

Who Profits from Co-op Service? You Do



**MESSAGE
FROM
MANAGER
JERRY D.
WILLIAMS**

Recently we have had a lot of conversations with members about the best way to keep trees out of the power lines and how to keep the right-of-way clear at the least expense. Many folks realize right-of-way maintenance is one of our largest expenses and is ultimately paid for by the members. This realization has helped many cooperate when attempts are made to keep this cost as low as possible. We even had some members volunteer to burn their own brush once it was cut and in a manageable pile. Now that is Cooperation!

While discussing the things we do to keep the electric rates as low as we can, some asked a really good question: "If the Co-op is a nonprofit organization, why don't you charge just enough to pay the bills?"

The answer is that we not only must charge enough to pay for the power we purchase for you and for the service we provide, but we must also maintain a positive cash flow. This gives us a cushion to handle situations that may arise unexpectedly (like an ice storm), and it allows us to get favorable terms from lenders on money we may need to expand and maintain our power delivery system. Our mortgage documents require that we set rates so a small margin is left over at the end of each year.

When fuel costs for electricity generation go up, Lamar pays more for electricity. If we didn't pass along that charge to you, we'd soon find ourselves in financial straits. That is the purpose of the Power Cost Recovery

Factor you see on the lower left side of your electric bill. An assumed set amount for wholesale power is included in our base rates, and when the wholesale cost of electricity goes below this amount, you will see a Credit factor. When the wholesale cost is above this base, the factor adds to your bill. Last year the price for Natural Gas, used to generate most of our wholesale power, went down and has stayed down.

The Power Cost Recovery Factor last year was a credit every month of 1 cent or more most of the year. The Factor was 1½ cents credit for the first two months of 2012. We hope to continue this credit factor for most of 2012. You get the idea; when generation costs rise, you can expect to see a bump in

'We're accountable only to you, our member-customers. We use our resources to make sound investments that benefit you.'

your electric bill. When they go down, you will notice a proportionate decrease in your bill. In a nutshell, that's part of how a nonprofit operates.

All the money we collect pays for keeping your Cooperative whole. We're not accountable to outside investors. We're accountable only to you, our member-customers. We use our resources to make sound investments that benefit you.

As a Distribution Cooperative, we have to get power to you reliably. That means training and compensating our employees and purchasing high-quality poles, transformers, wires, bucket trucks and safety equipment. That also means getting your power back on as quickly as possible if severe weather takes down the system. We do that by investing in technology that helps us work more accurately and

quickly. We also pay decent wages to the people who repair the lines, send out bills and answer calls for help when you need it.

And don't forget, that's money that goes right back into the community where 30 Cooperative employees live and work.

You see, at Lamar Electric Cooperative there are no outside investors making money on stock dividends or profit sharing. That's because the owners of Lamar Electric are you, the members, and every dime the Co-op brings in over expenses is invested back in this business and eventually is returned to you in the form of capital credits.

At the end of each year, the Margins are allocated to the members who purchased power during the year,

based on each members' proportionate share of all power sold. We use that money to upgrade the wires, poles, and equipment. This allows us to improve service, without borrowing for every project. This is also the money we use to construct the first 300 feet of line if you decide to build a new house. The Margin money always belongs to the members, but is used by the Co-op until it can be paid back. When assigned to each member on our records, they are called Capital Credits. All the Capital Credits (margins) from 1937 to 1970 have already been returned to our members in the form of checks.

Our mission is simple: provide a steady, reliable supply of electricity at the lowest cost possible.

The modern business structure of electric cooperatives can be traced to

our roots 75 years ago. During that era, big electric companies that served cities were not convinced that the expense of building lines to serve rural areas would pay off for their investors. So rural folks who wanted electricity banded together, borrowed money from the federal government and formed nonprofit electric companies. That is how we were organized and how we are still operated.

