



# Sam Houston

ELECTRIC COOPERATIVE, INC.

## Energizing Communities Since 1939



### Electric Deregulation: Not such a great “deal” after all.

*Guest Editorial: Bob Boyd, Sam Houston EC Board Director*

**GUEST  
EDITORIAL**

It's a jungle out there – in the deregulated electricity market, that is. In theory, electric deregulation was supposed to undo government rules that stifle competition and efficiency, and give consumers lower prices, better service and greater choice.

In reality, consumers subjected to the deregulated electricity market have endured broken promises, deceptive marketing tactics and dreadful customer service in a flailing, "Wild West" electricity marketplace.

A recent study by Consumer Reports found that while a few consumers have made gains under deregulation, on balance most have lost ground. Service has typically deteriorated. Consumer rights have been compromised. Claimed price cuts have never materialized. Furthermore, when free markets go bad, deregulated industries see no contradiction in getting multi-million dollar government bailouts.

Disastrous results in California and other states have caused Texas to take a second look at deregulation. The Public Utility Commission (PUC) has pulled back the reins. While Senate Bill 7 called for deregulation to begin on January 1, 2001, implementation has come to a halt. While in effect in some markets, deregulation won't touch Northeast Texas or the Panhandle until at least 2007. As for the Sam Houston EC service area, the PUC has yet to determine whether the existing infrastructure in Southeast Texas can accommodate retail competitive choice.

In a time of such uncertainty and confusion surrounding the deregulated electricity market, Sam Houston Electric has remained steadfast in our position. The Board of Directors continues to maintain a "wait and see" approach to deregulation. Although deregulation has been delayed for the majority of consumers in the Sam Houston EC service area, we have elected to monitor the progress of electric competition in other parts of Texas and will not participate in a deregulated electricity market unless we determine it to be beneficial to our members.

Truth is, for over 60 years our goal has been to look after the best interests of our members. Our members already enjoy many of the so-called advantages of deregulation under the cooperative business model. We do the shopping for you – we use our expertise to negotiate prices and team up with other cooperatives to purchase power in bulk. Our members can rely on us to find the best deals possible and pass the savings on to them. The Co-op way of doing business is not a crafty game of smoke and mirrors. Our rates are not only lower than those being offered in many deregulated areas across the state, but they also beat those of several of our neighboring utilities.

At Sam Houston Electric, we don't believe in leaving our members on their own to navigate the electricity market. Our Board works hard to ensure that won't happen. Being part of a member-owned cooperative, especially Sam Houston Electric Cooperative, is the best way to ensure you get the lowest price – and the best service.

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RIGHT-OF-WAY PROGRAM:

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OVER  
— THE —  
HILLS  
— AND —  
THROUGH  
— THE —  
WOODS

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ONE OF SAM HOUSTON ELECTRIC'S  
PRIMARY RESPONSIBILITIES IS TO  
PROVIDE SAFE, RELIABLE ELECTRICITY  
TO OUR MEMBERS. WHILE STATE-OF-  
THE-ART TECHNOLOGY KEEPS INTERNAL  
OPERATIONS RUNNING SMOOTHLY,  
AN ESSENTIAL PART OF DELIVERING  
TOP-NOTCH SERVICE TAKES PLACE  
IN THE FIELD, MAINTAINING OUR  
EXTENSIVE RIGHT-OF-WAYS.



STRIKING A BALANCE  
between preserving Mother Nature's  
aesthetic beauty and delivering  
safe, reliable electricity to our  
members is no easy task. It requires  
an arsenal of human and mechanical  
resources working 40 hours a week,  
12 months a year to keep a clear  
pathway along the 5,600 miles of  
power lines on the Cooperative's  
electric distribution system.



**Sam Houston EC's Right-of-Way Program is a continuous, preventative maintenance schedule of trimming trees, removing dead trees and mowing underbrush.**

## IT'S ABOUT PREVENTATIVE MAINTENANCE

The Sam Houston EC Right-of-Way Program is much more than skipping from one fallen tree to the next. It's a continuous, preventative maintenance schedule of trimming trees, removing dead and dangerous trees, and mowing underbrush. The Right-of-Way Program is mapped out along our extensive network of electric feeder routes to ensure that no part of the system is neglected. Detailed records are kept and continually analyzed to determine and improve the cost-effectiveness of the program.

