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
YEAR


CABLE FAILURES BY MONTH
—O— 1982
—X— 1983
—O— 1984
NUMBER OF CABLE FAILURES
0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
JAN
FEB
MAR
APR
MAY
JUNE
JULY
AUG
SEP
OCT
NOV
DEC
MONTH

URD CABLE

21 Aug 84

YEAR	Miles of Cable	Miles of O.H.	Total Miles	Total Plant	A/C 367 URD Dist.	Cost Per Mile	Cable Failures	Cable per 100 miles/yr
1967				9,033,505				
1968	17	4494	4511	9,892,259	52,502	3088		
1969	298	4303	4601	10,220,975	686,972	2445	1	..33
1970	327	4272	4599	10,615,986	195,559	6743	2	.61
1971	404	4231	4635	11,139,947	295,372	3836	1	.25
1972	470	4218	4688	11,923,346	266,639	4040	7	1.49
1973	516	4186	4702	12,662,540	330,600	7187	25	4.85
1974	559	4177	4736	13,388,461	218,196	5074	33	5.90
1975	616	4149	4765	14,357,747	515,504	9044	44	7.14
1976	691	4133	4824	16,065,988	660,544	8807	41	5.93
1977	867	4074	4941	18,016,987	1,423,887	8090	61	7.04
1978	1025	3979	5004	21,213,069	1,578,362	9989	53	5.17
1979	1129	3924	5053	23,840,783	1,566,846	15,066	76	6.73
1980	1207	3870	5077	26,956,277	1,376,019	17,641	98	8.12
1981	1330	3780	5110	29,754,698	2,800,367	22,767	82	6.16
1982	1421	3716	5137	31,927,566	1,509,462	16,587	73	5.14
1983	1485	3661	5146	33,679,802	1,453,468	22,710	86	5.79
					14,930,299	10,054		

SYSTEM AUTOMATION
New Approaches to Meter Reading

Paul Weatherby, General Manager
Cobb Electric Memb. Corp.
Marietta, Georgia 30061

(Mr. Weatherby shared with the group a video prepared by staff giving an overview of system automation at Cobb EMC.)

Cobb EMC is located 20 miles northwest of Atlanta, Georgia and serves approximately 66,000 members in a five-county area, both residential and large industrial. Their growth exceeds 10% annually, currently adding 1,000 new services per month.

Mr. Weatherby stated that when any system begins looking at any automated equipment, it is good to look at different kinds. By automating as much as possible, this eases the burden on employees and also eliminates the need to add new employees. It is also essential to get a written proposal that outlines when each party will complete each part.

The video showed the in-house mainframe computer at Cobb EMC and some of the tasks currently being handled such as load management data, service order tracking, deposit-membership control, and other financial data. Also, work order control, work scheduling, purchasing, etc. The hardware and software programs were discussed. Digitized system maps are a part of this program. A plotter can print the maps in eight different colors. Mr. Weatherby stated that forecasting future growth is one of the most difficult tasks an engineer has.

The load management program is on the SCADA computer. All switch groups, water heaters, etc. are shown on the computer; gives instantaneous load on each substation; remote meter and billing for large loads; telephone lines used for 2-way data flow. A monthly printout is provided each month to all load management consumers along with their monthly electric bill.

Mr. Weatherby brought an electronic hand-held meter reading device which his system is using. Data processing generates the routes to be read, using the remote hand-held meter reading devices, and this information is transmitted electronically. This makes the work of the meter readers easier and quicker. This remote unit plugs into an IBM PC and is programmed to tell the meter reader of special field problems such as unfriendly dog, etc. A report is printed daily and this provides a good tool to evaluate all meter reading activities. Billing can be done on the same day meter is read, saves cash flow, and increases productivity. Cobb EMC plans to read one-fourth of their meters using twelve of these devices.

Cobb EMC has just completed a 10-year plan after a study of system operations to automate cash handling of payments. They will be able to handle 450 accounts per minute.

FUTURE OPPORTUNITIES FOR RURAL ELECTRICS

Financing

presented by

MARCUS W. PRIDGEON
Management Assistant
Guadalupe Valley Electric Cooperative, Inc.
Gonzales, Texas

to the

1985 REMDC ANNUAL CONFERENCE
May 20-23, 1985
Clarksville, Indiana

NEW VENTURES AND STRATEGIES

Financing

In the early 1970's, Rural Electric Cooperatives were forced to change their strategy concerning long-term financing. Up until that point the strategy had been quite simple. When capital money was required, a loan package was submitted to the Rural Electrification Administration and money was obtained at either 2% or 5%.

In 1973 the Rural Electrification Administration started requiring rural electrics to begin obtaining a portion of their long-term debt from outside sources. This forced change in financing strategy iniated a "new venture" for rural electrics. The National Rural Utilities Cooperative Finance Corporation was formed.

In making its loans CFC required its borrowers to adopt a minimal financial strategy, basically the maintenance of a 1.5 TIER (times interest earned ratio) and a 1.25 DSC (debt service coverage),for two out of three consecutive years. The only distinguishment made in obtaining financing was the interest rate on the REA portion of the concurred loan (2% versus 5%) and the portion of the total loan which would have to be obtained from a concurred lender (90-10; 80-20; 30-70). Both of these conditions favored cooperatives in poor financial condition, either through circumstance or their own making. This situation provided no incentative for a positive financial strategy. If a cooperative in a financially weak position strengthened itself, it was rewarded with higher interest rates. The primary financial strategy of rural electrics was to maintain competative rates; and the bottom line financially is competative rates. However, I believe we need to add a suffix onto our financial creed. I believe the bottom line should be "competative rates in the long run." I am well aware that when the kitchen is on fire its not a good time to be thinking about installing a sprinkler system. What I mean by that is, if you are sitting next to an invester-owned utility who is selling energy 3 cents a kilowatt-hour cheaper than you are, you're probably looking at a financial strategy that will yield you immediate short-term results. And that's probably what needs to be done in that situation; however, you can only work under a short-term strategy for so long and then you have got to pay the piper. Short-term decisions that will save you dollars today are notorious for costing the organization mega-bucks in the long run.

Let me give you a prime example. I recently finished reading Lee Iacocca's autobiography. Iacocca was the head man at Ford Motor Company for years and then took over and turned around the Crysler Corporation . You probably know him best from his television commercials. It is an excellent book and recommend it

highly. In one of the chapters, Iacocca list several situations which he believes will eventually do the American auto industry in. One of the situations he names is the 30 and out retirement plan. This means that after 30 years of service, regardless of your age, you are eligible for full retirement. Immediately a number of thoughts pop into my head concerning 30 and out. Studies that I have read show that it greatly increases the absolute number of people a company has in retirement due to the increased length of time between their retirement and their death. Instead of your pension plan supporting a retiree for an average of 11 years (which is the difference of the average life expectancy of 76 and a standard full-retirement age of 65) the plan may be required to support a retiree as much as 20 years or more.

Iacocca's primary dislike of the 30 and out plan was not so much financial as it was human resource. His thought was that an employee with 30 years experience should be one of your most reliable, experience and productive people. By allowing this person to retire at 55 the company is probably loosing 10 of his or her most productive years. Iacocca stated that the UAW gained the 30 and out concession from the auto companies back when times were good and the worst possible thing for the industry would have been a strike. It was an extremely short-term strategy on the part of management. They wanted times to be good right then, and times were good right then. There was no auto strikes.

To bring this example closer to home, I am aware of a cooperative in Texas who has recently faced a similar problem. It serves as large a land mass as my cooperative but has many fewer members. Its kitchen is on fire. They are surrounded by utilities selling energy considerably less expensive than they are. Their residential rates are about a dime a kilowatt-hour and they are experiencing elasticity of demand. The price goes up, the demand goes down, the price has to go up more to cover the fixed cost. This cooperative is fixing to file with the Public Utility Commission of Texas another request to increase its rates.

As is true with a lot of smaller cooperatives, one of the largest fixed cost of this particular cooperative is its payroll. The number of people it needs to employ does not vary directly with the amount of energy it sells. This last year the management of this cooperative, seeing that it needed some immediate relief (in other words it needed to put the fire in the kitchen out) struck a deal with its employees. In return for a wage and salary freeze, the cooperative initiated a 30 and out retirement plan. In this situation, it appears to me that management's decision will create problems in the years to come.

Although short-term strategies are a very real and important financial tool, they simply cannot be the basis on which a financially healthy organization is built.

From my experience with Cooperatives, I have found little which leads me to believe that their financial strategies include the maintenance of financial indicators beyond the requirements of their mortgage agreement. I suppose it has been, and possibly still is, their belief that REA will be here forever and that inexpensive capital money will be readily available. This might have been a safe assumption several years ago, but clearly since the Reagan Administration has taken office, those cooperatives who believe they have a stable source of financing have had to think twice.

Up until several weeks ago it was an even bet that the REA program would experience major revisions. Well, it appears that the Governor has granted us a reprieve. Please understand, he has not granted us a pardon, he has just reprieved our execution due to public outcry.

REA is 50 years old and we just underwent major by-pass surgery. We are out of intensive care and we are going to live, but we are not out of trouble unless we change our way of living which means getting our financial house in order.

Around my Cooperative we segregate situations into two categories. Those which you act on and those which you react to. We believe in the management philosophy of action. It's our attempt to control own destiny. The reactive philosophy means that your situation is controlling you, you are not controlling the situation. If we believe that this reprieve granted to REA is the final word, we are kidding ourselves. If we wait until the next attack and react to it, we are letting the situation control us.

Long-term financial strategies need to be instituted by rural electrics or both an individual and joint basis.

A large number of rural electric cooperatives are currently in the open market for capital money through the Cooperative Finance Corporation. As I am sure you are aware, CFC enters an extremely competative open market for capital backed by the joint financial strength of its membership. It sells bonds and then turns around an lends the money to its members at a unitized interest rate. This means that two cooperatives borrowing from CFC at the same time pays the same interest rate regardless of their individual contribution to CFC's overall financial strength.

CFC was formed in order to gain financial strength in the open market. Its overall financial strength is the summation of the financial strength of its members. Its members which have been able to maintain good equity rates and TIER levels have been supporting those members that simply meet their mortgage requirements.

In no way do I take exception to my Cooperative supporting cooperatives who have poor financial situations through circumstances beyond their control (such as horrendously low density); however,

I do have a problem with my Cooperative supporting another cooperative who is financially weak because its management refused to bite the bullet and keep its rates high enough and capital credit rotation at a level to maintain its equity ratio and TIER level.

In December of 1972, CFC sold its first bond issue. It was a $50,000,000 issue with an effective yield of 7.43%. The difference between 7.43% and 5% was not that great and it only accounted for a maximum of 30% of your total loan, so the effect of the concurrent loan requirement was not tremendously impacting.

CFC last four issues, Series J, K, L and M Bonds, which were all sold in 1981, totalled $400 million. The coupon rate on these issues were 14.75%, 14.875%, 15.75% and 14.625%, respectfully.

With the gap widening between market rates and the 5% REA loans, I would not be surprised to see the more financially strong cooperatives push for a distinguishment in interest rates within CFC. If REA stops lending and the incremental interest rate on cooperative long-term debt floats to the market level, I would be surprised not to see such a move for distinguishment.

I have made several comments concerning Equity Ratio and TIER levels. As I am sure you are all aware, TIER (which is the acronym for Times Interest Earned Ratio) is calculated by adding a borrower's total margin to its interest expense on long-term debt and then dividing by the interest expense. This is a common financial measure used to determine earnings capability as well as the relative degree of safety for the lender. TIER is also the single most important factor in determining bond ratings. As I previously stated, CFC requires a minimum TIER level of 1.5 and a debt service coverage of 1.25. According to David Hedberg of CFC, if many systems operated near or below these minimum levels, it is doubtful that CFC would still have the ability to raise new capital in the open market. For systems with low equity levels, a low blended cost of debt, or an unusually high rate of growth (in total capitalization), a 1.5 TIER is inadequate. Investors expect a greater assurance of adequate earnings and a more adequate cushion of equity than the government does.

The relationship between the minimums required by CFC and more acceptable levels can be developed with a look at similar criteria used to assess the credit of investor-owned utilities. A minimum TIER (or fixed change ratio) of 2.0 is customary in utility company indenture mortgages. In my discussion with CFC people, it is my understanding that CFC is currently exploring the possibility of changing its mortgage requirement to a 2.0 TIER. CFC competes for investment capital in exactly the same market as investor-owned utilities. Therefore, an effective CFC Program requires the maintenance of TIER levels sufficiently in excess of the 1.5 minimum. The financial performance of CFC's members is the indiciation by which potential investors measure the advisability of investing in CFC bonds, as opposed to the

bonds of other companies.

