

1930s – Humble Beginnings

Midwest Electric Cooperative is Born

On May 11, 1935, President Franklin D. Roosevelt signed Executive Order 7037, establishing the Rural Electrification Administration, or R.E.A. In Fisher and Scurry Counties, most folks were wary of rural electrification, believing it was an unaffordable luxury that would never arrive. Members of the Hobbs School Board, led by Fisher County rancher Sterling Willingham, pursued REA loan funds to begin an electric cooperative. Aided by agriculture teacher Cleveland Littlepage, Willingham hosted two county-wide meetings to publicize the venture and ask for donations to help the cause for rural electrification. A total of \$13.11 was collected when Littlepage passed his hat.

Joe Fender, a young Fisher County attorney, worked with Littlepage toward securing a charter for the cooperative, with the understanding that he would not be paid unless the charter was granted. On September 23, 1938 in Austin, TX, Fender and Littlepage were granted the charter for Midwest Electric Cooperative, so named for its location the Midwest portion of Texas.

The first Board of Directors consisted of President Sterling Willingham of Hobbs, Vice-President Homer Aaron of Rotan, Secretary Louis Singley of Rotan, Treasurer O.O. Hollabaugh of Roby, Ernest Kiser of Sylvester, James Beavers of Camp Springs, and Julius Edwards of Rotan.

The first few months, a struggle to complete the loan application ensued. After the official incorporation in October 1938, each director was assigned an area in which he would visit the residents and try to sign them up as members, collecting a \$5.00 deposit – an amount which many families did not possess. The co-op began with 132 members and set out to build 43 miles of line in January 1939, upon receipt of \$137,000 in loan funds at 2% interest from the Rural Electrification Administration .

February 14, 1939, a building adjoining the First National Bank in Rotan was rented as the first Co-op office; until that time, the board met at Rotan City Hall. W.A. Jones was hired as Project Superintendent to oversee construction of the first lines, which began in July 1939 and was completed that same October. Once people realized rural electrification was a reality, membership numbers grew rapidly.

Stamford Electric Cooperative is Born

Adapted from Stamford Electric Cooperative, Inc.: The First Thirty-Seven Years by C.M. Lester

The “Original Five”: G.J. Smith, H.L. Osment, Hugo B. Haterius, W.H. Overton, and H.G. Andrews, Sr., began working without pay, toward the goal of bringing electricity to the rural areas around Stamford. Confronting all hindrances, the Articles of Incorporation of Stamford Electric Cooperative, Inc., were approved March 8, 1939, and the organization’s Charter was granted six days later. The first official board of directors meeting was held March 16, 1939. Board members were: Hugo B. Haterius - President, W.H. Overton – Vice President, G.J. Smith – Secretary/Treasurer, H.G. Andrews, Sr. – Attorney, and E.W. Carlson, Ed Newquist, E.E. Link, Arche Pardue, and Ted Willoughby.

The first office for the co-op was at the southeast corner of McHarg and Ferguson streets, a shared space which was offered rent-free by the Stamford Production Credit Association in the old Hardy Motor Company building, until it became feasible for the co-op to have its own office building.

In April 1939, H.L. Osment was hired as Project Superintendent for a salary of \$150.00, with car and travel expenses to not exceed \$50.00 per month. He would oversee construction of the “A Section,”

which was 136 miles of line that went north from Stamford almost halfway to Haskell, then to Paint Creek, Rockdale Community, New Hope, Swan's Chapel, just north of Anson, Hanna Community, just beyond Tuxedo, and to Sagerton. That July, Mrs. Cleo Hughes was hired as the cooperative's bookkeeper and stenographer for a salary of \$80 per month.

Also in July, the REA approved Stamford Electric Cooperative's \$158,000.00 loan application for the A Section at 2.69% interest on a 25 year term. Upon the loan approval, construction on the A Section progressed rapidly and on November 23, 1939, the line was energized. Between that date and December 31, 1939, 369 members were billed for an average of \$1.72 for an average use of 15 kWh.

In the latter months on 1939, Osment resigned and T.L. Evans was hired to take his place. Another employee, Walter P. Rogers, was hired as maintenance man for \$125.00 per month, and preparations for "B Section" were made. A half-ton Chevrolet pickup truck was purchased for \$580.00, and Miss Jean Russell was hired for \$2.00 per day. In December, the Board authorized Christmas decorations for the office... an expenditure that was not to exceed \$10.00.

Use Midwest & Stamford ec original logos, photos of each original office

1940s – Co-ops Establish Permanent Roots

Midwest Electric Cooperative

In 1940, Roby residents raised \$600.00, which was donated to the cooperative for the purchase of land for a permanent co-op office. The building was completed in 1941 and housed offices, a warehouse in the back, and an upstairs meeting room. In 1948, the co-op opened a district office in Snyder to better serve the members in that area, largely due to the oil boom of the Canyon Reef oil field in Scurry County. Until this time, the Snyder area was served by a single service truck operated by Arthur Roberts and his son, who worked from their home. For several years after that, the Snyder office consisted of two trucks and four men.