All the money was borrowed and had to be repaid to the government with interest. There were no grants. Over the years as more lines were built or upgraded, more loans, with interest, were secured. Many years ago, the federal government stopped making loans for all the capital needs of rural electric Co-ops. The Co-ops formed a financial cooperative with the purpose of making loans to rural electric Coop-

eratives like Lamar Electric. Today, Lamar Electric has paid off all loans from the federal government. All outstanding loans at Lamar Electric are with this financial cooperative at a cost lower than getting loans from the federal government.

The cooperatives did the hard work of putting up poles and stringing line to bring the power of electricity to farms and small businesses. As those rural areas have grown and changed, the cooperatives that powered that growth have also changed. Cooperatives are among the nation's leaders in innovative and efficient approaches to delivering electricity. But there's one thing that hasn't changed: We exist to serve our local communities, not to turn a profit for distant investors.

Main Street, not Wall Street: That's the cooperative way.



1485 N. Main St.
P.O. Box 580 • Paris, TX 75461
Phone (903) 784-4303

For information during office hours and outages after hours, call **(903) 784-4303** local or **1-800-782-9010** toll-free

Operating in Lamar, Red River, Delta and Fannin counties

Find us on the Web at www.lamarelectric.coop

GENERAL MANAGER AND CEO

Jerry D. Williams

BOARD OF DIRECTORS

PRESIDENT

Allen Branch Sumner

VICE PRESIDENT

Charles Dooley Annona

SECRETARY-TREASURER

Billy Hines Clarksville

Matthew Albus Roxton

Mark Jones Paris

Ron E. Tippit Clarksville

Mike Williams Detroit

George M. Wood Blossom

Lyle Yoder Pattonville

YOUR "LOCAL PAGES"

This section of Texas Co-op Power is produced by LEC each month to provide you with information about current events, safety, special programs and other activities of the cooperative. If you have any comments or suggestions, please contact the local office.

MEMBER BENEFITS:

- Level billing
- Automated meter reading
- Free bank draft service
- E-Bill
- Visa and MasterCard accepted

COUNTRY CORNER EVENTS

April 1

'Harvey'—Presented by Paris Community Theatre in downtown Paris. 2:30 p.m.

April 12-13

Lamar County Junior Livestock Show—Paris Fairgrounds

April 14

Annual Delta County Fair, Barbecue Cook-Off and Junior Livestock Show—8 a.m.-5 p.m., Cooper City Park

April 14

Delta County Car Show—For more information, call Steve Oglesby at (903) 395-2416.

April 28

Lamar Electric Cooperative Annual Meeting—10 a.m., Love Civic Center in Paris

If you have any events that you would like listed for Delta, Lamar or Red River counties, please contact Marci Thompson. Information must be submitted two months in advance. Email marci@lamarelectric.coop or call (903) 783-4911.

NOTICE OF LAMAR COUNTY ELECTRIC COOPERATIVE MEETING OF MEMBERS

The Annual Membership Meeting of Lamar County Electric Cooperative Association will be held at Love Civic Center, 2025 S. Collegiate Drive, Paris, Texas, on Saturday, April 28, 2012.

Registration opens at 9 a.m. The business session will begin at 10 a.m. and includes any necessary reports of the officers, board members and committees as well as the election of board members in Districts 5, 6 and 7, each for a three-year term.

For a member to be nominated for a position of director of the cooperative, his/her name must be officially received at the main office of the cooperative not less than 60 days nor more than 90 days before the date of the annual meeting of the members at which board members are to be elected.

The following members have placed their name in nomination at the cooperative headquarters:

DISTRICT 5 Allen Branch, 1216 CR 32240, Sumner, TX 75486

DISTRICT 6 George Wood, 796 CR 44750, Blossom, TX 75416

DISTRICT 7 Ron Tippit, 4679 State Highway 37 S., Clarksville, TX 75426

You do not have to be present at the meeting to vote in the director election. Before the meeting, ballots will be mailed to members who reside in those districts. If you reside in one of the districts having an election, you may either vote by mail or in person at the meeting.

Each member in attendance at the meeting will receive a registration gift, and a drawing for other prizes will be held. You must be present at the time of the drawing to be eligible for door prizes.

Six \$1,000 scholarships will be awarded at the meeting. Entries must be received at the cooperative office by 5 p.m. April 27.