I recently reviewed some financial material produced by Salomon Brothers regarding the correlation between TIER and Bond Rating. It is their opinion that a very definite correlation exist. The article stated that during 1984, AAA rated bonds had an average TIER of 5.4. AA rated bonds carried an average TIER of 4.2. CFC currently carries a bond rating of AA, however, its average TIER is considerably less than 4.2. It appears that CFC's TIER does not assume the same correlation to bond rating as does the private section. Well, of course there are many factors looked at in determining the rating of bonds, some of which are not financial. One very important non-financial factor effecting CFC rating is the markets perception of government involvement, and the safety that represents, through REA.

Now I guess the question arises, "How is the market going to react to the Administrations attempt to phase out REA?" The market is extremely sensitative to these sort of things.

Let me relate an example. GVEC, my Cooperative, purchases power from the Lower Colorado River Authority, a state agency of Texas. The Lower Colorado River Authority provides power to 30 municipalities and 11 cooperatives. In recent times two of the larger cooperatives have attempted to pull out of LCRA and build their own generating plant. This has caused a considerable amount of dissension in the group as a whole. Bond council who is employed through the Association of Wholesale Customers has informed LCRA's customers that this in-fighting has materially affected the rating of the LCRA bonds. In addition, this market perception of insecurity may flow through to the customers individually. This means that it will affect the ratings of individual cities when they go out to sell water and sewer bonds. Our bond council was very explicit about why this down rating of bonds may occur. The market does not like "fighting in the family!"

There is "fighting in the cooperative family." REA is fighting the cooperatives and the cooperatives are fighting to save REA. You might have noticed in the recent edition of the CFC Newsletter where CFC has filed suit on REA over some loan guarantee problems.

Well, I have layed out what I see as a problem. The answer is not nearly as simple. It is my contention that the most obvious way for rural electrics to protect the availability of a capital market at reasonable rates is to improve their financial strength to a point that the government's involvement with us is not a factor (or at least an insignificant factor) in our rating in the bond market.

Is this solution possible? I am not sure. But it is one long-term solution to the problem.

My Cooperative is in a very fortunate position. We are located in a service area of moderate to good growth and have access to wholesale power at stable rates. In 1980 we embarked on a plan to improve our financial position. At that time our rate of return on rate base was in the range of 4%. Our equity was slightly over 20% and we were close to default in our TIER level. In 1980 our Board bit the bullet and allowed management to raise rates and to reduce our level of capital credit rotation in order to build equity. With the building of equity, our need for loan funds declined to a point where we went 20 consecutive months without requisitioning money from REA. 1984 was the first year in the 46 year history of GVEC that our long-term debt actually declined. At year end 1984 our equity stood at 32.29% supported by a net TIER of 3.15, and the bottom line is, our retail rates are competative. Like I said, GVEC is in a very fortunate situation, unlike many other cooperatives. We have seen the opportunity and taken advantage of it.

In closing, I ask you to take a long hard look at your long-term financial strategy. I ask you to look for your opportunities.

Thank you.

Notes ARE Competitive But, How about New markets Marketing, ETC.

Managing Corporate Culture, Strategy and Change in the New Age

Craig R. Hickman, President
Bennett Information Group

(Mr. Hickman is the co-author of an excellent new book, Creating Excellence, which recites "hands on" management approaches that really work in meeting today's business challenges.)

There is a growing dilemma in which we are struggling with an information overload. Our environment is becoming more complex. There is a growing human dilemma to talk about things. We can usually talk a better game than we can perform. We find ourselves in a situation where we have too much information to deal with and we do not have the appropriate tools to deal with all this information. A conceptional framework will allow us to look at this data and to do something about it, but we must be able to choose the right framework. This discussion will deal with how to take the correct framework and do something with it.

The framework is composed of two elements - strategy and culture. Strategy is a method of accomplishing something in the future. Culture (corporate culture) is more than organization, it deals with the "personality" of the organization. Our discussion will deal with the American and Japanese experience.

America as a country is very good at strategy. We are very technical, use a lot of processes, a lot of consultants. The American character is seen as a rugged individual who pioneered this country, outlined the Constitution, and "Yankee integrity." We like to change things in the organization, embark on new strategies. Plans, programs, and new ways to do things have made us great strategists.

The initital desire of a new person coming into an organization is to look and see what needs to be changed and proceed to do so. Americans are very good at being innovative and coming up with new solutions. This is why America, over the years, has moved ahead in industry. However, too often we move into a Willy-Nilly change mode. We change just for the sake of change with little of the change becoming permanent. Sometimes we try to change things too quickly. On the positive side, this can be good. The negative side can create confusion.

The Japanese foundation for excellence is based on culture. There is a trade-off between the two (strategy and culture) that can be a good management tool. We need to understand what these trade-offs are.

The book, Creating Excellence, is a product of academicians and businessmen over the years. Heads of Nippon Electric in Japan describe their terror about strategy. They feel they don't understand world markets and doing strategy in that marketplace. U. S. businessmen are viewing Japanese businesses from the U. S. frame of reference.

Forty years after World War II, businesses were set into place largely under America's guidance and Japanese built and enlarged these businesses through corporate culture, not strategy.

We view the Japanese from our strategy-oriented mode. It is really culture, but incredibly strong corporate culture. They embark on a course and stay with it. They make very little change. The Japanese believe if you keep doing something over and over, it will get better. This has made them successful.

Culture is simply commitment - competence - consistency. The Japanese are the most consistent people in the world. They're very afraid of strategy. In a global context, neither the American nor Japanese foundations will work because of forces behind businesses. Organizations are becoming more complex and tougher to manage and the demands on the people are greater.

We can never become Japanese nor can they become Americanized. As the world changes, both cultures are coming closer together. The Japanese are becoming more individualized; Americans are becoming more community-oriented, less individualistic. We must be able to manage both culture and stragegy. These are fundamental elements to successful organizations.

Metaphors:

Mind - Strategy - Mind can conceive things which our bodies can't do. When there is an incongruence, we can literally destroy ourselves.

Body - Culture

Masculine - Strategy - U.S. more masculine.

Feminine - Culture - Japan more feminine kind of nation.

World War II - women in the work force -introduction of baby formula. Culture more nurturing type of society.

Inside - Culture - Japan more concerned with inside.

Outside - Strategy - USA businesses more involved with outside.

A third element is "harmonizing." The integration of both strategy and culture is "harmonizing."

Strategy - three elements relate to a strong strategy:

1. Must satisfy customer needs. Customers have more choices today than ever before. A lot of different needs of different segments. Don't view market as one big homogeneous group.

   Two firms building fork lifts sat back and reaped profits. Five years ago, Japanese did a study and found out they could supply about 20% of the market whose needs weren't being met. Toyota and one other Japanese firm built smaller fork lifts without all the deluxe "bells and whistles" and they took over the market.

2. Must sustain competitive advantage. Must have a sustained advantage over competitors. Utah Power and Light was struggling with the issue of competitive advantage They must worry about municipalities, co-ops, investor-owned utilities, changes in technologies. When the customer views the utility as the "bad guy" they will leave at the first opportunity. Utah Power and Light adopted a strategy of becoming the utility of choice.

3. Must capitalize on company strengths. Must understand what you do well and build on that. Example: Exxon trying to get into the business of office systems and failed. Exxon is now looking more carefully inside to capitalize on their own strength.

Culture:

4. Commitment to a common purpose. IBM is best example of a strong corporate culture in America. The commitment of employees, both present and past, is unreal.

5. Competence - superior performance. "What is the one thing we do best around here." Example: Hewlitt-Packard is holding on to its strong culture. Their watchword is product innovation, combined with their entrepreneurial atmosphere. Sales representatives talk to customers about how to improve the product to meet customer needs. Dominent competence for HP is product innovation, but this doesn't mean they don't do other things well also.

6. Consistency is perpetuating the commitment. Many hands and one mind; everyone is moving toward a common purpose.

Strategy and culture are sometimes in conflict. Sometimes in America, we overlook the "culture." In the future, we must use both modes due to a changing world. It will not be easy. The two areas must be integrated.

The USA has neglected culture - Japan has neglected strategy. It is easier to change strategy than culture. If you "mess around" with culture, you can create problems. We sometimes "talk a good game" which causes problems. We want the strongest image, the highest quality, largest distribution network, the best service, etc. It costs too much money to do all of these and you can't build a strong culture if you try to do all these things. Too often we fall in the trap of thinking we can do all things.

Strategy

Culture	1	2	3
4	Match	Match	Match
5	Match	Match	Match
6	Match	Match	Match

Can't have a single mismatch; if you do, it will destroy congruence of organization.

Strategic Thinking Skills:

1) Insight 2) Vision 3) Versatility

Insight - Skill of viewing situation from multiple perspectives.

Vision - Very important - skill of spending time mentally in the future - view in all its detail in a scenario kind of way. Must do this to create vision to guide organizations. Good example of this is Pan American and other air lines. Delta had good vision also. The groundwork of vision had been laid; the manager worked with four key people.

Versatility - Able to be comfortable with change - Personally and professionally. Change is happening more rapidly than ever. We must see it coming, welcome it and embrace it.

A good example is Citicorp, largest bank in the country. Walter Riston is by far the most innovative Chairman of the Board in the country.

Cultural Building Skills - Sensitivity, Focus, Patience

Sensitivity - The first skill necessary in building a strong culture. Pay attention to the needs of the people. Skill of understanding and recognizing the needs of another person and be willing to do something about it. When needs are met, employees become more productive.

Focus - Has a lot to do with how to deal with change. Skill of implementing change. Permanent change does not happen unless there is focus. Do not do too much, too fast.

Patience - America is not very good at this. Must have high degree of confidence in long term vision. "Winnie the Pooh" a good example.

Strategy looks outside first - Culture looks inside first.

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(Mr. Hickman autographed a copy of his book, Creating Excellence for each cooperative represented at the meeting.)

CFC UPDATE

Charles Wilson, Area Representative

Mr. Wilson gave a brief update on CFC. He offered the services of CFC to the members of the REMDC. The financial performance of member systems has improved according to his report - now at 2.6. He reported an improvement in TIER for the past three years.

The Key Ratio Trends Analysis Report will be out some time in June. He stated this report may have some additional ratios which will be helpful to the cooperatives.

Mr. Wilson reported on the Executive Summary of the telecommunications study prepared jointly with NRECA and said it had been mailed to all member systems. Any system desiring a copy of the complete study may fill out the coupon in the back of the Executive Summary.

Mr. Wilson also reported on the Telecommunications Seminar being sponsored by CFC and NRECA. These two organizations have jointly prepared a report based on the study pertaining to the feasibility of rural electric cooperatives providing telecommunications (satellite dish) services to the member/consumers. Seminars to discuss this report have already been held in Denver, Minneapolis, and Dallas, and one will be held in Atlanta on July 18.

A Financial Planning Seminar will be held in the fall, no date set at this time.

Greg Boudreaux
NRECA Management Services

NEW DIRECTION IN CURRICULUM DEVELOPMENT

- OVERALL GOALS:
  - DECREASE THE NUMBER OF COURSES
  - OFFER COURSES ONLY IN THOSE AREAS WHERE WE CAN PROVIDE QUALITY TRAINING
  - REVISE AND UPGRADE ALL MANUALS
- CURRENT REVISED COURSES:
  - NEW SUPERVISORY (300) COURSES
  - PHASE-IN OF NEW 400 COURSES
  - REVISED 541 SHIFTS TO 540
- NEW ENDEAVORS
  - LEADERSHIP FOR THE 80S
  - G&T MANAGEMENT TRAINING
  - G&T DIRECTOR TRAINING
  - CUSTOMIZED IN-HOUSE TRAINING
    - EMPLOYEE ATTITUDE ANALYSIS AND ACTION PLAN DEVELOPMENT
    - ORGANIZATIONAL PROBLEM SOLVING (PROBLEM DEFINITION; SOLUTION GENERATION; SOLUTION EVALUATION; ACTION PLAN FORMULATION; ACTION PLAN EVALUATION; PROCESS EVALUATION)

LEADERSHIP FOR THE 80s

SEMINAR THEMES:

- THE TRANSITION TO POST-INDUSTRIAL SOCIETY, AND THE NEED FOR ORGANIZATIONS TO ACHIEVE EXCELLENT PERFORMANCE IN TIMES OF ECONOMIC CONSTRAINT.
- THE CHARACTERISTICS AND SKILLS OF EFFECTIVE LEADERS THAT MAKE FOR EXCELLENT PERFORMANCE.