World War II brought on material shortages that drastically slowed new line construction; some service lines were built out of barbed wire. After the end of the war, construction resumed at a relentless pace until every member was served. In 1940, after the cooperative's first full year of operation, average monthly usage was 39 kWh – the average electric bill was \$3.58. Membership rose to 546. In 1945, the average usage was 65 kWh per month for an average bill of \$4.58; the co-op had 1,293 members.

In 1946, the first organized annual meeting was held at the Roby High School auditorium.

In 1949, a devastating ice storm struck, causing over \$20,000.00 in damages in just 2 days. Line repairs took over two weeks and, during this time, many members were without electric service.

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Progress continued to be made and in January 1940, the co-op was able to pay for rent and basic utilities: rent was \$20.00 per month, heat (gas) and water were \$13.00 and electricity was \$2.70. In June, Evans resigned as Superintendent and was replaced by Mr. H.L. Osment. The cooperative held its first annual meeting September 25, 1940, installing the following elected board members: Hugo B. Haterius, President; W.H. Overton, Vice President; G.J. Smith, Secretary-Treasurer; and E.W. Carlson, J.C. Harwell, E.E. Link, Ed Newquist, Arche Pardue and Ted Willoughby.

In October 1940, Stovall Construction Company received a contract for \$86,205.33 to construct "B Section" – 265 miles of new line. For \$695.00, the cooperative purchased a fully-equipped (with seat covers and a heater) Plymouth Business Coupe for the Superintendent from Prewit Motor Company.

March 1, 1941, salaries were set: Manager, \$175.00; Lineman, \$140.00; Bookkeeper, \$100.00; Assistant Lineman, \$90.00; Office Assistant, \$60.00. Board members received \$3.00 per meeting attended, and \$.05 per mile to and from the meeting at the shortest distance. Later in the year the office was moved to roomier quarters at 113 North Swenson. In November 1941, final payment for "B Section" construction was made to Stovall Construction. In May 1942, salaries were increased from \$5 - \$15 per month due to increased cost of living.

July 1942 marked the co-op's first pre-payment to the REA on loan funds and, in 1943, the co-op showed its first profit, allowing for improvements to be made to the electric system. The first automatic oil circuit reclosers were installed to assist in preventing power failures. Many power failures were due to some conductors failing; the matter was addressed with the manufacturer, who agreed to pay the

cooperative \$15,000.00 which was used to correct the faulty conductors. In July 1945, the board approved purchase of a power hole digger for \$7,500.00.

In December 1946, Riggs Sheppard, Manager of Taylor Electric Cooperative, requested to purchase some of Stamford EC's lines in southern Jones county at the original cost less depreciation, but the Stamford board rejected the offer. Additionally, the board authorized lease of the Arledge Building on West McHarg street for five years at \$130.00 per month.

Possibility of increased power costs loomed, concerning Stamford, Midwest, Taylor and Coleman Electric Cooperatives, which led to the formation of Mid-Tex Generation and Transmission Cooperative and the idea of building their own generation plant. In October 1948, Stamford EC contributed its \$1,250.00 share towards a survey to determine feasibility of such a plant. At the same meeting, the board established a contract with Southwestern Bell for joint pole use to establish a rural telephone system.

In 1949, two-way radio equipment was installed to allow for communication between the trucks in the field and the office. Noted in C.M. Lester's memoir: "A lady had just called the office to report that the power was off, and glancing out the front door, saw the lineman climbing the pole in front of the home. It had happened that the lineman as a short distance from her home when he received the call."

1950s

Midwest Electric Cooperative

In 1950, the area suffered a severe drought. Many people found it impossible to continue farming their dry-land farms, sold out, and moved to areas where water or work could be found. During the seven-year drought period, the Co-op lost many members.

Fortunately, about the same time the drought began, the Scurry County Oil Boom hit and oil wells began appearing all around Snyder. Refineries were built to process the oil, pipelines and pump stations were installed to transport oil products, and oil camps were built to house the workers and their families. Many workers moved into the homes that farmers had vacated. Water wells were also drilled to supply water necessary to oilfield operations.

Until this time, Midwest EC has purchased power from two private utility companies at several metering points along their lines. Due to the lack of electric power in the outlying areas, the co-op had to build lengthy transmission lines from metering points to substations at Fluvanna, Justiceburg, and Garza county. These lines helped stretch the reach of electricity to farms that were previously too far away to be reached.

