



Bill Rimes

Where we are now *WFEC Executive Vice President and CEO Bill Rimes reports*

The electric industry is complex and highly regulated and is in the midst of a fundamental change that will result in a totally restructured industry. Like it or not, competition will occur and will probably become the norm in both the electric generation and distribution markets, such as ours. Competition is underway around the nation; 24 states have enacted laws and regulations that allow competition. California has been the first to restructure its retail electric market, resulting in power problems, electricity shortfalls and much higher utility bills, especially for small businesses, farmers and residential users. Some southern California consumers saw bills double and even triple, forcing regulators to approve rebates. Parts of New England and New York experienced similar problems.

In response to the trend of competition in the electric industry, Governor Jeb Bush established the *Florida Energy 2020 Study Commission* in July 2000 to determine Florida's energy needs over the next 20 years and how to best supply these needs. Based on its findings, the Study Commission will recommend energy policies for the state and must issue its final report to the governor by Dec. 1, 2001. Considered a low-cost provider of electricity when compared to those states that have deregulated, Florida probably will be one of the last states to deregulate, and it could take years. It is our hope that we take a "wait and see" approach to deregulation and learn from the mistakes of the other states. True competition is a powerful force that usually is best for all concerned, except when dealing with an essential service, a necessity of life, like electricity.

With this in mind, the days of old, when a utility company such as West Florida Electric Cooperative simply raised rates as expenses increased, are long gone. How WFEC participates in this coming restructured industry will determine its likelihood of future success. Over the past few years, your company and its employees have embarked on a course to reduce expenses to make us more competitive in the years ahead. Keep in mind that your company was formed over 60 years ago because other utility companies found little profit potential in serving the rural farming community with two or three customers to the mile of line. WFEC still basically remains a rural cooperative, primarily residential with only five to six customers to the mile. The profit is in serving big business and residential customers with a density of more than 50 customers to the mile. That will not change in the future, especially as our nation's generation resources continue to

**October
2000 CLF**



**New and
improved**
WFEC 2000
annual meeting
breaks tradition

Spring fling?
Co-op's board
proposes April
annual meeting

Trustee talk
Meet Ben Floyd
of District 3

**Reader's
Recipe**
Grape Salsa

Consumer Ads

Main Menu

dwindle. Our electric generation source is Alabama Electric Cooperative, or AEC, in Andalusia, Ala., owned by 21 members whose service territory encompasses 39 southern Alabama counties and ten northwest Florida counties. Their generation capacities of over 1,000 megawatts, with an additional 500 under construction and more on the horizon, is contractually committed to its 21 member-owners, such as WFEC. This means that, in a restructured industry, your generation source remains secure and committed to you and cannot be sold for a profit to the highest bidder. This is extremely important to our member-owners, since demand for electricity is growing in excess of 5 percent annually for the first time in history. This is being driven largely by the spread of information technology and telecommunications, which currently consumes about 16 percent of U.S. electricity and is growing.

In our efforts to provide **safe, reliable** electricity and related services at the **lowest possible cost**, your board has directed that we consider all options to make us more competitive and member-oriented. The following are some noteworthy actions taken:

Reduced full-time employees by 30 percent, from 113 full-time employees to the current 88 employees, while growing the system more than 10 percent. This has substantially increased productivity and reduced payroll by approximately \$876,000 annually.

- Established ten new bill payment stations for customer convenience.
- Held rates steady for the last seven years.
- Met customer demands for satellite TV, Internet and other related services.
- Slashed workers' compensation claims; WFEC's claims in 1997 were the worst in Florida, but we have experienced no claims since April 1999, the fewest of any cooperative in Florida. This has substantially reduced our insurance premiums and lost time for employees and returned over \$76,000 in dividends this year.
- Through economic development efforts, helped create over 2,000 jobs in our area, bringing in McLane Distribution, Sykes Corporation, Graceville Work Camp, Juvenile Justice and the Bonifay Piggly Wiggly.
- Avoided borrowing funds from U.S. Department of Agriculture Rural Utilities Service the second year in a row.
- Reduced the three-year workplan from \$10.9 to \$8.1 million, creating a \$2.8 million reduction in long-term debt.

As you will recall, the theme of last year's annual meeting was a tribute to all military veterans, especially the WWII veterans, whom have been acknowledged as the "Greatest Generation" any society has ever produced. Over 3,600 attendees listened to Congressman Allen Boyd, a fellow Viet Nam veteran who proudly wears the Combat Infantry Badge, as he honored over 125 WWII veterans from our area. You, the member-owners, also voted overwhelmingly for a mail ballot. This year will be your first opportunity to exercise that voting privilege under these new procedures, which are very

similar to the way our IBEW union votes for its officials. An independent certified public accounting firm will send the ballot to you in mid-October, and you must return it by Nov. 1. This CPA firm will announce the results at the 2000 annual meeting, which will be held in Graceville, Fla., Saturday, Nov. 11, 2000. We will hold this year's meeting on the campus of The Baptist College of Florida and will go all out to make it special . . . great gospel entertainment, door prizes, good food, new facilities and easier parking, especially for our elderly and disabled. The guest speakers will be our host, Dr. Tom Kinchen, President of the Baptist College of Florida, and the Honorable Allen Boyd, Congressman District 2.

Please vote your mail ballot and attend this special 2000 Annual Meeting. We look forward to seeing you Veteran's Day, Nov. 11, 2000, in Graceville.



WFEC 2000 annual meeting “new and improved”
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Trustee talk: Meet District 3’s Ben Floyd
Consumer ads • Reader’s Recipe • Main Menu