POST-INDUSTRIALISM:

- PERMANENT HIGH INTEREST/INFLATION RATES
- AN INTERNATIONAL ECONOMY
- DECLINE OF THE "SUNSET" INDUSTRIES
- THE EMERGENCE OF NEW KNOWLEDGE INDUSTRIES
- THE APPEARANCE OF KNOWLEDGE WORKERS, WITH NEW MOTIVATIONAL NEEDS AND JOB DEMANDS
- THE DEVELOPMENT OF A SERVICE ECONOMY
- MAJOR DEMOGRAPHIC SHIFTS (E.G., WOULD POPULATION GROWTH; AN AGING POPULATION; MORE FEMALE WORKERS)
- IMPACTS ON THE COOPERATIVES

THE NEW THEORY OF LEADERSHIP:

- CURRENT RESEARCH SHOWS THAT EFFECTIVE LEADERSHIP IS A COMPLEX VARIABLE COMPOSED OF THREE DISTINCT FACTORS. THESE ARE PERSONALITY FACTORS, BEHAVIORAL FACTORS, AND SITUATIONAL FACTORS.

LEADERSHIP FACTORS

PERSONALITY:

A. IMPACT FOCUS: TO WHAT EXTENT DOES THE LEADER HAVE A NEED TO APPLY POWER IN PRO-ORGANIZATIONAL AS OPPOSED TO PERSONAL DOMINANCE SITUATIONS?

B. TASK OR RELATIONSHIP: IS THE INDIVIDUAL TASK OR RELATIONSHIP ORIENTED?

C. COGNITIVE SKILL: CAN THE INDIVIDUAL FORMULATE HYPOTHESES? IDENTIFY CAUSES? VISUALIZE ALTERNATIVE CASUAL CHAINS? APPLY COST/BENEFIT ANALYSIS?

BEHAVIOR:

EFFECTIVE LEADERS SCORE HIGH ON BOTH TASK-ORIENTED AND RELATIONSHIP-ORIENTED ACTIVITIES. (AVERAGE MANAGERS SCORE HIGH ON TASK BUT LOW ON RELATIONSHIP; UNSUCCESSFUL MANAGERS SCORE LOW ON BOTH.)

VALID INSTRUMENTS PROVIDE FEEDBACK TO MANAGERS CONCERNING THEIR PERFORMANCE ON THESE VARIABLES.

SITUATION:

A. TASK STRUCTURE: TO WHAT EXTENT IS A SITUATION HIGHLY ROUTINE WITH CLEAR RULES FOR TASK COMPLETION? (EFFECTIVE LEADERS LEARN HOW TO STRUCTURE TASKS IN ACCORDANCE WITH THEIR OWN NEEDS AND THE NEEDS OF THE SUBORDINATES WHO MUST COMPLETE THEM.)

B. AUTHORITY: TO WHAT EXTENT DOES THE LEADER HAVE AUTHORITY TO ALLOCATE RESOURCES? (EFFECTIVE LEADERS LEARN HOW TO CLEARLY IDENTIFY AUTHORITY LEVEL.)

C. SUBORDINATE BEHAVIOR: HOW "MATURE" ARE SUBORDINATES? DO THEY NEED PRECISE DIRECTIONS? DO THEY HAVE THE NECESSARY SKILLS? ARE THEY SUPPORTIVE OF THE LEADER? (DIFFERENT SITUATIONS REQUIRE DIFFERENT LEADER RESPONSES AND EFFECTIVE LEADERS LEARN TO ADJUST THEIR "STYLE" TO DIFFERENT KINDS OF SUBORDINATE BEHAVIOR.)

SEMINAR INSTRUMENTS

TITLE			PURPOSE
1.	PISQ	POST-INDUSTRIAL SOCIETY QUESTIONNAIRE	TO GENERATE DISCUSSION ABOUT HOW CO-OPS ARE IMPACTED BY CHANGING ECONOMIC AND CULTURAL FACTORS
2.	IFS	IMPACT FOCUS SCALE	TO IDENTIFY STRENGTH OF NEEDFOR POWER, AND TO IDENTIFY DIRECTION (PRO-ORGANIZATIONAL OR PRO-SELF)
3.	LPC	LEAST PREFERRED CO-WORKER	TO IDENTIFY MOTIVATION AS EITHER TASK OR RELATIONSHIP ORIENTED
4.	DMPAQ	DECISION MAKING PRACTICES ASSESSMENT QUESTIONNAIRE	TO IDENTIFY DECISION MAKING SKILLS AND DEVELOPMENT NEEDS
5.	LAQ	LEADERSHIP ACTIVITY QUESTIONNAIRE	TO SHIFT FOCUS FROM MOTIVATION TO BEHAVIOR AND TO IDENTIFY ACTIVITY LEVELS
6.	LBQ	LEADER BEHAVIOR QUESTIONNAIRE	TO IDENTIFY SPECIFIC AREAS IN WHICH ATTENDEES CAN WORK TO BUILD SKILLS
7.	SAQ	SITUATION ANALYSIS QUESTIONNAIRE	TO ANALYZE WORK SITUATIONS IN TERMS OF TASK STRUCTURE, AUTHORITY LEVEL, AND SUBORDINATE MATURITY

SEMINAR SCHEDULE

DAY 1:

- PISQ
- POST-INDUSTRIAL SOCIETY: LECTURE AND DISCUSSION
- MAKING MANAGERS OF TECHNICAL GURUS
- LEADERSHIP IN POST-INDUSTRIAL SOCIETY: AN OVERVIEW
- LEADERSHIP: PERSONALITY FACTORS:
  - IMPACT FOCUS SCALE
  - LEAST PREFERRED CO-WORKER
  - COGNITIVE SKILLS ANALYSIS; DMPAQ

DAY 2:

- LEADERSHIP IN POST-INDUSTRIAL SOCIETY: BEHAVIORAL FACTORS:
  - THE LEADERSHIP ACTIVITY QUESTIONNAIRE: REVIEW AND ANALYSIS OF COMPARATIVE RESULTS
  - THE LEADER BEHAVIOR QUESTIONNAIRE: REVIEW AND ANALYSIS OF COMPARATIVE RESULTS

DAY 3:

- LEADERSHIP IN POST-INDUSTRIAL SOCIETY: SITUATIONAL FACTORS:
  - SITUATION ANALYSIS QUESTIONNAIRE: ANALYZING SITUATIONS IN TERMS OF STRUCTURE, AUTHORITY, AND SUBORDINATE MATURITY
- PROGRAM CONCLUSION AND EVALUATION

COMMENTS FROM JACK WOOD, NRECA
Manager, Conferences and Special Projects

Mr. Wood reported on the background of the telecommunications study prepared jointly with CFC. He was very interested in this project and began investigating the application to the rural electric program.

The NRECA Management Advisory Committee met with key people from CFC to discuss this concept and its possible application to rural America. As much information as possible was gathered on the subject of "telecommunications." Methods were explored on how this could best meet the needs of rural America. A prelimilnary feasibility report was put together.

It was pointed out the State of Georgia through the statewide is doing a similar study. Others were invited in to make presentations. Legislation in the State of Georgia prevented them from doing a great deal in this area until legislation is changed.

Mr. Wood reported that Robert Williams with Pee Dee EMC had expressed an interest in pioneering in this area of telecommunications and had formed a separate corporation to study this subject. A co-op in northwest Indiana has set up a similar program called Star Com.

Mr. Wood reported his committee (made up of people from NRECA and and CFC) finalized their preliminary project and took to the Boards of NRECA and CFC to request funds. A request to prepare a proposal concerning telecommunications was developed and sent to 40 companies; 16 proposals were returned. These were reviewed and five were found to be more responsive to the proposals and what we were looking for. Independently, Southern Engineering was the unanimous selection.

Southern Engineering was awarded a contract to prepare a preliminary report to be made by March 1985. This report was reviewed, suggested changes were made, and directed the creation of the final study to be completed by April 8, 1985. The Executive Summary of this report has been re-written and two copies will be mailed to every electric system in the country, as well as a copy to each statewide editor. A coupon is included for those who wish to order a copy of the complete report which is 600 pages. One copy of the full report is free; additional copies will cost $25.00 each.

The study was funded jointly by NRECA and CFC. Four regional one-day workshops are being held to discuss this study prepared by Southern Engineering. Mr. Wood stated he is very excited about this project but feels any decisions made dealing with our involvement in the area of telecommunications should be made with great caution.

John W. Parham
Maquoketa Valley REC
Anamosa, Iowa

SO YOU WANT FIVE WEEKS VACATION

Certain conscientious employees would make the occasional statement, "I protect my sick leave and I see others who abuse sick leave. Yet, if I leave or retire I lose all my accumulated sick leave -- get nothing for it."

We provide 66-2/3% LTD after 13 weeks yet we were accumulating up to 1,800 hours sick leave.

We continued to say sick leave is an insurance. If you have insurance on the barn and it doesn't burn down, you don't get all your premiums back. Neither should you be paid in cash for accumulated sick leave.

Yet some people continued to have two day illnesses at somewhat predictable intervals and the above statement continued to be made each year. Annually at the Employees' Committee Conference with the board -- pay for sick leave upon termination was on the list of requests.

In 1982, we struck a compromise which would furnish some reward for those employees who protected their sick leave and accumulated a reasonable amount. On a one time basis we bought down accumulated sick leave on a 4 for 1 purchase at the employee's regular wage scale. This reduces the maximum to 1,150 hours.

Then we instituted the following policy:

1. Accumulated sick leave will be reviewed annually. Those employees having more than 1,150 hours accumulated sick leave will trade the excess hours over 1,150 for vacation to be taken the following year. Four hours excess sick leave will be traded for one hour vacation.

Such vacation will be taken in full days consecutively. Hours not sufficient to trade for a full day will be carried forward.

2. With required company physical excepted, any employee who is at work every hour of scheduled work during a calendar year receives one additional "floating holiday" to be taken during the first three months of the following year. (Holidays, vacations, two-day death-in-family leave and approved jury duty are excepted.)

3. In addition to the seven "fixed holidays" there shall be two "floating holidays". These two days may be carried forward to the following year but must be used by April 1 of that following year.

I'm not sure how much this has contributed, but our use of sick leave has decreased. While some may think the 4 for 1 trade could be more generous, those employees appreciate the recognition that they have accumulated adequate sick leave protection and now get a little special vacation for years of loyal service.

An example of how the plan works is:

Employee has 20 years of service and 1,150 hours accumulated sick leave.

In 1985 he accumulates 96 hours more sick leave.

He uses no sick leave and is at work every hour of scheduled work.

In 1986 he receives:

2 floating holidays

20 days vacation

3 days converted sick leave as vacation

1 day for being at work every scheduled hour

26 total days

We feel it has been a good "employee relations".

USE OF PERFORMANCE STANDARDS IN ACHIEVING ACCOUNTABILITY

Barbara Deverick - Blue Ridge Electric Membership Corporation

Definition of Work Standard

1. The conditions that will exist when the job segment is well done.

or

2. The conditions which will exist when the job segment is done in an acceptable manner.

My definition

"Job segment done in an acceptable manner."

Believe this definition provides a great deal of opportunity for the employee to exceed the standard and be recognized for it. It also means that performance is unsatisfactory if the standard is not met. If the other definition is used and the standard is met only when the job is well done, many satisfactory employees would not meet the standard, and it might have a negative effect on their attitude and desire to improve.

Standards

1. Based on job and not the person(s) in the job.
2. Are achievable.
3. Are understood. -- (by supervisor and subordinate)
4. Are agreed on. -- (by supervisor and subordinate)
5. Are as specific and measurable as possible.
6. Are time - oriented.
7. Are written.
8. Are subject to change.

Who Sets Standards?

Supervisor and subordinate

Tools for Setting Standards

1. Clear position guide.

2. System objectives and work goals.

3. Division/department mission/objectives and work goals.

Standards may be set by:

1. Supervisor who then reviews tentative standards with subordinate and adjusts standards for the subordinate as warranted by their disucssion.

2. Subordinate sets own standard and brings to supervisor for agreement. Subordinate knows in advance his/her recommendations are not necessarily final.

3. Supervisor and subordinate independently set standards for significant job segments and then compare and discuss and reach agreement.

We use second approach primarily with a combination of 2 and 3 at times. Standard(s) are developed for each major job segment.

We try and limit the number of standards to just those needed to help the supervisor to have a clear understanding of the total job and allow the supervisor to appraise the many different facets of the job and pinpoint areas of strength and weakness. We don't feel a limit should be placed on the number of standards. Once the standards are developed and understood, they become tools of measurement of performance, just as the annual work plan is a tool for measuring performance.

Both are used by both supervisor and subordinate in evaluating how well the subordinate is performing with specific written evidence of results achieved being provided by the subordinate at times designated by the supervisor.

The results reviews held by the supervisor may be monthly, quarterly, semiannually, annually or as frequently as the two feel they should make such reviews.

Certainly the results are reviewed at: (1) the annual performance appraisal and development counseling session, (2) the annual performance evaluation for salary adjustment and (3) annual work program results review. These three events may occur simultaneously or be three separate events.

In the case of management personnel at BRE the review is combined for performance appraisal and annual work program results review, and the review for salary adjustment is done separately.