Beyond line extensions, modern advances occurred in the office as well. In 1950, the board of directors voted to utilize accounting machines to ease the work load on office employees, who had previously done all bookkeeping by hand. Two-way radios were added to the co-op vehicles with base stations at Roby and Snyder, bringing better, faster service to the co-op's members.

As the co-op's membership grew following drought recovery, Midwest required larger office and warehouse space. In 1958, the co-op built a new, modern office on the western edge of Roby. The building was all-electric and included large office spaces, a meeting room and demonstration kitchen, and an office equipment room. The warehouse was constructed behind the office building in 1959 – both facilities still serve the Roby office location well. The brick matched the front office and housed an office for the line superintendent, crew room, photography dark room, and a room for the metering equipment. Additionally, a large, fenced pole yard and storage area were added to make room for poles and large equipment.

In 1950, the average meter registered 99 kWh of use per month for an average bill of \$5.46 and by 1955, that number had increased to an average of 166 kWh. For an average bill of \$6.88. In 1950, co-op membership had grown rapidly to include 3,171 members; by 1955 membership had only grown slightly to 3,243 members. Many farmers had moved away due to the drought, but the discovery of oil in the service territory was a welcome revenue source for the cooperative.

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By this point, matters were much more routine at the cooperative, however, a few points of progress stand out. The board of directors directed the Manager to pay all employees the prevailing wage scale of the area, not the wage scale set by the Secretary of Labor. To meet the requirements of REA, Jack K. Covington was designated as the engineer responsible for checking all work orders. In keeping with the policy of maintaining a strong financial position, the board authorized purchase of "K" Bonds in the

amount of \$100,000.00 and applied surplus general funds as a pre-payment against a loan of the cooperative. Additionally, the board saw the need for improved office space, and authorized purchase of the Humphrey building at 225 W. McHarg – the co-op's current Stamford district office – and allowed for remodeling.

Of great value to employees, a sick leave program was adopted and put into operation, and a Christmas bonus for all employees.

At the beginning of the 1950s, the co-op had about 30 oil wells connected to its lines. By the end of the decade, this number had grown to just over 1,000 and became a major revenue source, representing 60% of the co-op's revenue. By 1950, with just over 10 years of operating history, the co-op had grown to 2,867 members, 1,307 miles of line, and average use was 111 kWh. By the end of the 1950s, the co-op had 3,860 consumers and 1,763 miles of line.

1960s

Midwest Electric Cooperative

The 1960s started off on a high note – with new office and warehouse facilities – and, on December 2, 1963, the original loan for \$137,000 plus interest was paid in full. Membership numbers continued to rise, and the co-op began the decade with 3,998 members. Average monthly kWh usage for a co-op member rose, too, to 588 kWh – showing the benefit of electricity – for an average bill of \$15.47.

In 1966, Midwest joined with other electric cooperatives to sponsor the Government-in-Action Youth Tour, and began hosting annual contests to send area high school students to Washington D.C.

Over the 22 years since the co-op's birth, the cost of living had increased several times, and prices of all retail items and services had increased considerably. From 1939 to 1964, the cooperative had never increased its rates to members. The average kWh cost hit an all-time low of less than 3¢. In 1964, the co-op conducted a rate study and, after much consideration by the board of directors, a rate **decrease** was announced in January 1965. This accomplishment was not only a tribute to good management, but to members through their greater use of electricity to apply the capacity of their electric system. In 1965, the average bill rose to \$17.55 for average usage of 753 kWh per month. In 1968, another rate study was conducted due to the increased cost of electricity. More members were using electricity in all aspects of their lives; all-electric homes were being built and many existing homes were being converted to all-electric. In January 1969, another rate decrease took effect. At the end of 1969, the energy billing and record keeping systems were converted to data processing.

The last week of 1969 dealt a harsh blow to the cooperative: a severe ice storm struck the area once again, resulting in the loss of almost 300 poles and over \$75,000.00 in damages to the system in just a few days. However, the benefits of modern equipment and assistance from the cooperatives in Hereford and Eldorado, as well as from construction companies, allowed power to be restored to almost everyone within one week.

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For the year 1960, SEC sold 34,381,936 kW for a total revenue of \$675,880.41. Approximately 60% of total revenue was from oil-related services.

In August 1967, the cooperative enacted a policy that all employees would be required to retire on or before the date of their 65th birthday. In 1968, the board approved Stamford EC's participation in the Statewide Data Processing center in Austin, which was already in use by most Texas cooperatives. In September 1968, the board approved remodeling of the Manager's office, kitchen, men's restroom and the Community Room, adding furnishings, and adding more personnel.