To be eligible for a scholarship, a candidate:

- Must be a full-time resident with a parent or legal guardian in a home served by Lamar Electric, and the electric account must be in good standing;
 - And be a graduating senior attending a high school or a homeschool program within the counties served by Lamar Electric Cooperative.
- We look forward to you attending and enjoying your annual membership meeting.

BILLY R. HINES, Board Secretary

Dated: March 30, 2012

Lamar EC 2012 Director Candidate Profiles



District 5

ALLEN BRANCH has been a member since 1974. He is a graduate of Rehobeth High School in Dothan, Ala-

bama. He has served on the LEC board since 2003, during which time he has taken several NRECA director-training courses. He is currently serving as the LEC board president. He retired after 38 years with Earth Grains Bakery, where he was fleet superintendent of the Paris plant for 20 years. Before moving to this area, he was fleet superintendent for several other company locations, during which time he attended several fleet management training courses

throughout the United States. He and his wife, Geri, had three children, Janice, Lana and Kelvin (deceased), and four grandchildren.



District 6

GEORGE WOOD has been an LEC member since 1988. He attended Prairiland High School and the

Lone Star Steel Welder Apprentice Program. He served in the U.S. Army from 1973-77. For 24 years, he has been employed at Kimberly-Clark, where he is the activities treasurer. He and his wife, Pam, have two children, Amanda and George, and two grandchildren.



District 7

RON TIPPIT has been a member since 1981. He has served on the LEC board since 2006. He is a Credentialed Coopera-

tive Director (CCD) through the National Rural Electric Cooperative Association's director training program. The CCD curriculum consists of five courses designed to provide basic knowledge and skills required of cooperative directors and completing a learning assessment for each. He is a graduate of Clarksville High School. He is retired from Kimberly-Clark and is a rancher. His wife, Jerri, manages Tippit Hilltop Tamales. They have five children.

SCHOLARSHIPS

To Be Given Away at LEC Annual Meeting



The April 27 deadline is fast approaching for high school seniors to enter for a chance to win one of six scholarships to be given away at the Lamar Electric Cooperative Annual Meeting on Saturday, April 28. The meeting will be held at Love Civic Center in Paris at 10 a.m. Entries must be received by 5 p.m. April 27.

For more information and an application form, visit www.lamarelectric.coop and apply today.



The offices of Lamar Electric Cooperative will be closed Friday, April 6, in observance of Good Friday.

We wish you a blessed Easter season.

SHOP CO-OP

Lamar Electric Cooperative is one of more than 900 electric cooperatives in America. But we're just one type of cooperative—more than 29,200 operate in our country, including a large segment of the agriculture industry. From dairy to oranges and almonds to cotton, our nation's farmers know the value of the cooperative business model.

The next time you're at the grocery store, see how many items you can purchase that were produced by a co-op.

Starting in the produce section, pick up some Ocean Spray cranberries or Sunkist oranges, tangerines, grapes or grapefruit.

Cruise on over to the refrigerated

cases and take a look at the eggs—95 percent of America's eggs are produced and marketed by co-ops. Then pick up some Florida Natural orange juice, Land O'Lakes butter, Cabot or Tillamook cheese and Organic Valley milk. Need a warm drink? Try Equal Exchange coffee, tea and hot chocolate.

Finally, drop some Blue Diamond almonds in your cart—a perfect pick-me-up for that 3 p.m. slump.

Now that you've finished your grocery shopping, make your way to Ace Hardware or True Value to get supplies for your weekend projects. Or head to the store to replace your old, falling-apart blue jeans with a new pair from GAP, Banana Republic or Guess—all three get their cotton from Plains Cotton Growers Cooperative's Denimatrix. But before you do that, head to your credit union—



Did you know 95 percent of America's eggs are produced and marketed by co-ops?

another cooperative—to make a deposit to cover all your purchases.

The cooperative business model promotes self-sustainment and local economic growth. Support our nation's cooperatives and local co-ops as we work together to build a better world.

Find a co-op near you at www.go.coop.