Merit salary adjustments are based on the meeting of performance standards and annual work goals. The amount of the merit adjustment is based on how well the incumbent in the position met and exceeded the standards and goals.

The Executive Vice President bases a part of his judgement of the performance of his staff on how effectively they have held accountable for work results the people reporting to them, making use of performance standards and annual work goals in evaluating these results and rewarding them accordingly. This accountability concept carries on down through the organization.

Our plan isn't foolproof; however, it is working for us.

Here are a few statistics to indicate how well it is working. In 1984, 25 people in management, supervisory, professional, and technical positions received merit adjustments out of a total of 50. The adjustments were based on how well the standards of performance and annual work goals for each position were met by the incumbents.

It isn't too difficult to explain to an individual why he or she doesn't receive a merit pay adjustment if they have already documented for their supervisor how well they achieved their work standards and goals.

We're still working on refining our standards of performance and our setting of annual, measurable work goals. These change as the responsibilities of the job changes and as the work environment and system goals change.

A sample of performance standards and of annual work goal statements are included as a part of this report. We're just beginning to make good use of these tools. The Executive Vice President and his immediate staff are providing good leadership in helping to develop, refine, and use these tools. The use of

performance standards and holding people accountable for meeting these standards will only be effective if leadership for the program and accountability begin at the top.

The development and use of performance standards is only one aspect of the total performance review process. It is, however, a very significant part.

DEFINITION OF WORK STANDARD

1. THE CONDITIONS THAT WILL EXIST WHEN THE JOB SEGMENT IS DONE WELL.

2. THE CONDITIONS WHICH WILL EXIST WHEN THE JOB SEGMENT IS DONE IN AN ACCEPTABLE MANNER.

MY DEFINITION

"ACCEPTABLE MANNER"

PERFORMANCE STANDARDS

1. BASED ON JOB
2. ACHIEVABLE
3. UNDERSTOOD
4. AGREED ON
5. SPECIFIC AND MEASURABLE
6. TIME-ORIENTED
7. WRITTEN
8. SUBJECT TO CHANGE

TOOLS FOR SETTING PERFORMANCE STANDARDS

1. POSITION GUIDE

2. SYSTEM OBJECTIVES AND WORK GOALS

3. DIVISION/DEPARTMENT MISSION/OBJECTIVES AND WORK GOALS

WHO SETS STANDARDS?

1. SUPERVISOR

2. SUBORDINATE

3. SUPERVISOR AND SUBORDINATE

STANDARDS ARE DEVELOPED FOR EACH MAJOR JOB SEGMENT

DISTRICT PURPOSE AND FUNCTIONS

The district is a key operating segment of the Cooperative. The district has the major responsibility for effectively meeting member needs through services and operation of the electric plant. The operations of the district must be carried out in accordance with system policies and practices and meet the goals and basic objectives of the system. The district must work with the other districts and staff divisions to assure the best use of the total resources of the system in effectively meeting system goals and member needs.

The district exists to meet the following system needs:

PURPOSE OF THE DISTRICT (MISSION STATEMENT)

To carry out operations in the district's defined territory and provide adequate and dependable services to the members in a manner which will assure the support of the members and make the greatest contribution to the success and continuity of Blue Ridge Electric Membership Corporation within the guidelines of policy, practices, plans and budgets.

MAJOR FUNCTIONS OF THE DISTRICT:

A. ELECTRIC OPERATIONS

B. MEMBER RECORDS AND ACCOUNTS

C. MEMBER RELATIONS

D. CONSUMER ENERGY MANAGEMENT

E. AREA RESOURCE DEVELOPMENT: See that the system area resource development program is carried out in the district in such a manner as will enhance the socioeconomic goals of the district and meet system goals and objectives.

F. MEMBER SERVICES

G. SAFETY

H. GOVERNMENT AND PUBLIC RELATIONS

I. PRODUCTIVITY

J. TEAMWORK AND FEEDBACK

POSITION GUIDE - MANAGER OF DISTRICT

I. PURPOSE

THE MANAGER OF THE DISTRICT IS THE PRINCIPAL REPRESENTATIVE OF THE COOPERATIVE IN THE DISTRICT, IS A MEMBER OF THE EXECUTIVE VICE PRESIDENT'S STAFF, AND IS HEAD OF THE DISTRICT ORGANIZATION. THE MANAGER OF THE DISTRICT IS RESPONSIBLE TO SEE THAT PROGRAMS ARE COORDINATED WITHIN THE DISTRICT IN THE FUNCTIONAL AREAS ASSIGNED TO THE DISTRICT, IN COORDINATION WITH THE APPROPRIATE STAFF MANAGER, TO ASSURE STATED OBJECTIVES ARE ACHIEVED, AND THE DISTRICT FUNCTIONS AS AN INTEGRAL PART OF THE TOTAL SYSTEM IN THE ACHIEVING OF THE MAJOR CORPORATE GOALS.

THE MANAGER OF THE DISTRICT IS THE PRINCIPAL MEMBER RELATIONS PERSON IN THE DISTRICT AND IS RESPONSIBLE FOR CARRYING OUT THE DISTRICT MEMBER RELATIONS PROGRAM, INCLUDING THE AREA RESOURCE DEVELOPMENT PROGRAM, IN KEEPING WITH THE OVERALL SYSTEM PROGRAM.

AS ONE OF THE FOUR DISTRICT MANAGERS OF THE COOPERATIVE, THE MANAGER OF THE DISTRICT IS RESPONSIBLE TO PROVIDE ADVICE FOR SYSTEM PLANNING AND TO ASSIST STAFF MANAGERS AND THE EXECUTIVE VICE PRESIDENT IN EVALUATING THE OVERALL EFFECTIVENESS OF SYSTEM PLANNING.

II. FUNCTIONS

A. EFFECTIVE MANAGEMENT
B. MANAGEMENT TEAM SUPPORT
C. CONSULTATIVE MANAGEMENT
D. DISTRICT PROGRAMS:
    1. Electric Operations
    2. Member Records and Accounts
    3. Member Relations
    4. Consumer Energy Management
    5. Area Resource Development: Effectively carry out the community and area resource development program in the district, utilizing resources available, and providing information, being personally involved, and making recommendations to enhance the area resources development program of the Cooperative.
    6. Member Services
    7. Safety
    8. Government and Public Relations
E. ADVICE AND ASSISTANCE
F. EFFECTIVE COORDINATION
G. PLANNING
H. AFFILIATED ORGANIZATIONS

STANDARDS OF PERFORMANCE - MANAGER OF DISTRICT

Performance of person filling position will be evaluated by the immediate supervisor, making use of the standards of performance herein described and the annual work program goals and results achieved.

A. EFFECTIVE MANAGEMENT

B. MANAGEMENT TEAM SUPPORT

C. PARTICIPATIVE MANAGEMENT

D. DISTRICT PROGRAMS:

1. Electric Plant-Operations, Maintenance and Construction

2. Member Records and Accounts

3. Member Relations

4. Consumer Energy Management

5. Area Resource Development: (a) There is evidence of strong personal involvement and leadership in the community resource development program in the county. (b) Involvement by employees, including district manager, in community resource development in the district meets the needs as defined in the annual work program.

6. Member Services

7. Safety

8. Government and Public Relations

E. ADVICE AND ASSISTANCE

F. EFFECTIVE COORDINATION

G. PLANNING

H. AFFILIATED ORGANIZATIONS

1985 PERSONAL WORK PLAN - DISTRICT MANAGER

GOAL I: Provide leadership and guidance to district employees in the evaluation of work efficiency and productivity in day-to-day activities.

GOAL II: Provide leadership in the senior management staff team to help facilitate more exchange of information and better communication.

GOAL III: Provide leadership to the County Chamber of Commerce to achieve a more balanced work program.

The goals are to be achieved by carrying out the following activities listed under the functional areas of responsibility. These activities do not include "keep on keeping on" activities.

A. Effective Management

B. Management Team Support

C. Consultative Management

D. District Programs
   1. Electric Operations
   2. Member Records and Accounts
   3. Member Relations
   4. Consumer Energy Management
   5. Area Resource Development
      a. Assist in broadening the scope of Chamber of Commerce activities by implementing a work planning program.
      b. Continue economic development efforts to locate an industry in the vacant Shoe plant.
   6. Member Services
   7. Safety
   8. Government Relations

E. Advice and Assistance

F. Effective Coordination

H. Affiliated Organizations

PERSONAL AND PROFESSIONAL DEVELOPMENT:

A. Carry out the commitments made in the stress training session to reduce stress in my personal and professional life.

   1. Develop more self-understanding.

   2. Define the purpose of work (don't try to be perfect).

   3. Learn to relax - play - laugh.

   4. Don't take responsibility for others' actions.

B. Attend at least one workshop, course or seminar that is job-related.

C. Read at least four books related to professional development and management.

Personal Management Commitments

A. Be a catalyst in improving communications and exchange of information among senior management staff members.

B. Provide strong and consistent leadership to district staff personnel.

AREA DEVELOPMENT

PURPOSE OF THE DISTRICT (MISSION STATEMENT)

Area Resource Development: See that the system area resource development program is carried out in the district in such a manner as will enhance the socio-economic goals of the district and meet system goals and objectives.

MANAGER OF DISTRICT - POSITION GUIDE

Functions of District:

Area Resource Development: Effectively carry out the community and area resource development program in the district, utilizing resources available, and providing information, being personally involved, and making recommendations to enhance the area resources development program of the Cooperative.

MANAGER OF DISTRICT - STANDARDS OF PERFORMANCE

Area Resource Development:

(a) There is evidence of strong personal involvement and leadership in the community resource development program in the county.
(b) Involvement by employees, including district manager, in community resource development in the district meets the needs as defined in the annual work program.

MANAGER OF DISTRICT - 1985 PERSONAL WORK PLAN

Area Resource Development:

(a) Assist in broadening the scope of Chamber of Commerce activities by implementing a work planning program.

(b) Continue economic development efforts to locate an industry in the vacant Shoe Plant.

ACHIEVING ACCOUNTABILITY

MANAGER PROVIDES LEADERSHIP IN.....

(1) DEVELOPMENT AND USE OF STANDARDS

(2) DEVELOPMENT AND USE OF ANNUAL WORK GOALS

(3) MEASURING PERFORMANCE AGAINST (1) AND (2)

(4) MAKING PAY ADJUSTMENT COMMENSURATE WITH PERFORMANCE

(5) COMMUNICATING RESULTS

"A Corporate Retreat - New Directions & Stimulus to Your Management Program"

Presented to the

Rural Electric Management Development Council

May 22, 1985

Wayne W. Johnson
Clark County REMC

I. THE SITUATION FALL, 1983

A. a new manager July, 1983

B. one new director

C. a new board president

D. no concensus for the leadership agenda

E. impending change in power supplier

F. concern about member attitudes

II. RESPONSE OBJECTIVE

Develop a common data base on which future strategies can be developed.

III. STRATEGY

Hold a corporate retreat with all board members and management staff participating in June, 1984.

IV. PREPARATION PERIOD - January - May, 1984

A. conduct member attitude and end use surveys of the membership.

B. assign a reading program for all participants:

1. "Megatrends"
2. "In Search of Excellence"

C. encourage clipping of significant articles about assigned topics.

V. DETAIL ON PREPARATION

A. Two surveys were prepared and mailed to randomly selected members. Two thousand of each survey were sent. No member received more than one survey. The member attitude survey was developed on the model used for several years by NRECA. The end use survey is similiar to the power requirements survey used by CADFC.

Of the two thousand member atttitude surveys sent, 646 were returned (32.3%). Of the two thousand end use surveys sent, 1128 were returned (56.4%). Summaries of the data by subject area were prepared for use in the retreat.
(NOTE: Summaries of both surveys were published in the monthly newsletter as promised.)

B. In addition to supplying the two books, audio cassettes of both were purchased and used to reinforce the major points of each book.

C. Each participant was given an accordian folder and art knife. The folder had the major topic areas of discussion. A reminder memo was sent each week for the four weeks before the retreat. Several articles and clippings were included with the memo, so each participant's folder would have something.

VI. THE RETREAT BACKGROUND

A. Setting: held at a resort conference motel at Nashville, Indiana - 75 miles from the office.

B. Duration: two days beginning at 9:00 a.m. and ending at 3:00 p.m. on day two.

C. Meals and breaks: all meals and breaks were planned and included fresh fruits, etc. We wanted everyone to be alert and awake all the time.

D. Total cost:

1. both surveys	$3,500
2. materials,lodging, meals, director fees, travel, etc	$2,000
TOTAL	$5,500

VII. THE RETREAT STRUCTURE

RETREAT OUTLINE

JUNE 1, 1984

9:00 A.M. Orientation to the Retreat

Warm up Exercise

"Clark County 2000: A Look at the World Ahead."

