

# NEWSLINE

A PUBLICATION OF SAM HOUSTON ELECTRIC COOPERATIVE, INC.

## SAM HOUSTON EC WOODVILLE BRANCH MANAGER IS NAMED PRESIDENT OF THE TYLER COUNTY CHAMBER OF COMMERCE

Sam Houston Electric Cooperative is proud to announce that Bill Townley, Branch Manager of our Woodville office, became the 55th president of the Tyler County Chamber of Commerce in late January.

Mr. Townley said his goal as Chamber President is to “strengthen the Chamber by increasing membership.” He added that he’d like to promote and build the Chamber’s web site. As a matter of fact, he has already recruited Keith Stapleton, Manager of Internet Services for SamLink, Sam Houston Services’ Internet Service Provider, to assist with the project. Bill is also devoted to promoting tourism in the area and believes the web site will contribute to that effort. “Just imagine,” said Townley, “if anyone, anywhere in the world could access the Chamber’s site and find out what goods and services are available in our county.”

In addition to his work with the Chamber of Commerce, Bill Townley is the 2nd Vice President of the Lions Club community service organization. He has been with Sam Houston Electric Cooperative for nearly 25 years and has been Manager of the Woodville branch since 1990. Bill has long been committed to both the cooperative and the community. Sam Houston EC is proud to have him as an employee, friend and neighbor.

Sam Houston Electric Cooperative is a member of the Tyler County Chamber of Commerce. The Chamber named the cooperative Business of the Year in 2000 for their joint effort in funding a tourism marketing video highlighting Tyler County. As a member-owned utility, the cooperative’s primary goal is to serve the best interests of its members. Serving the community is an important part of that goal and we thank Bill Townley for his commitment to the community cause.



### WATT'S INSIDE

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Members save \$1.3 Million

Don't be Caught Off Guard in the Garden

New look for [www.samhouston.net](http://www.samhouston.net)

## TEXAS AND THE CALIFORNIA DISASTER

Guest Editorial: H.E. Striedel, General Manager and CEO,  
Sam Houston Electric Cooperative, Inc.



How is Texas different from California?" is a question we're hearing a lot these days in public discussion of electric utility deregulation. And it's a question that certainly deserves an answer.

Here in Texas, deregulation will officially begin January 1, 2002. Our own state Public Utility Commission has been telling us that the circumstances that led to a system of badly flawed utility deregulation in California simply won't happen in Texas. We certainly hope that's the case.

Problems on the West Coast began when power demand outstripped supply. There's been a lot of finger pointing about why that happened. Republicans and Democrats blame each other. Utility executives blame environmentalists. Consumers point to power company greed. We'll probably never know all the causes of the catastrophe. Regardless, Texas deregulation advocates say that we don't have the same problems that California is wrestling. Why? Because California imports electricity to meet demand and Texas has a surplus of electricity. In fact, during periods of peak power demand, California imports as much as 25 percent of its electricity from outside the state, while Texas imports less than 1 percent at such times.

California hasn't built a new power plant in a decade. In contrast, Texas has built or planned construction of 40 new power plants since 1995. That's a quarter of all the power plants being built (or planned) in the nation. Furthermore, due to their state's lack of supply, power distributors in California are forced to buy electricity on a system of short-term spot purchases that leave them (and consumers) vulnerable to price spikes. In Texas, where supply and demand are more closely aligned, distributors are more able to negotiate long-term contracts designed to protect against price volatility.

Deregulation advocates say these differences are significant, and that Texas will therefore not repeat the California disaster. Again, we certainly

hope that's the case. But on the other hand, it's important to remember that what makes deregulation different from regulation is that the market dictates what happens to prices—and the market isn't predictable. Consider what happened in recent months when the price of natural gas suddenly shot through the roof.

So, while we hope that our circumstances in Texas will head off the deregulation problems that plague California, we in the electric cooperative world are pleased that we retained the option to "wait and see" how deregulation works before we open ourselves up to unforeseen problems. An option we lobbied for as part of Senate Bill 7.

Electric co-ops were created—and still exist—because most of rural Texas did not appeal to private sector investors and power companies. There just weren't enough customers per mile in rural areas to make the profits the companies wanted. Chances are that's still the case with few exceptions.

Co-ops were created by rural consumers on a unique business model. Locally based and democratically managed, co-ops have for decades brought electricity to folks that otherwise would have gone without. We are proud of that accomplishment. It's one we aim to protect—under deregulation or not. Because with electric co-ops, providing members with the lowest cost power and dependable local service really does come first, and always has.





## www.samhouston.net FEATURES A SPICY NEW LOOK

**W**e're proud to announce our web site, [www.samhouston.net](http://www.samhouston.net), has a new look AND a menu of new features. Check it out!

### INGREDIENTS:

- Up-to-date outage information
- A complete listing of member services
- Articles and information on deregulation
- Electric safety IQ test
- Electric conservation tips
- And "a dash" of everything else you'd ever want to know about Sam Houston EC.

### PREPARATION:

Using our new website is easy! Just log on to: [www.samhouston.net](http://www.samhouston.net), and choose where to go from there. Our home page offers all sorts of avenues to explore. The site is designed with color codes and menu bars to make it easy to navigate and fun to use. Go take a look and see for yourself.

### SERVES:

Members' needs daily.