The most memorable event to conclude the 1960s for Stamford EC was a devastating ice storm, as recalled by C.M. Lester:

The worst disaster to hit the Cooperative came in the last four days of 1969, when "the ice storm" began on a Sunday afternoon, with a light rain and plunging temperatures and glazing everything in sight. The area looked like a fairyland, but to the linemen, helpers, maintenance

men and office force, it was pure nightmare. One to two inches of rain fell over the area and the wires were weighted down with ice. Roads were icy, fields were wet and frozen and the temperature stayed bitter cold for several days. Phones at the office never stopped ringing; crews worked almost around the clock and ten other cooperatives sent crews and equipment to help us. First lines to be put back in service were the ones that would put the most people back in service and the special hardship cases, whenever we could. Most of the residences were back in service within 4 to 6 days, in comparison with the three weeks it took in the storm in 1949, although the earlier storm had only half as many broken poles. This latest storm, in the last few days of 1969 and the first part of 1970, took three hundred poles and many miles of broken line, and cost \$58,708. 14 to repair.

1970s

Midwest Electric Cooperative

Despite the increasing cost of power, the co-op and its governing board of directors have been able to postpone a rate increase, due to the increased kWh consumption of homes and oil industry power loads.

In 1970, Midwest EC, along with other co-ops across the country, reached a crisis in the need for capital for future growth. The need nationwide exceeded the Rural Electrification Administration's lending capacity. Midwest, along with 852 other U.S. cooperatives, joined forces to create the National Rural Utilities Cooperative Finance Corporation (CFC for short) as an independent, self-help institution to provide large capital funding for cooperatives. According to co-op records, it is estimated that 15% of the money borrowed by cooperatives of the nation during the first half of 1972 came from CFC. In 1972, the cooperative had borrowed \$7,150,000, of which \$3,525,375 had been repaid. The cost of line construction and maintenance equipment is very high, but valuable to minimize outages. By this point in time, a bucket truck had been purchased; it was an expensive purchase, but a valuable asset.

By 1972, Midwest EC employed 24 in the Roby office and 5 in Snyder and continued to serve 9 counties: Fisher, Scurry, Kent, Stonewall, Garza, Jones, Mitchell, Nolan & Borden. Of a total 4,804 meters, 3,045 were residential. Most of the co-op's 2,279 miles of line are in Fisher and Scurry counties. To this date, \$1,432,300 had been returned to the members in the form of Capital Credits, with more scheduled to be released this year. The amount of the refund is based on usage; for example, a man who uses \$200 worth of electricity gets twice the refund compared to a man who uses only \$100 worth of electricity.

The board of directors was comprised of 7 directors, members who were elected to serve 3-year terms of service representing the territory in which they resided. The cooperative served no incorporated towns, and the Fluvanna area represented the largest concentrated area of homes served.

Also in 1972, the Ladies Task Force was formed, consistent of cooperative managers', directors', and employees' wives, who sought to help promote rural electric cooperatives. The group would be renamed TREWA – Texas Rural Electric Women's Association – in 1979.

In 1973, the co-op paid \$21,846 in property taxes, mostly to Fisher County, Roby School, City of Roby, Rotan Water Authority and Fisher County Water Authority. Social security and sales tax expenses cost the co-op about \$11,000 in 1972. Midwest purchased 79,233,200 kWh of electricity, 70,645,000 was sold to Midwest members.

In 1979, Midwest constructed a new Snyder office facility on north College Avenue and, by this point, the Snyder crew had now grown to include 10 employees. Two additional pickups, a service bucket truck, and a digger truck were purchased to serve the Snyder area.

At the end of the year, 5,331 consumers were billed; average farm bill \$25.83 for an average usage of 722 kWh. Total billing for Dec. 1979 was \$309,260 - \$219,637 of that was oil field & commercial. For the year, 106,282,600 kWh were purchased at an average cost of 2.06¢. Overall, the cost of purchased power was up about \$50,000 from 1978; the majority of usage comes from the Dermott & Rotan areas.

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In 1970, SEC's bylaws were amended, calling for the directors to serve three-year terms instead of one-year terms. Three major changes took place at the cooperative that year: the first bucket truck was purchased, the Member Service Director position was created, and given that the system was now largely 30 years old, a maintenance and replacement program was implemented.

In 1973, the bylaws were revised and reprinted. Due to an energy shortage and uncertain economic conditions, the board elected to pass along the fuel adjustment cost to the members for the first time.

The co-op was granted a loan from the REA in the amount of \$761,000 in 1974, and purchased the plant site land at 225 W. McHarg. The exterior of the building was renovated, adding steel siding and a building front of simulated stone.

In 1975, turmoil in the electric utility industry and the increasing fuel cost for electric generation, became such an issue for SEC that margins declines substantially, even though revenue was at an all-time high. Cost of power increased by 56.8% on a purchase of 63,548 less kWh. Overall, the cost of power increased 30% from 1974, due to the increased cost of natural gas for generation, while kWh sold only increased 10%. However, SEC resumed paying Capital Credits and paid 33% of the 1961 Capital Credits due.