9:55 A.M. Task I (Task Groups)

External Forces Shaping Our Future

10:30 A.M. Break

10:45 A.M. Complete Task I

Determine two Major Factors under each category

1. Worldwide
2. U.S.A.
3. Kentucky - Indiana Region
4. Clark County

11:30 A.M. Break

11:45 A.M. Lunch and free time

1:00 P.M. Group Session I

Review and discuss reports

2:30 P.M. Break

2:45 P.M. Task II (Task Groups)

Internal Forces Shaping Our Future

1. Member Behavior
2. Mix of Load
3. Technology
4. Work Force

4:00 P.M. Break

4:10 P.M. Group Session II

Review and discuss reports

5:15 P.M. Free time

6:00 P.M. Attitudinal Adjustment Period

6:30 P.M. Dinner

7:30 P.M. Group Session III

Regional and Area Power Supply
An informal question and answer session with Virgil Peterson and Steve Smith of Hoosier Energy

Adjourn

JUNE 2, 1984

7:00 A.M. Breakfast

8:00 A.M. Group Session IV

A review and sharing from day one's experiences

8:30 A.M. Presentation of Survey Demographics

8:35 A.M. Task III (Task Groups)

Review Survey Responses in the assigned area and list implications:

Task Groups

A. Satisfaction with electricity, the REMC and personnel

B. Two way communication and participation

C. Attitude toward conservation, insulation levels and temperature settings

D. Attitudes about off peak rates, types of heating and cooling systems and use of supplemental fuels

E. Attitude toward load management, appliances used and electricity saturation (market share)

F. Services needed

9:30 A.M. Break

9:45 A.M. Group Session V

Receive reports from Task Groups and discuss

11:00 A.M. Break

11:10 A.M. Reconvene Group Session V

11:30 A.M. Break

11:45 A.M. Lunch

12:30 P.M. Group Session VI

Indiana and the World
An informal session with Ed Hasnerl of Indiana Statewide discussing the future of REMC's in Indiana and our efforts to export our expertise to the world.

2:00 P.M. Break

2:15 P.M. Group Session VII

Developing a Strategy for the World Ahead

3:20 P.M. Evaluation

3:30 P.M. Adjourn

VIII. THE STATED OBJECTIVE

To develop a concensus on:

A. The external forces shaping our world

B. The internal forces shaping our repsonses

C. The values and goals we share

D. The resources available to achieve our mission

IX. THE UNSTATED OBJECTIVE

To develop a common data base for planning and a team spirit conducive for implementing the plans once conceived.

X. OTHER MATERIALS

The discussion leaders were given guides which identified several possible forces in each area. In addition, the retreat leader used transparencies to reinforce the group reports as well as films to stimulate discussion.

An example of the material furnished with the Member Survey data is: "How to Read and Use A Statistically Valid Survey".

XI. THE RESULTS

A. Immediate

Both the board members and staff were very positive in their responses to the experience. The staff felt that the board had been exposed to some of the "Facts of Life" with which staff had been dealing.

The board members were impressed by the dedication and knowledge of the staff, and genuinely felt this experienced allowed them to understand the working of these forces in the local coop.

Both were pleased with the very positive and supportive response from the members in the surveys. Knowing where they stand with the members in terms of satisfaction with service, problem areas, attitudes toward load management, new services needed and their expectations for the REMC in securing them was very important.

Both board meetings and committee meetings took on more focus on the relevant concerns after the retreat.

B. Mid-term

The 1984 and 1985 workplans were more clear to everyone in terms of purpose and significance. The move to decentralize the computor use in order to increase productivity and improve our reponse to member inquiries went forward with strong support and enthusiasm. The importance of our load research and member service programs became more apparent to everyone and has elicited strong support from both the board and employees.

The focus on the future with growth in members and services, stimulated the study of our facilities and needs for the next fifteen years. Recently we completed negotiations to purchase 35 acres for future relocation of all our headquarters facilities so we can better serve our members' needs.

We have revised our by-laws to provide more opportunity for member participation. We are nearing completion of policy revision process which is seeing the demise of several prohibitions to expanded services to our members.

This year we began a process of developing our own performance appraisal system concentrating on the critical tasks which every position must perform to be successful. Last Monday evening, the critical areas for the manager were reviewed by the board. We are in mid stream on completion of this project for all our employees. We expect to finish late this summer with our first phase.

C Long term

We will consider a corporate retreat every two or three years as one way of keeping everyone of us on target and to provide a stimulus to keep us thinking the "hard thoughts" which all who succeed in making the world a better place, must think.

HOW TO READ AND USE A STATISTICALLY VALID SURVEY

I. Identify the critical areas of your enterprises' operation.

e.g. market share; price elasticity; cost-price presssure; member support, member priorities; regulation

II. Identify possible strategies for addressing these critical areas.

e.g. marketing(to increase market share through use of demand-energy rates, dual fuel systems, heat pumps, superinsulation); technology(use of load management and automation for system control in order to contain or reduce costs and improve system performance); member involvement (advisory committees); economic development (to maintain and/or improve the economic base of area as well as improve load factor); other services for the community and membership(to meet needs and enhance coop's value to the membership and leadership in the community).

III. Examine the profile of the respondants. What are their characteristics and probable priorities?

IV. Examine the total survey data.

a. what responses support your understanding of the enterprise and the strategies you are using?

b. what responses do not support?

c. what new strategies or revisions of present ones are indicated as a result of the data examined?

d. Overall, are you on target or not?

EXHIBIT A

Martin Lowery, NRECA
Management Services

G&T DIRECTOR TRAINING

NRECA PROPOSES TO DEVELOP A TRAINING PROGRAM SPECIFICALLY DESIGNED FOR G&T DIRECTORS. THE PROGRAM WILL BE COMPOSED OF TWELVE COURSE MODULES. A CERTIFICATE WILL BE AWARDED UPON COMPLETION OF THE COURSES. EACH MODULE WILL BE THREE HOURS IN LENGTH. THE MODULES WILL COVER MATERIAL IN BOTH TECHNICAL AND BOARD MANAGEMENT AREAS. THESE ARE AS FOLLOWS:

TECHNICAL:

1. **LOAD FORECASTING:** The requirement for load forecasting at the distribution level. The nature of load forecasting. The validity and use of forecasting data.

2. **CONSTRUCTION SCHEDULING:** Environmental constraints on construction. Large scale project planning.

3. **TRANSMISSION ROUTING:** Social, political, and environmental constraints on routing. The need for and functions of a multi-disciplinary routing project team.

4. **GENERATION MIX:** The national energy picture. Generation mix options and factors governing mix selection.

5. **RESIDENTIAL, INDUSTRIAL, AND COMMERCIAL LOADS:** The significance of industrial and commercial load development.

6. **INTERCONNECTS:** Regional energy networks and pooling arrangements. The emerging energy grid.

7. **G&T FINANCING:** The bond market. Rate making options.

8. **CORPORATE STRATEGIC PLANNING:** Goal and strategy selection in the G&T context. The planning cycle.

BOARD MANAGEMENT:

1. **THE ROLE OF THE G&T DIRECTOR: AN OVERVIEW:** Understanding the director's role in terms of Policy Making, Ambassadorship, and Governance. Unique aspects of G&T policies.

2. **THE FIDUCIARY RESPONSIBILITY OF THE G&T DIRECTOR:** Legal liability. G&T/distribution system relations.

3. **BOARD/MANAGEMENT RELATIONS:** Review and approval of the strategic plan. The director's responsibility to the manager. Responsibilities of the manager.

4. **THE NATIONAL ENERGY PICTURE:** Emerging G&T issues. Energy trends. G&T case studies.

PROGRAM CUSTOMIZATION AND DELIVERY

THE G&T DIRECTOR TRAINING PROGRAM IS DESIGNED TO REFLECT UNIQUE ASPECTS OF G&T BOARD MANAGEMENT, AND WILL NOT DUPLICATE THE CURRENT NRECA BOARD CURRICULUM. IN ADDITION, THE G&T DIRECTOR TRAINING PROGRAM WILL BE CUSTOMIZED ON AN INDIVIDUALIZED BASIS IN ORDER TO REFLECT UNIQUE ASPECTS OF SPECIFIC G&T SYSTEMS. BECAUSE OF THE HIGHLY SITUATIONAL NATURE OF EACH G&T, COURSES MUST INCLUDE ELEMENTS CHARACTERISTIC OF THE PARTICULAR G&T WHOSE BOARD IS TO RECEIVE TRAINING. THESE ELEMENTS INCLUDE SYSTEM SIZE, TYPE OF GENERATION TECHNOLOGY, LOAD AND SERVICE AREA CHARACTERISTICS, GEOGRAPHY, AND FUEL SOURCE. MOST COURSES, PARTICULARLY IN THE TECHNICAL AREAS, WILL BE DESIGNED TO INCLUDE HANDS-ON EXERCISES TO PROVIDE DIRECTORS WITH A BETTER UNDERSTANDING OF ACTUAL G&T OPERATIONS. IN MOST CASES, IT IS ASSUMED THAT G&T STAFF WILL PARTICIPATE IN THE CUSTOMIZATION AND DELIVERY OF LOCALLY OFFERED TECHNICAL COURSES.

PROGRAM OUTCOMES

NRECA SEES SEVERAL BENEFITS FOR G&T DIRECTORS AS A RESULT OF THEIR PARTICIPATION IN THE TRAINING PROGRAM. THESE ARE:

- Enhanced understanding of electricity generation and related operations, including load forecasting.
- Enhanced ability to exercise board oversight and control functions, particularly with regard to long range planning and finance.
- Enhanced understanding of emerging threats and opportunities within the G&T environment.
- Enhanced understanding of G&T staff responsibilities and capabilities.
- Enhanced understanding of board responsibilities and liabilities, particularly with regard to the G&T as a whole.
- Enhanced understanding of the responsibilities of the G&T manager.

IN ADDITION TO THE ABOVE, NRECA ALSO SEES ENHANCED COMMUNICATION AND PRESENTATIONAL SKILLS ON THE PART OF THE G&T STAFF AS A RESULT OF THEIR PARTICIPATION IN THE CUSTOMIZATION AND DELIVERY OF TECHNICAL COURSES.

WHAT'S NEW AND NOT SO NEW IN MANAGEMENT

Charlie Weaver, Director
Borrowers' Management Division
REA, Washington, D. C.

Mr. Weaver reported most managers had indicated a good year for 1984 with TIERs of 2.6 to 2.84. Sales were up 5% (weather affected this), and growth of about 2%. He said there was no real change in growth patterns.

Mr. Weaver stated 174 rate increases were filed with REA in 1984 (in previous years there have been as many as 350) with the median power increase only 2 mils.

This is a period of stronger financial conditions, chance to consolidate, relax, and look ahead. He said the critical element is TIER when borrowing money. Some systems are experiencing serious problems. We need to calmly look ahead, seek opportunities.

He said someone has to be the "needler" and he felt the REMDC group is on the "cutting edge" in new directions.

He was asked to define the difference in a good manager and a bad manager. This can be determined by asking questions - how far ahead are people looking? insight? versatility? focus? He referred to Craig Hickman's presentation and said he felt it was excellent; however, we have to be careful how we use it.