*And, for you die-hard recipe fans... Never fear, this months recipe is at [www.samhouston.net](http://www.samhouston.net).*

**REMEMBER THIS****BOARD DECISION SAVES  
SAM HOUSTON EC MEMBERS \$1.3 MILLION**

Sam Houston Electric Cooperative uses a power cost recovery factor (PCRF) to calculate the per kilowatt-hour cost we have to charge our members in order to cover anticipated purchase power costs. Since the actual cost of power fluctuates throughout the year, the cooperative's cost to purchase and distribute power varies. So, each month we track our actual costs versus the rates charged to our members to determine if the numbers are in line with the currently established PCRF rates. Most of the time, the system works extremely well and the numbers are closely aligned. However, the year 2000 was an exception.

Natural gas is used to generate about 30 percent of the electricity we supply our members. So, when the price of natural gas skyrocketed in the last few months of 2000, you could say the PCRF system went "tilt." Due to the unforeseen, and unpredictable natural gas price spike, Sam Houston EC



had spent \$1.3 million more than anticipated by year's end.

Typically, this amount would be "rolled into" and billed in the 2001 PCRF/rate schedule.

However, in this case, the board of directors elected to "forgive" the under recovered costs; meaning they would not attempt to regain those costs from members. Essentially, the decision gave our member-owners a \$1.3 million "savings coupon."

According to David Babcock, Manager of Accounting, "The cooperative chose to absorb the costs on behalf of the members. It doesn't impair our financial situation and it's something that the board was glad to be able to do for our members."

Sam Houston EC's mission is to serve the best interest of our member-owners by providing dependable service at the lowest possible cost. It's a mission our management team and board of directors take very seriously, as exemplified in their recent decision to forgive last year's un-recovered costs.

## IF A TREE FALLS IN THE FOREST...

**Y**ou know the old adage, “If a tree falls in the forest and no one is there to hear it, does it make a sound?” It most certainly does if you ask Sam Houston Electric Cooperative. In order to bring our members dependable electric service, Sam Houston Electric Cooperative maintains more than 7,000 miles of electric lines. This extensive network of lines, poles and substations enables us to deliver power to your home or business. Despite the beauty they add to our area, East Texas’ forests are often a threat to our power line network, and thereby a threat to reliability of the electric service we provide. And, an increasing incidence of tree disease in the area has added to the problem in recent years.

### MAINTAINING THE RIGHT-OF-WAY

The most common causes of power outages are cars hitting electric line poles and trees falling on lines. Sam Houston EC can’t prevent car accidents, but we can help prevent problems caused by trees, the second most common outage cause. Therefore, a huge part of Sam Houston Electric’s job is to maintain the area around the poles and lines, what we call the “right-of-way,” ensuring that trees and other vegetation doesn’t interfere with service.

Tree removal needs are currently at an all time high. The drought we’ve suffered over the last couple of years is taking a toll on area trees. In fact, Sam Houston EC crews removed a record 17,094 trees in our 10-county service area last year, making the job of our right-of-way foremen and their crews particularly challenging.

Though our trained crews regularly patrol right of way areas, member calls regarding dead or injured

trees are appreciated. If you notice a problem, please call a Sam Houston EC Member Service Representative as soon as possible, so we can schedule maintenance. Please **DO NOT** call Sam Houston EC for personal tree trimming needs. Our crews must dedicate all their time and attention to maintaining trees that could affect power lines.

### THE ROOT OF THE PROBLEM

Drought alone rarely kills the kinds of trees native to East Texas, but it is often the catalyst for other problems. For example, pine trees that are under severe moisture stress are highly susceptible to attacks by pine bark beetles. And due to that susceptibility, the majority of damage to area trees in recent years can be attributed to the “Ips” pine bark beetle.

The Ips beetle’s attack pattern tends to be scattered – killing a few trees here and there. Usually the first noticeable symptom is when most or all of the needles in the tree have turned reddish-brown. Unfortunately, at this point there is nothing that can be done to save the tree. That said, there are warning signs you can watch for such as red dust at the tree base or small holes in the tree bark, roughly the size of a pencil lead.

Sam Houston EC encourages you to pay careful attention to trees on your property for these beetle warning signs. If the beetle infestation is caught early, the tree can be saved, keeping your property beautiful and helping lessen the load of tree removals.

Please be assured that Sam Houston EC considers tree removal a vital part of providing safe, reliable electric power, and we are doing everything we can to keep that commitment to our members.



**SAFETY MATTERS**

## **DON'T LET ELECTRIC DANGERS CATCH YOU OFF GUARD IN THE GARDEN.**

Spring is in the air! 'Tis the season for planting flowers, putting in patios, building swing sets or installing fences. As you begin "spiffing" up your yard for springtime, remember these important tips for gardening safely around electricity:

### **1. STEER CLEAR OF TRANSFORMERS.**

Don't be tempted to plant shrubs, trees or even flowerbeds near transformer cabinets on your property. Not only do they need to be accessible to line crews for routine maintenance and repairs, but these cabinets also contain high-voltage lines that could cause serious electric shock.

### **2. CALL THE COOPERATIVE BEFORE YOU DIG.**

Many homes are served by underground electric lines. If you hit a line while digging to plant a tree



or set a fence post, you'll most likely interrupt service to your home and could receive a serious shock. So be safe and call us to find out more about what lines might be in your yard before you break out the shovel.