The co-op was re-accredited in with the National Rural Electric Safety Accreditation Program and printed its first employee Policy Manual, a project that had been in the works for several years. In October, the cooperative hosted its first Open House to celebrate Co-op Month, and distributed a brief written history of the cooperative to its members. In December, the majority of employees voted against unionization.

In December, the board voted to support the Texas Public Utilities Commission, which had only recently been established by the legislature. The co-op paid \$2,663 to support the entity, which represented 1/6 of 1% of the co-op's gross revenues. One of the PUC's first requirements was the development of system maps to identify territories, and eliminating supplication of services and allow for territorial protection. Meeting the PUC's requirements was over \$10,559, in addition to the initial financing.

At the end of 1975, SEC celebrated its 37th birthday with a few noteworthy observations:

- No increase in rates, exclusive of the fuel adjustment;
- Average member cost per kilowatt was down to 2.17¢;
- The cooperative had 27 employees, a fleet of 13 vehicles;
- Net worth was \$4,359,726.39.

In 1976, the co-op realized a substantial increase once again on fuel, and had to pass along the fuel adjustment cost, in addition to the base power cost which just covered wholesale power cost and operating expenses, which accounted for about 44% of the member's bill – making the total cost to members about 4¢ per kWh. All supplies and equipment became much more expensive: In 5 years, cost of a single phase line went from \$2,900 per mile to over \$4,000. Poles that originally cost \$25.00 each were now \$66.00.

The Stamford City Council approved a franchise in March 1977 that allowed the co-op to serve Stamford Lake residences. In August 1978, the lake, many areas around Stamford and the Brazos River in Stonewall county were ravaged by a flood that left 90-95% of the Lake Stamford cabins under water. Co-op employees worked 500 hours of regular time and over 200 hours of overtime disconnecting meters in flooded areas, and reconnecting them once waters receded. This combined with the need to hire heavy equipment to repair crossings to allow co-op vehicles access to areas where poles needed to be replaced was incredibly expensive, despite the fact that pole loss was fairly minimal. Lines crossed the Brazos River at 9 different locations, but only 3 crossings lost poles – a testament to the foresight of design and construction planning. The co-op did receive a \$10,000 grant from the Federal Disaster Assistance Administration to help offset costs of repairing flood damage to the electric system.

The co-op finished out the decade celebrating 40 years of service with 4,985 connected meters, 2,134 miles of line, 2 substation and 7 metering points. For the year, 49,689,679 kWh were purchased. Thirty-seven miles of new line were built to reach 270 new services for a cost of \$372,292. Since 1969, line construction costs had risen 400%: cost is materials, supplies, wages, and transportation expenses).

Fuel costs continued to rise drastically.

1980s

Midwest Electric Cooperative

At the beginning of 1980, revenue had dropped, construction increased considerably due to commercial load, and inflation had caused expenses to rise. Because of this, a rate increase went into effect with the January 1980 billing. In 1981, MEC began commercial meter reading. In the early 1980s, power supply became an increasingly serious problem. Midwest and other co-ops who were served by SPS (Southwestern Public Service), organized Golden Spread Electric Cooperative (GSEC) to have a more secure and stable power supply. In following years, GSEC would purchase power from SPS and distribute to GSEC member co-ops. The co-op also connected the Yancy Tap metering point, a 69KV transmission line that ran from south of Post to the Garza substation. This reduced demand on the Dermott metering point and allowed for alternate power supply capability for each of MEC's three substations.

In 1985, the Roby office was expanded, adding a data room, engineering room, three offices, and an additional set of restrooms. The following year, SCADA (Supervisory Control and Data Acquisition) was installed; the main computer was in the Snyder office and related equipment was placed at our Yancy, Garza, Justiceburg and Fluvanna substations. SCADA is a computerized in-house monitoring system that features recloser and switching capabilities.

In 1987, the cooperative transferred Data Processing to Central Area Data Processing (CADP) in St. Peters, MO, to allow for more efficient billing. The same year, engineering and system data was also entered into the computer. Midwest received the contract to serve the new Price Daniel Unit of the Texas Department of Corrections, a 1,000 bed medium-security prison east of Snyder.

1989 marked the beginning of a decline in oil load for the co-op; line construction was drastically reduced and kWh sales declined. At the end of the year, MEC went to system-wide meter reading.

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Rate of increase in the Fuel Cost Adjustment was only about 10% instead of the expected 20-30%. By the end of 1980, SEC had 370 new services and had built 37 new miles of line for a total of 3,735 services on 2200 miles of line. Most new services were oilfield; approximately 60% of the total revenue was from oilfield. For the year, 6,385,450 kWh were purchased at a cost of \$1,741,841.00. SEC concluded the year by working on a rate study to present to the Texas Public Utility Commission (PUC) to increase rates.