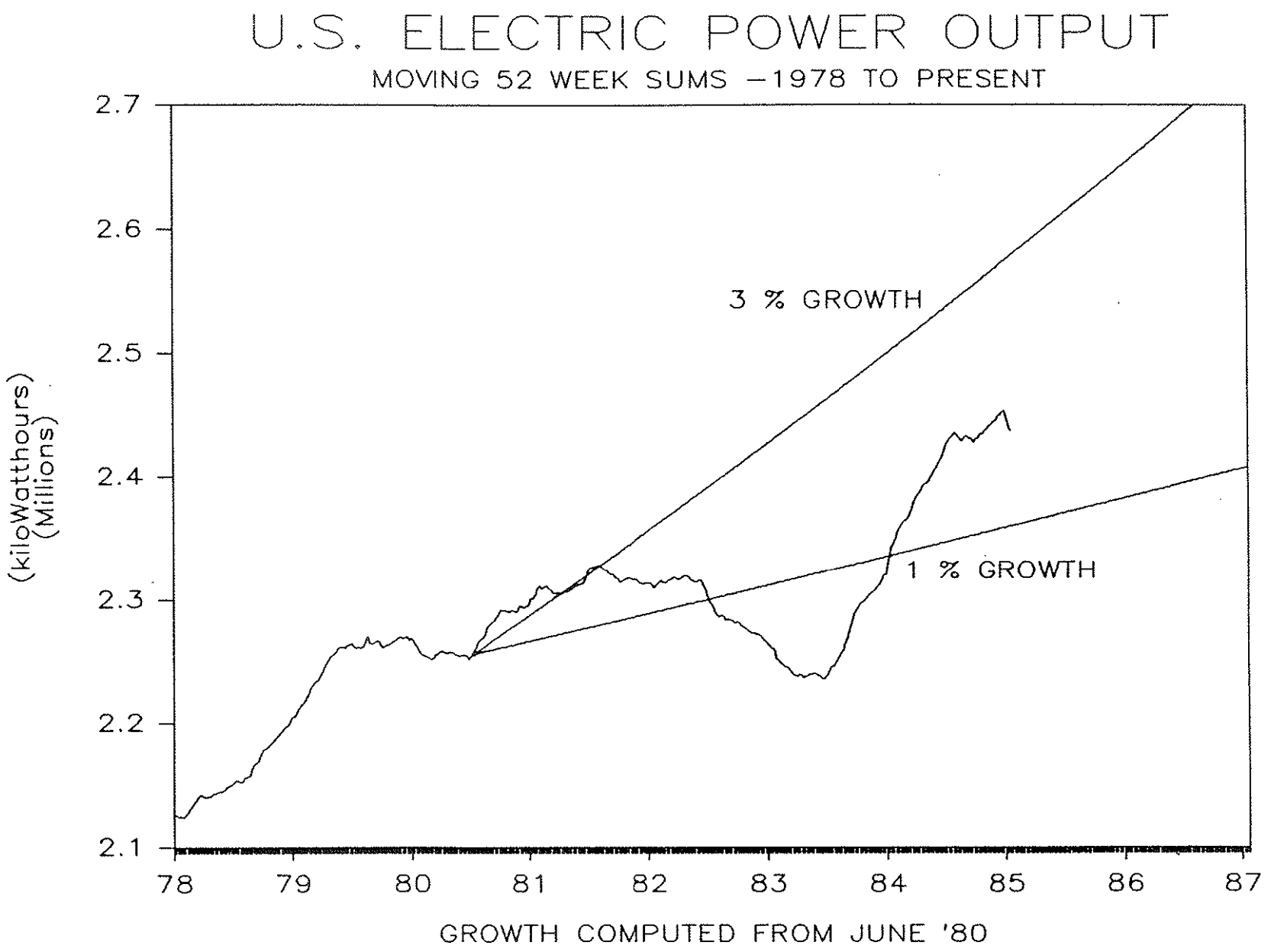
Mr. Weaver said a lot of information was covered in the marketing conference. Some confuse marketing and consumers in the way they say/behave without regard to best facilities. He said we could be creating some real problems for our successors. A lot of people are missing the idea completely. He said there are some good signs of coordinated marketing.

Mr. Weaver said he felt the demographic study by NRECA was a look ahead. He was also impressed with what they are doing in training and consulting; the management searches are good also.

It appears some good long range thinking is going on in the cooperatives across the nation. A lot of good is being done in the load forecasting area. REA has developed a "model" on this.

Mr. Weaver discussed the operations manuals which will replace the bulletins the cooperatives have been receiving. All "rules" are now printed in the Federal Register.

Mr. Weaver stated we must be optimists to be in the utility business. REA and CFC should work together, using same format and this would be easier on the cooperatives. He said he was pleased with the solid communications between the three Washington organizations: REA, NRECA, and CFC.


U.S. ELECTRIC POWER OUTPUT
MOVING 52 WEEK SUMS —1978 TO PRESENT
(kiloWatthours)
(Millions)
2.7
2.6
2.5
2.4
2.3
2.2
2.1
3 % GROWTH
1 % GROWTH
78
79
80
81
82
83
84
85
86
87
GROWTH COMPUTED FROM JUNE '80

MINUTES
1985 RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL MEETING

The Rural Electric Management Development Council held its annual conference at the Louisville/Clarksville Marriott Inn in Clarksville, Indiana on May 20-23, 1985. Council Chairman Barbara Deverick opened the meeting at 1:30 P. M. and welcomed members and guests. Paul Weatherby gave the invocation.

Wayne Johnson, Manager, Clark County REMC, welcomed the group to Indiana and gave information about the area and the special social events planned for the meeting. Chairman Deverick thanked Wayne for the excellent arrangements which he and Sharon Kleehamer, Manager of Office Services at Clark County, had made for the meeting. Wayne reported that Sharon was hospitalized with back problems and regretted that she was unable to attend the meeting.

Committee chairmen were recognized for announcements concerning meetings of their committees prior to the Thursday morning business session.

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

Chairman Deverick introduced Jim Kiley, Chairman of the Program Committee, who introduced the members of the committee and reviewed the program agenda for the next three days.

****

On Thursday, May 23, 1985 Barbara Deverick convened the membership for the annual business session of the Council. Christine Beane gave the invocation. Mrs. Beane was appointed secretary to the Council.

Chairman Deverick expressed appreciation to Jim Kiley, Program Chairman and the committee, for the excellent job done in planning the programs for the meeting.

Since the weather had prohibited the annual golf match the previous day, Wayne D. Keller, Executive Vice President of Blue Ridge Electric Membership Corporation and chairman of the golf event, was recognized for the following awards presentations:

A trophy was presented to Jim Kiley since "he always wins" (the annual golf match anyway). A trophy was presented to Wayne Johnson, Manager of Clark County REC and host co-op for the meeting, because he never plays golf but has done such a super job providing "substitute recreation" when it rained. He may want to give it to Dr. Hunt who would promptly pawn it to recoup his losses at the track.

A trophy was presented to Jack Hicks because it is his last meeting with us (he is retiring) and we don't want him to forget the most important part of this conference.

And lastly, Charlie Weaver was presented a trophy for being so very "notorious" and sticking with this group through "thick and thin."

Following this time of humor, Chairman Deverick recognized Allen Ritchie, Treasurer, for his report. This report covered the period of May 16, 1984 to May 16, 1985 and indicated a $1,603.03 surplus and reserve funds of $27,236.71. He reported five systems paid their dues but did not attend the meeting.

Chairman Deverick called on Membership Committee Chairman Lloyd Geer for a report. Mr. Geer reported that letters of invitation were sent to nine cooperatives with only two applying for membership at this time, Delaware Electric Co-op, Inc. and Central Area Data Processing Center. Brunswick EMC indicated they would join next year.

Mr. Geer stated the applications submitted by the two cooperatives were on display for any one who cared to examine them. There was a motion and a second that Delaware Electric and Central Area Data Processing Center be accepted into membership. This motion passed and certificates were presented to Paul Bienvenue, Manager of Delaware Electric and Gary Hobson, Manager of Central Area Data Processing.

Mr. Geer reported it was time for seven cooperatives to be re-certified and that only three of them had elected to do so at this time. Lumbee River EMC, Southeast Iowa EA, and Flint EMC had met the recertification requirements. There was a motion and a second and certificates for recertification were presented to Craig DeBower, Manager of Southeast Iowa EA; Earl Belcher, Manager of Engineering Services, Lumbee River EMC; and Harold Smith, Manager of Flint EMC. Kay Electric, East Central, Walton EMC, and Cotton chose not to recertify at this time.

Chairman Deverick called on Jim Golden for a report from the Nominating Committee. On behalf of the Nominating Committee, the following nominations were made (nominees are underlined):

Officers

Chairman -	Barbara Deverick	Term expires 1987
Vice Chairman -	Harold Smith	Term expires 1987
Treasurer -	Allen Ritchie	Term expires 1986

Program Committee

Chairman -	James Kiley	Term expires 1986
	Dave Larson	Term expires 1988
	Craig DeBower	Term expires 1987
	Bill Ward	Term expires 1987

Nominating Committee

Chairman -	James Golden	Term expires 1986
	W. R. Fleming	Term expires 1987
	Mike Gustafson	Term expires 1987
	Dave Dunnell	Term expires 1988

Membership Committee

Chairman -	Phyllis Barber	Term Expires 1988
	Dick Seger (replaces Lyman Patee)	Term Expires 1986
	Robert Roberts	Term Expires 1987
	Ev Bristol	Term Expires 1988

Management Research

Chairman -	Wayne Keller	Term Expires 1988
	Wayne Johnson (replaces Charles Overman)	Term Expires 1986
	Doyle Hines	Term Expires 1988
	Paul Weatherby	Term Expires 1987
	Elmer Stocker	Term Expires 1987

The chairman called for further nominations. There were none. Following a motion and a second, the slate of officers as presented was approved by acclamation.

Chairman Deverick expressed thanks and appreciation to those who rotated off the committees for the fine job each had done. She stated she looked forward to working with the committees as constituted for the next year.

Wayne Keller, Chairman of the Research Committee, was recognized for a report from this committee. The project being worked on by the committee related to developing and validating a survey instrument to be used by a G&T with its Board and manager and its member cooperatives' boards and general managers for the purpose of assessing the degree of understanding of how the G&T makes decisions. He stated it was hard to get understanding and acceptance of the survey by the G&T's. He said the committee met at the NRECA annual meeting in New Orleans and concluded that a report be written on the methodology used for the survey and the report become a part of the permanent records of the REMDC. Wayne stated that even though this survey and the results were not what he had hoped for, he still felt it had been a worthwhile project for the Council.

He recognized Virgil Herriott, former member of REMDC and special consultant for the project, for his report. Virgil stated he appreciated the opportunity of being involved in the project and that he hoped to maintain contacts with the cooperative people. He thanked Jim Kiley and his staff for the secretarial assistance they had provided him during the time he was involved on the REMDC project. He also expressed appreciation for the opportunity to work with Dr. Eugene Hunt on this project and for his contribution in developing the methodology for the survey. Virgil stated, in hindsight, some things involving the project could have been handled differently. One problem which he ran into was that some of the G&T's did not know what REMDC was or its motives in conducting such a survey. Possibly these people were approached in the wrong manner and at the wrong time. Virgil gave each member present a copy of the final report. (A copy is attached to these minutes.)

Virgil worked closely with Bill Matson, manager of the Allegheny G&T where the survey was administered and received some input from him. He stated he asked Mr. Matson how this exercise had changed things at Allegheny. Mr. Matson told him some changes had been made in the way staff was functioning and that the survey had served a very useful purpose in this respect.

Wayne expressed appreciation to Dr. Hunt and said he appreciated Dr. Hunt being a friend of the cooperative programs.

Wayne stated that the committee had met for about two hours to discuss possible future research projects for the council and it had been difficult to indentify specific programs for the Research Committee. As chairman of the Research Committee, he made the following recommendations from the committee:

1. A copy of the final report prepared by Virgil Herriott on the current project be put in the permanent records; and a letter be sent to all Council members encouraging them to use this survey within their own G&T.

2. Give a lot of emphasis to working with NRECA. (He stated it was obvious from the discussions held thus far in the meeting, better working relationships were needed.) Make NRECA Management Advisory Committee more aware of REMDC through our REMDC members serving on the committee and offer our cooperation in working with NRECA in areas of research and training.

3. Work with Greg Boudreaux, NRECA, to recruit individual cooperatives or groups of cooperatives to participate in leadership evaluation and training with report on results at our REMDC meetings. Also work with Greg to explore other research needs that might be involved.

   A report on the results of these recommendations would be made at the next Council meeting.

There was a motion and a second and the three recommendations were approved unanimously. It was pointed out regarding Item #2, that the Council needed to maintain our arm of independence as a Council.

Chairman Deverick expressed appreciation to the Research Committee and also to Dr. Hunt for their work on this project.

Chairman Deverick also expressed appreciation to the representatives from CFC, REA, and NRECA for their continued interest and involvement with the Council.

There was a motion and a second that a resolution be written expressing appreciation to Wayne Johnson and Sharon Kleehamer for the excellent arrangements made for the meeting and the hospitality extended to the Council members. Motion passed and Chairman Deverick stated she would see that this was done.

There was also a motion and a second that a resolution be prepared expressing appreciation to Jack Hicks, who is retiring in the near future, for his contribution to the Council. Motion passed. It was also mentioned that appropriate acknowledgements should be sent to the families of deceased Council members Roger Lentz, Tom Nelson, and George Cornogg. Chairman Deverick reported that a resolution was sent to the family of Roger Lentz last year.

Chairman Deverick stated that the final order of business was to decide where the council would hold its 1986 Conference. (See attached list of past meeting places.) She stated that Derl Hinson, now manager of Four County Electric Power Association in Columbus, Mississippi, had extended an invitation to host the meeting. She also mentioned that the Adams Mark Hotel in Charlotte, N. C. would be a good location if the Council would be interested in traveling to N. C.

Following some discussion, there was a motion and a second that the 1986 Council meeting be held at Myrtle Beach, S. C. the same week in May 1986. The motion passed.

Chairman Deverick stated she appreciated the support she had received from all the members in the planning of this year's meeting and asked for comments from newcomers as well as any ideas they have for the program next year.

Layton Wheeler, Member Services Manager with Delaware Electric, said he appreciated being a part of the meeting, and he felt the REMDC was an elite group. He said he felt the program identified the needs of all and was one of the most meaningful weeks he had ever spent.

