

# Annual Meeting 2014

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

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

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

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

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

And so it remains.

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

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

Daley reported the following election winners, all incumbents:

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

- District 3, Gene Robert Larson.

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

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

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

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

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

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

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



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



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

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

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

Wallace reported that an effort to

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

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

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

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

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

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

co-op to feed the other during an outage.

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

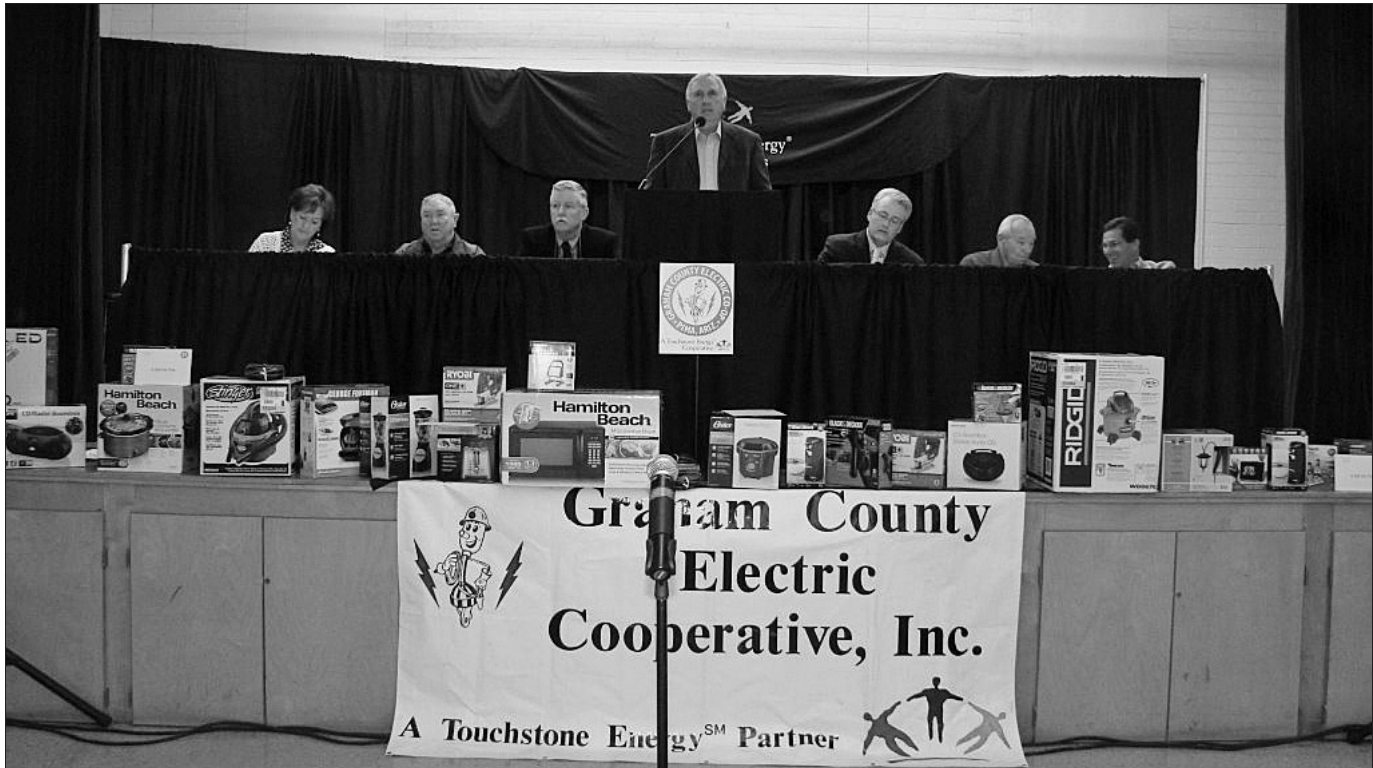
Lines reported GIS mapping of the entire system is nearing completion and will allow for automatic meter reading and other automation options in the future.

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

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

New substations were built, including

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

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

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

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

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

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

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

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



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

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

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









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**Graham County Electric Board of Directors:**

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Vice Pres. Gene R. Larson  
Secretary Tommy Clonts  
Chris Claridge  
Gerald Schmidt  
Dennis Jacob  
Jerald L. Kempton  
Jim Bryce  
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**Graham County Utilities Board of Directors:**

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Vice President Jim Bryce  
Secretary Mike Crockett  
Tommy Clonts  
Dennis Jacob  
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Jerry Kempton  
Larry H. Morris  
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**General Manager:**

Steve Lines

AZ-145 Postmaster: Send address changes to Currents, 2210 S. Priest Dr., Tempe, AZ 85282-1109

**Manager's Message**

# Water 'Rules'

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

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

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

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

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

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

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

—General Manager Steve Lines



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