By the end of 1981, rates from the power supplier had raised by another 11%. Between 1948 and 1981, SEC's oil services grew to nearly 1,600. In 1982, the audit revealed that power cost was 69.4% of total expenses and rates from the power supplier increased again, this time by 2.64%. A two-year work plan was approved, and the board voted to return 1962 Capital Credits. SEC also received Safety Accreditation, which was valid for 3 years. All the requirements for the rate increase were met and the increase went into effect. Wholesale power rates continued to increase by an average of 6% each year well into the mid-1980s; coupled with the few services per mile of line, made the cost of maintaining the rural electric system very expensive.

1984, however, was a monumental year for the co-op, distributing 68,000,000 kWh of electricity for a revenue of \$5.5 million. In 1984, SEC converted to an automated billing system. By 1985, however, a

weak farm economy and reduced oil exploration caused growth to slow for the co-op. As the decade wound down, the economy was still down, kWh sales declined, and a couple of ice storms proved to be a dismal expense for the cooperative.

1990s

Midwest Electric Cooperative

In 1991, Midwest implemented an Electric Incentive Program for members to install energy efficient heating and cooling equipment and electric water heaters. MEC set the first construction meter for Granite Construction in March for the construction of Lake Alan Henry east of Justiceburg. Later in the month, a subsidiary organization – Midwest Development Corporation – was created to facilitate economic growth in the MEC service area.

1992 marked the beginning of 4 years of merger discussions between Midwest and Dickens Electric Cooperatives. In 1996, merger talks between the two were abandoned.

Midwest began transferring load from TU (Texas Utilities) in 1994 to Golden Spread Electric Cooperative (GSEC) to control costs. GSEC constructed 8.9 miles of 69KV transmission lines on using concrete poles from southeast of Post to east of our Justiceburg substation on Hwy. 84, tying into MEC's existing transmission line and eliminating TU's Dermott metering point.

In 1995, SnTx Park 1 was established, housing the Lortex Mills, a large industrial load on MEC's system. The co-op was instrumental in annexing the 313 acre park to the City of Snyder. The co-op applied for a franchise agreement with the city of Snyder, which was approved in June 1995. The board voted to invest 2.7% of the cost of building generating facilities for GSEC, up to \$4 Million. The generation & transmission cooperative would begin construction of Mustang Station, a 400 megawatt high-efficiency, gas-fueled generating station outside of Denver City, TX. Expected savings over the lifetime of the units (generators) is expected to exceed \$1 Billion for GSEC's member cooperatives.

Line loss was very high; approximately 20% of meters registered no usage on a monthly basis and were billed the minimum fee to keep an active meter.

In 1996, 5,701 meters were billed. MEC members voted to deregulate from PUC oversight on rate setting: 800 voted for deregulation, 24 voted against. The co-op progressively worked to switch load to GSEC from TU, constructing 14.4 miles of 69KV transmission feeder to the new Union substation south of Union. This line contained 116 concrete and 112 wood poles, and was necessary to eliminate two TU metering points which had expiring contracts.

In December 1997, the management and directors of Midwest and Stamford EC's met to discuss the possibility of a merger or consolidation and began conducting a feasibility study. Results of that study showed expected savings of \$3.7-\$4.4 million in savings over 11 years upon the merger. Early in 1998, Midwest began preparing their financial assets for a likely merger. In July, four community meetings were scheduled in Snyder, Roby, Rotan & Hamlin to inform members and the community about the merger. Finances for the co-op started to decline, largely due to the decrease in oil field load. Revenue and sales decreased, expenses increased. When Midwest held the vote to consider consolidation with Stamford EC, 1,046 of 2,625 ballots were returned: 991 Midwest EC consumers voted for consolidation, 55 voted against. As the year ended, Midwest EC prepared to become a new entity, united with Stamford EC under the new name of Big Country Electric Cooperative. Logos, patches, vehicle decals and letterhead were selected. Beyond the transition to the new entity, the co-op began preparing for the transition to a new millennium by adopting a Y2K compliance policy. A new computer system, CADP (Central Area Data Processing) was purchased jointly with Stamford Electric Cooperative.

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The rate increase implemented in 1988 had achieved the expected result of raising revenue by 13%. About 5,600 meters were read every month, with an average meter reading cost of \$1.01 - \$1.25 per meter.

In June 1990, a major storm struck the Hamlin and Haskell areas, causing enough damage that the two-year work plan had to be amended to include \$110,000 to cover storm-related damage costs. The co-op was making very little on each kWh sold, and covering operating expenses became difficult. As of the March 1991 annual meeting, SEC had 2,605 members. Minimum bills represented 29% of average monthly billing. Minimum bills were \$7 for residential services and \$11 for small commercial. To try and reduce line loss, as many idle services as possible were retired. A decline in revenue coupled with increases in transmission, distribution, maintenance, administrative and general expenses put a strain on the cooperative's finances. In 1992, the board implemented a limited rate increase of 5% to increase yearly revenues by nearly \$480,000, to help the co-op meet monthly operating expenses. Advisors recommended this increase would meet the co-op's needs for approximately 2 years, but advised consideration of a merger.