Sam Houston Electric Right-of-Way Foreman Tommy Clifton has worked in the Right-of-Way Department for the past 20 years and says that the preventative maintenance approach saves the Co-op, and therefore its members, money. "We have determined that maintaining a 5-year cycle actually costs us less money," he explained. "We've done extensive analysis to determine the appropriate length of the trimming cycle, and a 5-year rotation has proven to be the optimum length for us. For example, if it were on a 7-year cycle, it would be much more expensive, because we'd be taking a lot more trouble calls. In fact, in the past 20 years we've become 60 percent more efficient in maintaining our right-of-way costs."

## IT'S A FULL-TIME JOB, RAIN OR SHINE

To maintain the Cooperative's massive distribution system, tree-trimming contractors rotate throughout the Co-op's service area year round, rain or shine, braving both the sweltering heat of the summer and the bitter chill of winter. Each day they carefully assess the health of the trees, species and rates of growth, along with actual and aesthetic value, to determine how much and where to cut. Contractors then trim a 10-foot easement on both sides of distribution lines, enough to prevent interference by regrowth until they come around to start

the 5-year cycle again. Because underbrush grows faster and must be cleared more often than tree trimming, separate tractor crews clear underbrush on a 2 1/2-year trimming cycle.

Tree-trimming crews perform the work primarily using a Jarraff machine, a huge vehicle on tank-like tracks that incorporates a fiberglass boom fitted with a cutting blade on the end.

**"If we didn't have right-of-way maintenance on our system, we'd have a lot more outages and power loss."**

Sam Houston Electric  
Right-of-Way Foreman  
Tommy Clifton

The blade moves quickly and precisely, reaching and cutting tree limbs at heights of up to 75 feet and trimming up to two miles per day. A tractor crew follows behind the Jarraff, shredding the limbs and underbrush removed by the cutting machine. When picking up debris from members'

yards, the Cooperative uses chipper trucks to finely shred the debris, and then gives it away to Co-op members who request to use it for mulch.

In addition to tree-trimming and tractor crews, Sam Houston EC contracts four 2-man crews who comb the 10-county service area 40 hours per week, locating and removing dead and dangerous trees. Last year alone, the Cooperative's dead-tree crews traveled nearly 10,000 miles around the Co-op's 10-county service area and removed over 12,000 dead trees.

## IT'S ABOUT IMPROVED SERVICE & RELIABILITY

Clifton says that a properly maintained Right-of-Way Program keeps power outages to a minimum, because it keeps limbs and trees away from power lines. Maintaining the right-of-way also reduces the duration time of an outage, as line technicians can access the outage source more easily. "If we didn't have right-of-way maintenance on our system, we'd have a lot more outages and power loss," he said.



"Our service wouldn't be as good, and when linemen would have to go out to restore the power, the duration time would be much longer, because they wouldn't be able to get to the poles and equipment the way they need to," he added.

While preventative maintenance lowers costs, the Co-op still relies on members to call in and report dead or dangerous trees in their area. Clifton and fellow Right-of-Way Foreman Charles Morris respond to 30-40 member requests each week. "We try to accommodate our members as much as possible to keep limbs from falling on power lines," Morris said.

**"We try to work with our members to preserve the beauty and health of their yards, while at the same time maintaining the safety of our system."**

Sam Houston Electric  
Right-of-Way Foreman  
Charles Morris

"We try to work with our members to preserve the beauty and health of their yards, while at the same time maintaining the safety of our system. We do a lot for our members that isn't required, but our goal is to keep them as happy as we can," he added.

## IT'S A BALANCE BETWEEN BEAUTY AND SAFETY

Members' safety is the Co-op's primary concern. According to Clifton, planting trees near power lines not only causes outages for members and their neighbors, but landscaping in the easement area also puts people at risk of electric shock. "When a tree grows up and makes contact with a power line, the voltage goes down into the tree, into the limbs and down to the ground. This burns the tree and causes damage to the environment. But more importantly, an energized tree can create an electrocution hazard," he stressed. We strongly recommend that people do not plant anything in the easement area under power lines. If you have a tree growing in the easement on your property, be sure to call the Co-op and ask them to

come out and take a look at it and assess what needs to be done. Never try to tackle the trimming job yourself – it's just too dangerous."