Fay Shockley, Manager of Personnel at Deleware Electric, said she had enjoyed being a part of the meeting and felt it had been a great experience.

Steve Fausnaugh, Director of Data Processing at Hancock-Wood EC, said Manager John Cheney expressed his regrets for not being able to attend the meeting this year. Steve said he enjoyed the openness and honesty of the group.

In discussing ideas for the program next year, Allen Ritchie said he felt the group needed to get back to basics and perhaps a communications-type program. He suggested that perhaps we could get a G&T manager to be on the program.

Wayne Johnson stated he was concerned about the cablevision and satellite issue as this is a major issue in some states and we need to give some thought to how to deal with these issues. He said he personally had a real concern in this area. He felt the council could possibly direct the research committee to seek input from this group and give to NRECA. He also had a concern that this issue was being equated with rural electrification in America. The feelings of the cooperatives should be voiced at the meetings to be conducted by NRECA in July on the recent study it had completed on the subject.

Paul Weatherby also felt this would be a good project for the Research Committee. He suggested surveying the members of the Council and get their thinking on the cablevision issue. There may be great advantages in the future to this area of communication.

Wayne Johnson stated we are a part of private enterprise and feel we are probably going to have to get into this area of communications and also think of better ways to serve our members. An important concern should be that we not do anything that would jeopardize our financing and other future marketing areas.

Dave Dunnell stated his cooperative had been doing feasibility studies on satellite TV and felt it is coming at an inopportune time. He said he was not sure how to address telecommunications in their service area due to other issues.

Jim Kiley stated he felt these issues would make a good program. He felt the G&T managers should familiarize themselves with our group.

Chairman Deverick asked the Research Committee to survey the Council members and get their feelings about this area of telecommunications and to share this information with the appropriate people at NRECA.

Wayne Keller stated his committee would proceed to make this survey. He said a lot of things will need to be thoroughly considered when preparing the survey.

Jim Kiley stated that others outside the Council are already into this type of telecommunications to a certain degree and it might be good to contact them for feedback, problems, etc.

Kim Colberg suggested another area for the program being the use of computers, developing curriculum for training on use of computers with a follow-up and recommendations on how it worked, how developed, etc. and suggested that Jack Hicks be invited back to give this program.

Carl Sederland, Assistant Manager with Whitley County REMC, stated that Elmer Stocker, general manager, sent his regrets that he could not attend the meeting this year. Carl suggested an idea to consider for the program next year might be our role in economic development and how rural electrics can and do serve large loads.

Following this discussion, Chairman Deverick thanked the group for their attendance and participation, and declared the meeting adjourned.

Christine Beane

Christine Beane, Secretary

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

RESOLUTION

HONORING JACK HICKS

WHEREAS, the membership of the Rural Electric Management Development Council recognizes that **Jack K. Hicks**, Manager, Linn County Rural Electric Cooperative Association, Marion, Iowa has been an active participant in the Council and its activities for more than ten years, providing outstanding leadership and support of all functions of the Council and maintaining constant focus on the mission and objectives of the Council; and

WHEREAS, the Council recognizes **Jack** as an example of an innovative manager in the rural electrification program and an ardent practitioner of the high standards which guide an effective manager of a rural electric cooperative; and

WHEREAS, Jack is retiring from his position as Manager of Linn County RECA and will no longer be a participant in the Council;

NOW THEREFORE BE IT RESOLVED, that the membership of the Rural Electric Management Development Council does hereby acknowledge the many contributions of time, effort and thought made by **Jack K. Hicks**, for all that he has done through his service to the Council to foster management excellence and the achievement of the objectives of the Council; and

BE IT FURTHER RESOLVED, that the Council membership wishes for **Jack K. Hicks** and his family a long, happy and prosperous retirement and issues an invitation to join in Council proceedings in the future when possible.

****

Adopted this 23rd day of May 1985 by unanimous vote of the membership at the 28th annual conference of the Council held in Clarksville, Indiana.

WITNESS OUR HANDS:

Barbara H. Denereck
Chairman

Christine H. Beane
Secretary

MEASURING PERCEPTIONS, ATTITUDES AND CONCERNS

IN A

"G & T" FAMILY.

Prepared by Rural Electric Management Development Council, May 1985.

The Rural Electric Management Development Council, at their 1983 meeting, authorized its Research Committee to begin a project utilizing a survey technique to gather data for identifying and correlating perceptions and expectations that exist among the managers and directors of member distribution cooperatives and their G & T cooperative. It was hoped that this process would enable members of a G & T "family" to take inventory and would provide information that could serve as a basis for developing activities and programs designed to improve understandings and working relationships.

Professional assistance was utilized in preparing the survey questionnaire and the Allegheny Electric Cooperative of Harrisburg, Pa. served as a case study to test the questionnaire and the survey technique. The following recommended approach reflects that experience.

This approach was developed for use by those who comprise a G & T family and who wish to measure, thru the use of a survey document, the perceptions and expectations that exist among the distribution cooperative managers and the directors of both the distribution cooperative and of the G & T.

It is not intended as a tool for developing solutions to problems which may exist but, rather, to help identify strengths and areas which need improvement.

It is offered on the assumption that the working relationships between G & T cooperatives and their members at the manager and director level are of crucial importance, if they are to harmoniously and successfully work together to solve the major problems which must be solved, if the ultimate member consumers are to be properly and best served

The survey focuses on four major areas:

(1) The decision making process for both capital expenditures and operating activities.

(2) Structures which exist--local members, their distribution cooperatives and their G & T.

(3) Institutional objectives--their mutuality and their conflicts.

(4) Responsibilities, accountabilities and measurement of performance.

Obviously leadership for introducing this process must come from someplace. That leadership must be such as to inspire broad participation, if the survey responses are to be truly representative.

Perhaps this leadership should come from the G & T manager, perhaps from one or more managers of the member cooperatives working closely with the G & T Manager.

It is suggested that the introduction of the idea to survey the directors and managers be carefully planned. Experience suggests that there will be those who are apprehensive about the idea. They need to be assured that tabulation of the results will be done in such a way as to insure anonymity and that distribution of the survey results will be limited to those within the immediate family being surveyed. Also, they need to be assured that the intentions are honorable and aboveboard and that it is not a witch-hunt. If a climate of trust and respect already exists, introduction of the idea should be easier. If the climate does not include trust and respect now, it may not be possible.

It is recommended that the plan to conduct such a survey be presented at a meeting of the G & T board. It would also be desirable if other representatives of the member cooperatives were also present. The goal at this point is to secure the endorsement of the G & T board for the survey. Their endorsement should be communicated to all of the member cooperative managers and directors so as to denote a high priority to all participants in the return of the survey document filled out to the best of their abilities.

It is recommended that, following the announcement of the endorsement of the survey, that the survey document be reproduced and mailed, using the G & T mailing list, and enclosing a postage paid envelope addressed to the post office box designated to receive the survey responses.

Once the time for the return of the responses has passed, the survey returns should be entered into a computer for tabulation and analysis. The Statistical Package for Social Sciences (SPSS) is a readily available software package used by many centers who do tabulations.

The analysis should consist of at least a simple frequency count for the responses from the total group to each question based on the position held by different respondents and the number of years of experience with the cooperative. More elaborate analysis can be done, if the group is large enough.

It is recommended that the services of a college or university or other independent computer service be utilized for receiving and tabulating the survey results. This should give confidence to respondents that anonymity will be insured.

The computer "center" report should be turned over to a representative committee of directors and managers so that an analysis of the results can be made. Following this, the results and analysis can be reviewed with all the members of the "family".

The review of the report should enable "family" members to see what the present level of understanding really is on the issues covered. It will be their responsibility to decide whether they are satisfied with the present situation, or whether there is some action desired so as to improve the situation.

It is not the objective of this survey to develop an action plan for solving problems which may exist but, rather, to identify and correlate perceptions and expectations about those forces, both positive and negative, which affect achievement-oriented working relationships between all members of the "family" in defining objectives, decision making and accountability.

Attached is a copy of the survey questionnaire and sample letter of transmittal. If the board of the G & T includes general manager of distribution cooperatives, you may wish to add a fourth classification under Question #2 to read, "____General Manager of Distribution Cooperative and Director of G & T." If you do this, you should also add under Question #3 a fourth line reading, "_____General Manager of Distribution Cooperative and Director of G & T."

If the member distribution cooperatives and their G & T are to most successfully accomplish their objectives, they must be continually aware of the results of their interactions and relationships so that they can be pulling together in the same direction at the same time. It is hoped that this survey process can be one management tool to measure how they are doing.

ACKNOWLEDGEMENTS

This project was initiated by the Rural Electric Management Development Council and its Research Committee in 1983. Research Committee members in 1983-1984 were:

Wayne Keller, Chairman
Harold Smith
Dick Arnold
Chas. Overman
Virgil H. Herriott, Ex-officio and Project Manager
Dr. Eugene Hunt, Consultant.

Project completed May 1985 - Committee members 1984-1985 were:

Dick Arnold, Chairman
Wayne Keller, Chairman, starting February 10, 1985
Chas. Overman
Paul Weatherby
Elmer Stocker
Virgil H. Herriott, Ex-officio.

Special thanks to William F. Matson, President, Allegheny Electric Cooperative and to members of that G & T for their cooperation in the case study to test the survey questionnaire and the methodology.

To: The Directors of XYZ G & T Cooperative and the Directors and Managers of XYZ G & T Cooperative Members.

Enclosed is a survey form. Would you please take a few minutes to complete it and mail it in the enclosed stamped, self-addressed envelope?

To insure anonymity of your response, it will be received by the (data center) and, after the answers are entered into the computer, your survey sheet will be destroyed. No reports of individual responses will be made.

The objective of this survey is to gather data on the interactions of your G & T and its member distribution cooperatives. The thoughtful response of each director and manager is important to this effort.

Thank you for your cooperation.

Sincerely,

President, XYZ G & T Cooperative

ELECTRICAL COOPERATIVE SURVEY

This survey is designed to gather data on the interaction of your G & T System and its member distribution cooperatives. Your identity is not required. The data you provide will be treated confidentially and will be used only for the purpose of this study. Thank you for your cooperation.

PART I. BACKGROUND

1. How many years have you been in the Rural Electric Cooperative Program (other than as just a consumer member)?

_____0-5; _____6-10; _____11-15; _____16-20; _____over 20

2. What is your present position?

_____Director of Distribution Cooperative but not Director of G & T

_____Director of Distribution Cooperative and Director of G & T

_____General Manager of Distribution Cooperative

3. How many years of service do you have as a:

_____Director of G & T

_____Director of Distribution Cooperative

_____General Manager of Distribution Cooperative

4. What is your present age? _____

5. What is your highest level of formal education completed?

_____High School Graduate _____Some college but not a graduate

_____Bachelor Degree _____Bachelor Degree with some advanced college

_____Masters Degree or beyond

PART II. OBJECTIVES:

(Please circle appropriate word or number in the following questions)

1. Do you know the objectives of:

Your Distribution Cooperative	Yes	No
Your G & T Cooperative	Yes	No

2. Do you have a copy of the objectives for:

Your Distribution Cooperative	Yes	No
Your G & T Cooperative	Yes	No

3. To what extent do you agree with the objectives of

	No opinion or Insufficient information	Very Little		Moderate		Great Deal
Your G & T Co-op	0	1	2	3	4	5
Your Distrib Co-op	0	1	2	3	4	5

4. How much influence do you have in determining or changing (up-dating) the objectives of:

Your G & T Co-op	0	1	2	3	4	5
Your Distrib. Co-op	0	1	2	3	4	5

5. How realistic are the objectives of:

Your G & T Co-op	0	1	2	3	4	5
Your Distrib. Co-op	0	1	2	3	4	5

6. How compatible are the objectives of your G & T Cooperative with those of your Distribution Cooperative?

1 2 3 4 5

7. How responsive is your G & T Cooperative to member Cooperative needs?

1 2 3 4 5

8. Is there a formal review process for the objectives of:

Your G & T Cooperative	Yes	No	Don't Know
Your Distribution Cooperative	Yes	No	Don't Know

PART III. DECISION-MAKING

1. (a) Are the areas of decision-making responsibility clearly defined between the board and their general manager of:

	No Opinion or Insufficient Information	Very Unclear		Moderate		Very Clear
Your G & T Co-op	0	1	2	3	4	5
Your Distrib. Co-op	0	1	2	3	4	5

(b) Once the responsibilities are defined, is the Board adhering to these definitions?

	No Opinion or Insufficient Information	Very Unclear		Moderate		Very Clear
Your G & T Co-op	0	1	2	3	4	5
Your Distrib. Co-op	0	1	2	3	4	5

(c) Once the responsibilities are defined, is the General Manager adhering to these definitions?