Also in 1992, deregulation became a major topic as sales and revenue continued to fall and expenses rose. Capital Credit payments were suspended due to small operating margins. 29% of monthly billing was no usage/minimum billing.

Conditions improved somewhat in 1993-1995. In 1993, kWh sales rebounded, increasing to levels that had not been seen since 1986. The construction work plan was completed: 15 new miles of line and 209 new services were built. A new work plan began for 1995-1995, and proved to be a beneficial expense, greatly reducing the outage time for members. SEC also refinanced REA notes with CFC, resulting in a savings in interest payments and allowing the cooperative to return \$217,939 in Capital Credits. Since the co-op's humble beginnings, over \$4 million in Capital Credits had been returned. As an additional bonus, the co-op received Capital Credits from CFC, based on the amount of business transacted with the bank.

To illustrate the effects of inflation, the co-op bought a new digger in 1995 for \$131,107; the digger it would replace was purchased in 1973 for only \$35,876. Linemen were now required to wear FR – Fire Retardant – clothing to meet OSHA requirements.

Decreased usage/sales and revenue and increasing expenses caused cash flow problems, and management worked diligently to reduce spending as much as possible while striving to maintain a functional electric system as economically as possible. The co-op faced financial hardships while working to remain competitive & innovative in a rapidly changing industry. Retail wheeling and opening the electric industry to competition, were hot topics. In 1997, the membership voted to deregulate from PUC rate-making purposes.

In December 1997, management and directors of SEC and Midwest Electric Cooperative met to discuss the feasibility of a merger or consolidation. Many aspects were to be considered, but all officials for both cooperatives sought to advise that which was mutually beneficial for members of both cooperatives.

In 1998, the consolidation with Midwest EC became an imminent reality, and the co-op's began working closely together, informing their membership so they could make an informed decision. December 31, 1998 marked the metamorphosis of Stamford and Midwest Electric Cooperatives into a new, unified, stronger entity, and on January 1, 1999, Big Country Electric Cooperative was born.

January 1, 1999 - Today

Big Country Electric Cooperative

January 4, 1999, the board of directors of Big Country Electric Cooperative met to ratify the consolidation agreement and articles of consolidation as well as adopt the corporate logo and seal. The original BCEC board consisted of sixteen directors, 7 from Midwest EC and 9 from Stamford EC. All assets from the two separate entities were transferred to BCEC and membership fee was set at \$25.00 On January 19, 1999, the Texas PUC (Public Utilities Commission) approved the consolidation of MEC & SEC into BCEC.

An annual meeting was not held until April 29, 2000, so that the new cooperative had a full year of data to report on. At that meeting, the first step in a 4-year process of reducing the Board of Directors to 9 members from 19 occurred. For the past several years, retail competition was a prevalent issue among many cooperatives and in September 2000, the BCEC board voted not to opt into retail competition, as did most other Texas cooperatives. In May 2001, BCEC's economic development department was eliminated. February 2002 BCEC entered into a material purchasing alliance with three other cooperatives to achieve more competitive pricing on supplies: Concho Valley (San Angelo), Coleman County (Coleman), and Southwest Texas (Eldorado). By the end of 2002, margins were up from 2001.

Early in 2003, discussions of large-scale wind energy generation (Wind farms) intensified. By the latter portion of Spring, 2 wind energy projects were proposed in BCEC service territory. kWh sales continued to rise, increasing revenue for the cooperative. Summer of 2003, the co-op was hit by several storms which wreaked much havoc on the system. 142 outages affected 6,403 members. Of these outages, 94 were lightning-related, and a total of 96 poles were replaced.

2003 and 2004 brought much growth around Lake Alan Henry, which kept co-op workers very busy.

Investing in generation capabilities of Golden Spread Electric Cooperative proved to be greatly beneficial for all its member cooperatives: In the first 3 months of 2004, GSEC Mustang Station had a net margin of \$6.2 million, compared to a TOTAL net margin of \$7 million for 2003. Such margins represent a wonderful return-on-investment for the membership, as the margins are invested in future generation development and/or returned to member cooperatives in the form of Capital Credits. Big Country's TIER Rating (status of financial strength) was ranked at #205 out of 820, placing the cooperative in the top 25% of the nation.

A 2007 cost of service study revealed the need for a rate increase of 6.42%, and to raise the facility (minimum service) charge to \$18.50 per meter.