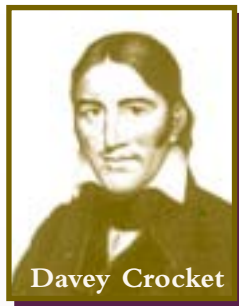
Properly maintained right-of-ways are safe, reliable and enhance wildlife habitat. Sam Houston Electric thanks members for their patience and consideration of the Co-op's right-of-way clearing policies and procedures. If you need additional information about the Right-of-Way Program, contact a Sam Houston EC Member Services Representative at the branch location nearest you or at 1-800-458-0381. We're always glad to help. ★



# STEP BACK IN TIME

## AT COLDSRING HERITAGE DAYS

**History is alive in Coldspring's Old Town.** Pack up the kids and head on down to the third annual Coldspring Heritage Days, October 10-11. Come have fun while you learn about the colorful history and traditions of life in East Texas as it was during the late 19th century. Rub elbows with the likes of Davey Crocket. Hear stories told by Calamity Jane and Wrangler Joe. Witness a Wild West shootout by the Sam Houston Raven Rangers, and take in one of many live demonstrations as you stroll among townspeople dressed in period costumes. Sponsored by the San Jacinto County Heritage Society, the event promises to be a delight for young and old alike.



Davey Crocket

**Start your tour with the Old Jail Museum.** Located across from the original courthouse square, the two-story pink brick building built in 1887 presents a handsome symbol of law and order in a no-frills public building. Recognized by both the Texas Historical Commission and National Register, the museum houses dozens of artifacts pertaining to the history of East Texas and San Jacinto County.

**Cross the center square** to the site of the original Coldspring Courthouse, which burned to the ground in 1915. Today, the grounds are the new home of many San Jacinto County buildings, which serve their purpose displaying memorabilia, artifacts and papers – a testament to their individual times.

**Visit the Camilla Post Office,** established in 1885, a product of the reconstruction days following the Civil War. Originally housed in a side room of Jim McMurrey's general store, the Camilla Post Office is now owned by the Heritage Society and serves as a postal museum.

**Check out the Waverly Schoolhouse.** This gift and collector's haven for vendors in Old Town Coldspring is the last vestige of the 'common school' district of Old Waverly which began in the early 1850s. The two-room school (grades 1-4 in one room, and 5-7 in the other) was built in 1921 from the finest pine lumber hauled in from Fostoria, about 18 miles from Waverly.

**Stop in at the Urbana Depot.** This historical spot was built in 1911 and moved to Shepherd in the 1950's where it was used as a weigh station for pulpwood and a watering stop for the Houston East & West Texas Railway. The San Jacinto Heritage Society rescued the building and moved it to Old Town in 1996, where it now serves the county as a railway museum.

**Wrap up the day at the Jackson General Store.** Back in the day, the General Store distributed a variety of dry goods, hardware, groceries, drugs and even liquor. It also served as a post office, shipping depot and a village center where local men could meet. Politics and religion were often discussed at the General Store, and while not a profitable venture, it was still a vital part of the community.



Coldspring's Old Town Courthouse

**After you've taken in all the sights,** you'll surely want to pick up a souvenir from one of the many Heritage Days vendors to serve as a memento of your trip. After all, it's not every day you get to experience living history!

# remember this

## EVERY VOTE COUNTS! SEND US YOUR PROXY!



Cooperatives are governed by a set of seven principles, one of which is "Democratic Member Control." What this means is, we need your vote! Each year, we rely on you, our member-owners, to actively participate and vote for those directors nominated for election at the Annual Meeting. The Sam Houston EC bylaws provide for voting by proxy, which makes it easy! When you receive your proxy card, simply check your vote, sign and mail it to the Co-op!