	No Opinion or Insufficient Information	Very Unclear		Moderate		Very Clear
Your G & T Co-op	0	1	2	3	4	5
Your Distrib. Co-op	0	1	2	3	4	5

2. (a) How much influence DOES each of the following have in determining G & T policy decisions?

	No opinion or Insufficient Information	very Little		Moderate		Great Deal
Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

(b) How much influence SHOULD each of the following have in determining G & T policy decisions?

	No opinion or Insufficient Information	Very Little		Moderate		Great Deal
Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

3. (a) How much influence DOES each of the following have in determining G & T operating decisions?

	No Opinion or Insufficient Information	Very Little		Moderate		Great Deal
Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

(b) How much influence SHOULD each of the following have in determining G & T operating decisions?

Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5

4. (a) How much influence DOES each of the following have in determining Distribution Cooperative policy decisions?

	No opinion or Insufficient Information	Very Little		Moderate		Great Deal
Dist. Managers	0	1	2	3	4	5
Dist Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

(b) How much influence SHOULD each of the following have in determining Distribution Cooperative policy decisions?

Dist. Managers	0	1	2	3	4	5
Dist Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

PART III. DECISION MAKING (continued)

5. (a) How much influence DOES each of the following have in determining Distribution Cooperative operating decisions?

	No opinion or Insufficient Information	Very Little		Moderate		Great Deal
Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

(b) How much influence SHOULD each of the following have in determining Distribution Cooperative operating decisions?

Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Manager	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

6. To what extent does your G & T Director represent the best interests of the G & T Cooperative as a whole?

0	1	2	3	4	5

7. How much influence do the larger cooperatives have under the current representation system on the G & T Board?

No opinion or Insufficient Information	Too Little Influence		Right Amount of Influence		Too much Influence
0	1	2	3	4	5

8. Do you generally feel the following groups get enough information to make the decisions they are asked to make?

	No Opinion Insufficient Information	Too Little		About Right		Too Much
Dist. Managers	0	1	2	3	4	5
Dist. Boards	0	1	2	3	4	5
G & T Managers	0	1	2	3	4	5
G & T Board	0	1	2	3	4	5

PART III. DECISION MAKING (Continued)

9. (a) Is your G & T Board asked to make decisions they are not qualified to make?

No Opinion or Insufficient Information	Never	Rarely	Occasionally	Frequently	Always
0	1	2	3	4	5

10. (b) Is your Distribution Board asked to make decisions they are not qualified to make?

0 1 2 3 4 5

PART IV ACCOUNTABILITY

1. For evaluating your G & T's overall performance, the guidelines and information available to the G & T Board are:

No Opinion or Insufficient Information	Too Little		About Right		Too Much
0	1	2	3	4	5

2. For evaluating your Distribution Cooperative's overall performance, the guidelines and information available to the distribution Board are:

0 1 2 3 4 5

3. Currently the data the G & T Board receives regarding overall G & T performance can be related to approved plans and budgets:

No Opinion or Insufficient Information	Never	Rarely	Occasionally	Usually	Always
0	1	2	3	4	5

4 Currently the data the Distribution Board receives, regarding overall distribution performance, can be related to approved plans and budgets:

0 1 2 3 4 5

5. Currently the G & T Board receives overall performance information that is timely:

0 1 2 3 4 5

6. Currently the Distribution Board receives overall performance information that is timely:

0 1 2 3 4 5

PART IV. ACCOUNTABILITY (continued)

7. (a) Currently I am kept informed by Allegheny on decisions made by Allegheny:

0 1 2 3 4 5

(b) Currently I am kept informed by Allegheny on issues, problems, and concerns of Allegheny:

0 1 2 3 4 5

PART V. STRUCTURE:

1. Membership of the G & T Board SHOULD be

_____%Distribution General Managers, _____%Distribution Board Directors

2. Should member Cooperative Boards be permitted to choose either a Director or their Manager to serve on G & T Board? _____Yes _____ No

3. The number of present G & T Directors at your G & T is:

Too Little		About Right		Too Big
1	2	3	4	5

4. Training of the present G & T board, given their responsibility, is:

No Opinion or Insufficient Information	Too Little		About Right		Excessive
0	1	2	3	4	5

5. Training of the present Distribution board, given their responsibility,is:

0 1 2 3 4 5

6. Do the rates currently in use at your G & T:

No Opinion or Insufficient Information	Strongly Favor Small Coops	Favor Small Coops	Are Neutral Favor Neither	Favor Large Coops	Strongly Favor Large Coops
0	1	2	3	4	5

PART V. STRUCTURE (continued)

7. (a) Are internal politics (non-partisan) detrimental to the functioning of your G & T Board?

No Opinion or Insufficient Information	Never	Rarely	Occasionally	Frequently	Always
0	1	2	3	4	5

(b) Are internal politics (non-partisan) detrimental to the functioning of your Distribution Boards?

0	1	2	3	4	5

SCHEDULE OF REMDC MEETING DATES AND LOCATIONS:

Meeting	Date	Location
1st	May 22-23, 1958	Hotel Pickwick, Kansas City, MO
		(8 people present - Clyde Ellis participated)
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, Kansas
7th	May, 1962	Kansas City, Kansas
8th	May 15-17, 1963	Town House, Kansas City, Kansas
9th	May 6-8, 1964	Town House, Kansas City, Kansas
10th	May, 1965	Chicago, Illinois
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, Col.
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, Colorado
18th	May 8-10, 1973	Holiday Inn, Fargo, North Dakota
19th	May 7-9, 1974	Landmark Inn, Mrytle Beach, SC
20th	May 20-22, 1975	Ramada Inn, Sioux Falls, SD
21st	May 11-13, 1976	Velda Rose Hotel, Hot Springs, Arkansas
22nd	May 10-12, 1977	Sheraton Airport Hotel, Denver, Colorado
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, Minn.
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, Indiana

TREASURER'S REPORT

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OPERATING STATEMENT

May 16, 1984 to May 16, 1985

INCOME:	
1984 Dues (Schedule A) - 5	$1,500.00
1985 Dues (Schedule B) - 24	7,200.00
Interest from Investments	1,114.32
Total Income	$9,814.32
EXPENSES:	
Council	
1984 Meeting	
Coffee & Room - The Waverly Hotel, Atlanta	$1,682.71
Lippitt, Speaker - Fees & Expenses	3,173.05
Blue Ridge EMC - 1984 REMDC Proceedings	511.27
Sub-Total	$5,367.03
Research Committee	
Blue Ridge EMC - Wayne Keller, Res. Comm. Exp.	$ 37.04
Virgil H. Harriott - Res. Comm. Exp.	2,807.22
Sub-Total	$2,844.26
Total Expenses	$8,211.29
NET INCOME:	$1,603.03

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

SCHEDULE A

1984 Dues Paid After May 16, 1984		
Guadalope Valley EC	5/30/84	$ 300.00
Verendrye EC	5/30/84	300.00
Wright-Hennepin Coop. EA	5/30/84	300.00
Union Rural Electric Assn.	5/30/84	300.00
Hancock-Wood EC	9/24/84	300.00
Total		$1,500.00

SCHEDULE B

1985 Dues Paid as of May 16, 1985		
Adams EC	5/02/85	$ 300.00
Blue Ridge EC	5/02/85	300.00
Cass County EC	5/02/85	300.00
Clark County REMC	5/02/85	300.00
Cotton EC	--	--
East Central EA	--	--
Flint EMC	5/02/85	300.00
Four County EMC	5/02/85	300.00
Guadalupe Valley EC	6/24/84	300.00
Linn County	5/02/85	300.00
Lumbee River EMC	5/02/85	300.00
Maquoketa Valley REC	5/02/85	300.00
Morgan County (Ind.) REMC	5/02/85	300.00
Northern EC	5/02/85	300.00
Pioneer REC	5/02/85	300.00
Randolph EMD	5/13/85	300.00
Shenandoah Valley EC	5/02/85	300.00
Sioux Valley Empire EA	5/02/85	300.00
Southeast Iowa EA	5/02/85	300.00
Southeastern Illinois EC	--	--
Southside EC	5/02/85	300.00
Union REA, Inc.	5/02/85	300.00
Verendrye EC	--	--
Whitley County REMC	--	--
Wright-Hennepin CEA	5/02/85	300.00
Yampa Valley EA	5/14/85	300.00
Hancock-Wood EC	5/02/85	300.00
Cobb EMC	5/02/85	300.00
Delaware EC	5/02/85	300.00
Total		$7,200.00
Grand Total		$8,700.00

THE RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

BALANCE SHEET

May 16, 1985

	5/16/85	5/16/84
ASSETS		
Current		
Cash in Checking Account	$ 8,758.97	$ 8,270.26
Investments - Savings Account	20,080.77	18,966.45
Total	28,839.74	27,236.71
MEMBERS' EQUITY		
Retained Earnings	$27,236.71	$22,804.10
Net Gain	1,603.03	4,432.61
Total	$28,839.74	$27,236.71

RESEARCH COMMITTEE

Resources	
1984 REMDC Allocation	$ 6,300.00
Expenditures from Operating Statement	2,844.26
Remaining Budget Allocation	$ 3,455.74

Respectfully submitted,

Allen R. Ritchie

Allen R. Ritchie
Treasurer

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

ATTENDANCE RECORD

Cooperative	Year											
	80'	81'	82'	83'	84'	85'	86'	87'	88'	89'	90'	91'
Adams Electric Cooperative	X	X	X	X	X	X						
Blue Ridge EMC	X	X	X	X	X	X						
Cass County Electric Coop.	*	O	X	O	X	X						
Clark County REMC	X	X	O	O	X	X						
Cornhusker PPD	X	O	O	-	-	-						
Cotton Electric Cooperative	X	O	X	X	-	-						
East Central Electric Association	X	X	O	O	-	-						
Flint EMC	X	X	X	X	X	X						
Four County EMC	O	X	X	*	O	O						
Hancock-Wood EC	X	X	-	-	*	X						
Kay Electric Coop.	O	O	O	-	-	-						
KEM Electric Coop.	-	-	-	-	-	-						
Linn County REC	X	X	X	X	X	X						
Lumbee River EMC	X	X	X	X	X	X						
Manquoketa Valley REC	*	X	X	X	X	X						
Morgan County REMC (Indiana)	X	O	X	X	X	X						
Northern Electric Cooperative				*	O	O						
Pioneer REC	X	X	X	X	X	O						
Randolph EMC				X	X	X						
Shenandoah Valley Electric Coop.	X	X	X	X	X	X						
Sioux Valley Empire Electric Assn.	X	X	X	X	X	X						
Southeast Iowa Coop. EA	X	X	X	X	X	X						
Southeastern Illinois EC	X	X	X	X	O	-						
Southside EC	X	O	-	O	O	-						
Union Rural EA	O	X	X	O	*	X						
Volunteer EC	O	X	X	-	-	-						
Whitley County REMC	X	X	O	X	X	*						
Wright-Hennepin Elec.	X	X	X	X	-	X						
Yampa Valley Electric Assn.	X	X	O	X	X	X						
Cobb EMC					X	X						
Guadalupe Electric Coop.					X	X						
Verendrye Electric Coop.					X	-						
Delaware Electric Coop.					X	X						
Walton EMC					X	-						
Davidson EMC					X	-						
Central Area Data Processing Center						*						

Code: X - Paid - Attended
O - Paid - Did not attend
* - Attended - Dues not paid

Co-ops represented at meeting by invitation (prospective members):

Jasper County REMC, Rensselaer, Indiana
Kosciusko County REMC, Warsaw, Indiana

RURAL ELECTRIC MANAGEMENT DEVELOPMENT COUNCIL

OFFICERS AND COMMITTEES FOR 1986

Officers

Chairman -	Barbara Deverick	Term expires 1987
Vice Chairman -	Harold Smith	Term expires 1987
Treasurer -	Allen Ritchie	Term expires 1986
Secretary -	Appointed annually by Chairman	

Standing Committees

Program Committee

Chairman -	James Kiley	Term expires 1986
	Dave Larson	Term expires 1988
	Craig DeBower	Term expires 1987
	Bill Ward	Term expires 1987

Nominating Committee

Chairman -	James Golden	Term expires 1986
	W. R. Fleming	Term expires 1987
	Mike Gustafson	Term expires 1987
	Dave Dunnell	Term expires 1988

Membership Committee

Chairman -	Phyllis Barber	Term expires 1988
	Dick Seger	Term expires 1986
	Robert Roberts	Term expires 1987
	Ev Bristol	Term expires 1988

Management Research Committee

Chairman -	Wayne Keller	Term expires 1988
	Wayne Johnson	Term expires 1986
	Doyle Hines	Term expires 1988
	Paul Weatherby	Term expires 1987
	Elmer Stocker	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 serve three years when elected, unless completing an unexpired term as a replacement.