2008 was a busy, revolutionary year for the cooperative:

- A three-way partnership was formed between BCEC, Western Texas College (WTC) and Development Corporation of Snyder (DCOS) to begin the Electrical Lineman Technical Program. This accomplished many goals, specifically training a new generation to replace retiring lineman nationwide.

- Planning began to construct a new Snyder district office. The office on north College Avenue was no longer enough space to accommodate the needs of an office to serve the area. The new space would not only allow for greater office space, but a large, fully-functional warehouse facility and pole yard and transformer docks on site, making access to materials much more convenient for the linemen.
- Planning and pilot testing for the Advanced Meter Infrastructure (AMI) meter installation begin. These meters, commonly known as Smart Meters, will make identifying and responding to outages a much more speedy and efficient process, and allow for remote disconnects, decreasing expenses for the co-op and its members. Installation will be conducted in phases over three years, concluding at the end of 2012. All existing meters will be changed out and, following completion of the project, all new installations will have the AMI meters.

2009 and 2010 brought many new developments for the co-op:

- Donated a used service bucket truck to WTC for use in the lineman training program and, later, a digger derrick.
- Adopted resolution to build transmission & substation facilities at Lake Alan Henry for City of Lubbock.
- Began a program to conduct a GPS inventory of our system to utilize full functionality of our mapping software, supporting better system identification and lowering outage response time.
- Secured Smart Grid grant in partnership with several other cooperatives through GSEC, which will reimburse the co-op for a substantial portion of the expense of the AMI metering project.
- GSEC announced plans to buy 18 Wartsila 9.3 megawatt quick start generators to provide speedy backup generation for when wind energy contribution to the grid declines. These generators can provide full output in under 10 minutes and are located at Antelope Station, just outside of Abernathy. Outside of San Aneglo GSEC secured underground natural gas storage to fuel the Wartsila generators, and named the facility the Fort Concho gas storage facility. GSEC also dedicated the Panhandle Wind Ranch, a 78.2 MW Wind Ranch at Wildorado, TX, comprised of 34 Siemens SWT 2.3 – 101 Wind Turbines.
- An Arc Flash Study advised that all outside employees must wear FR (Fire Retardant) pants & shirts system-wide to meet OSHA requirements.
- Began installing secondary lightning arrestors on meters.

2011 will be forever engrained in the memories of co-op employees, members, and all other residents for the Big Country for its devastating wildfires. BCEC alone sustained well over \$1 Million in damages to its facilities – poles, transformers, wire, etc. Approximately 500 poles had to be replaced; almost 300,000 acres were charred. Thousands of hours of overtime were devoted into disconnects due to the imminent threat of fire, reconnects, reconstruction over a period of over 6 months. Rebuilding of services and reconnection had to be prioritized given the magnitude of the devastation, and contractor crews were brought in to assist. Considering cleanup efforts, work due to the 2011 wildfires continued through spring 2012 – well over one year. 10 affected services in 8 of 12 counties within BCEC's service

territory: Fisher, Scurry, Haskell, Jones, Garza, Kent, Shackelford and Stonewall. BCEC spent months working under the operations of our Emergency Work Plan, which proved to be a successful guide to operating under the most extreme circumstances. Work began almost instantly to secure reimbursement from FEMA, the Federal Emergency Management Agency. During the rebuilding and reconstruction process that followed the devastation and complete destruction cause by the wildfires, the GPS mapping system proved to be an invaluable asset: Locations of obliterated facilities could be determined using the system.

Other noteworthy accomplishments of 2011, although later overshadowed by the wildfires, were:

- Partnership with DCOS to bring a second industrial park, rail spur, and manufacturing businesses to Snyder, adding jobs and enriching the local economy;
- February 2011 brought several unfortunate rolling blackouts statewide, due to generation failures and increased demand placed on the electric grid by extreme frigid temperatures. The effects of the rolling blackouts were not widespread in amongst BCEC members. Most of the load that had to be temporarily curtailed was oilfield; only a few residential customers were affected for a limited period of time. BCEC launched a series of announcements on local radio stations pleading with members to curb electric consumption as much as possible during this time. Thanks to the vigilant efforts of BCEC members and electric consumers statewide, the blackouts were limited and short-lived.

2012 saw the completion of the AMI metering project, the benefits of which were almost immediately realized by co-op employees. Of particular convenience, when members call to inquire about high bills and high usage, usage reporting is accurate almost instantaneously between the meter and the co-op, allowing us to target specific dates and times of day that usage is highest. Also, a signal is received in the co-op when a meter fails to “report in” – signifying an outage.

As of April 2013, it’s business as usual at your cooperative. This year, we will celebrate our roots and embody an innovative version of the same vision our forefathers had 75 years ago: we are committed to providing our member-owners with reliable service at a competitive cost while positively impacting our local communities. To the pioneers who made our 75th anniversary possible today, Thank You. We are proud of our heritage and strive to make the future as rich as the past.