To encourage member participation in the voting process, Sam Houston Electric is giving away **FREE ELECTRICITY!** That's right – just sign and mail in your proxy vote to be received in time for the November 4th deadline, and you could be the lucky winner of \$1,000 credit on your electric bill! Look for your proxy card and information about director elections on the front of Texas Co-op Power's October issue.



And remember, this year's meeting has moved! The 2003 Annual Meeting of the Members will be held on Tuesday, November 11 at the **Alabama-Coushatta Indian Reservation's Multipurpose Facility (NOT at the VFW Hall)**. Conveniently located at 571 State Park Road 56 off Highway 190 about halfway between Livingston and Woodville, this brand new Multipurpose Facility/Gymnasium is big and bright, with ample seating capacity. There's plenty of accessible parking, too!

SAM HOUSTON EC  
NOW OFFERING  
**FREE**  
FINGERPRINT  
ID KITS



### **MORE THAN 800,000 CHILDREN IN AMERICA TURN UP MISSING EACH YEAR.**

Every 40 seconds a child runs away or even worse, is abducted by a family member or a stranger. To help parents protect their children, Sam Houston Electric has partnered with the National Child Identification Program to make child ID kits available to Co-op members free of charge.

#### **Pick up an ID kit at the location nearest you.**

The National Child Identification Program is the largest child identification effort ever conducted and is already protecting over 14 million children. The inkless fingerprint ID kit allows parents to take and store their child's fingerprints in their own home. Parents do not need to be fingerprint experts – fingerprints are produced using a clear, inkless solution that leaves no messy black ink or residue on fingers or clothes. The kit contains a fingerprinting pouch with nontoxic fingerprint solution, an ID card, a section for a current photograph, as well as a space for recording descriptions and measurements.



No one wants to think about losing a child. But the truth is, it could happen to you. Fingerprinting your child today will arm you with vital information to give authorities in the event you or a loved one should need to locate a child. Pick up your free ID kit from any Sam Houston EC branch office or contact a Sam Houston Electric Cooperative Member Services Representative at 1-800-458-0381 to order a kit.



# Co-OP COMMUNICATION PROGRAMS *Win* SEVEN AWARDS *in* NATIONAL COMPETITION

*At Sam Houston Electric*, we make it a priority to keep our members informed about the Cooperative and services it provides. Whether it's your monthly issue of *Texas Co-op Power* magazine, the Annual Report to Members or an educational presentation to a local civic club, Sam Houston EC is committed to staying connected with our members by communicating important Co-op news and happenings within the electric industry.

Each year, a highly respected panel of judges is recruited by the Council of Rural Electric Communicators to review hundreds of communication tools created by cooperatives across the nation. Entries are evaluated in terms of design, content and effectiveness. Upon completion of the judging process, the panel presents prestigious awards to those co-ops who they believe have done the best job of communicating effectively with their members.

This year, the panel reviewed 640 entries and presented awards at the 2003 National Rural Electric Cooperative Association's Marketing, Member Services and Communications Conference in Reno, Nevada. Sam Houston Electric Cooperative was the top winner in the large co-op category, receiving seven "Spotlight on Excellence Awards" for their work in 2002.

Keith Stapleton, Sam Houston EC's Chief Communications Officer, commented, "We place a high priority on communicating effectively with our members, so to be recognized on a national level is a real honor for us. Winning these awards is a boost for our employees, as well."

Sam Houston Electric received Awards of Excellence in six categories, including Best Advertising Program for the "storyteller" campaign. The newspaper ad series featuring Sam Houston EC members, who share their stories about exceptional customer service and benefits they receive as member-owners of the Cooperative.

The Co-op's Annual Report to Members, featuring the same individuals in the ad series, received a trio of honors: Best Annual Report, Best Special Publication and Best Computer Graphic Design. The Co-op also received Awards of Excellence in the Best Wildcard Category, recognizing the 2003 Calendar and Member Handbook, and in the Best Multimedia category, for their informative presentation about electric deregulation.

An Award of Merit was also given to the Co-op for Best Total Communications Program, recognizing their proxy return campaign, designed to encourage member-owner participation in the Co-op's democratic election process.