

2012

Government in Action

Youth Tour Contest

A Contest for 11th grade students
who attend school or reside in the Southwest Rural Electric Service Region

Oklahoma Schools

Altus, Blair, Davidson, Frederick, Navajo, Snyder, Tipton

Texas Schools

Chillicothe, Crowell, Electra, Harrold, Northside, Vernon



Your Touchstone Energy® Partner



A Special Invitation

to 11th grade students in the following school districts:

ALTUS, BLAIR, CHILLICOTHE, CROWELL, DAVIDSON, ELECTRA, FREDERICK, HARROLD,
NORTHSIDE, NAVAJO, SNYDER, TIPTON, AND VERNON

SWRE Government in Action Youth Tour Contest

In you are an 11th grade student who is attending one of the schools listed above or who resides in the SWRE service area, you are invited to enter the 2012 Government in Action Youth Tour Contest.

First prize is an all-expense-paid trip to Washington, D.C.

The Youth Tour is an annual week-long event in June during which more than 1,000 young people from throughout the nation convene in Washington, D.C.

The Youth Tour was inspired by then-Senator Lyndon Johnson as he addressed a national electric cooperative convention in 1957. "If

one thing goes out of this meeting," Johnson said, he hoped it would be "sending youngsters to the national capital where they can see what the flag stands for and represents."

Beginning that year, Texas electric cooperatives sent young people to Washington to learn more about government in action. In 1964 electric co-ops from other states also began sending young people to Washington at the same time.

Today, students from all across the nation take part in the annual Youth Tour.

During the trip students follow itineraries which may include a day

on Capitol Hill observing the House and Senate in session, visits to members of Congress, a boat cruise on the Potomac, tours to monuments, and visits to the White House, Arlington Cemetery, and the Smithsonian.

It is a trip of a lifetime, and **every-thing you need to enter the contest is in this packet!**

One student from Texas and one from Oklahoma will be chosen as SWRE winners.

Finalists will receive cash prizes.

Plan NOW to enter!

Deadline for submitting your 500-750 word essay is February 15, 2012.

Southwest Rural Electric is a Cooperative

Why is SWRE called a "Cooperative?"

Because it is owned by its customers. The people it serves are both consumers and owners... "members." To become a member, one pays a small membership deposit... an investment in their own electric system.

Chances are you rely on cooperative free enterprises every day. For example, most newspapers and broadcast organizations are members of the world's largest cooperative organization – Associated Press. AP was formed to help local news affiliates report on state, national, and world events at the lowest cost. Local media outlets cannot afford to maintain individual correspondents everywhere news is made. Through AP, news gatherers work together cooperatively,

exchanging information and sharing in the expense of reporting the news.

Electric cooperatives work the same way. Delivering electricity to sparsely populated regions is expensive. The only way to provide power at affordable rates in these areas is through non-profit cooperatives similar to AP. Each is a local customer-owned electric provider with members sharing in the expense. Electric cooperatives provide one of life's necessities.

Cooperatives exist to provide for your every need. Few people realize just how common cooperative free enterprise is. Sending flowers? FTD is a cooperative. Hungry? Land O' Lakes, Ocean Spray and thousands of other companies are

cooperatives. Then there are cooperative insurance companies like Mutual of Omaha and Blue Cross Blue Shield, credit unions and food and produce cooperatives.

Wherever the toughest jobs are, you'll find cooperatives.

Where are SWRE's electric lines located?

More than 2,800 miles of lines cover some 6,000 square miles in an eleven-county region of Texoma. SWRE has a main office in Tipton, Oklahoma, and maintenance warehouses in Electra and Vernon, Texas.

SWRE also maintains and operates the city-owned electric system in the city of Electra, Texas.

Why was SWRE organized as an electric cooperative?

In the 1930s rural areas did not have central station electric service. Families in the country could not interest investor owned utilities (IOUs) or municipal utilities (munis) in serving rural areas because there weren't enough people living there to make a profit. So, families joined together and started their own electric company – an electric cooperative called Southwest Rural Electric Association.

Since then, SWRE's job has continued and grown. The co-op still meets the needs of homes and farms, but today SWRE also serves industries, businesses, and more.

Is electric cooperative service just for farmers and ranchers?

No. While SWRE will always have deep roots in agriculture, members today include commercial businesses, industries, schools, oil fields, sports and recreational facilities.

Industries choose the professional service of SWRE. Home builders like the SWRE member programs. Many one-time rural families, now annexed into city limits, still enjoy SWRE membership.

How does SWRE operate?

Each member is a part-owner of SWRE. That means that each is in the "driver's seat." Each has a say. Members select a trustee to represent them. Trustees are members, not employees. They are the members' voice in setting the SWRE policy. They select a chief executive officer who is responsible for hiring and supervising employees.

Every year in August SWRE members hold an annual meeting to brief members and to conduct the co-op's business. It is a time when members may speak up and share views about SWRE and how the cooperative is doing.

What's the difference between an electric cooperative and any other kind of business?

Electric cooperatives are private, not-for-profit corporations owned by their members. There are three main differences between electric cooperatives like SWRE and other types of businesses.

First: SWRE has only one interest – to give the best possible service at the lowest possible cost.

Second: Each member has one vote in business matters, no matter how big or small his monthly bill. Each member can vote who

he or she chooses to represent them as a trustee. This means that SWRE allows local control.

Third: SWRE is a not-for-profit organization. Any money left over after the cost of operation is allocated each year to the members and periodically refunded.

This is different than Investor Owned Utilities (IOUs). In IOUs, investors are the only ones who share in the profits.

It is also different than City-Owned Municipal Utilities (Munis). Munis often use electric revenue to subsidize other city services.

In co-op systems like SWRE, each member has a share. Money that is left over after all operating costs have been paid is called the "margin." Each member's share of the margin is called "capital credits" and is determined by how much electricity is used. The more used, the bigger the share. SWRE members not only get quality service – they have a share.

Does SWRE pay taxes?

SWRE *does* pay thousands of dollars in taxes each year. SWRE does not pay income tax because an electric cooperative is a not-for-profit business, but it does pay vehicle taxes, withholding taxes, fees, and franchise taxes where legally applicable.

In Texas, SWRE pays taxes to local schools based on the line miles in each district. In Oklahoma, electric cooperatives pay a 2% gross receipts tax at both the wholesale and retail level, which provides over \$13.5 million in funding to school districts. Ninety-five percent of this money goes directly to districts where electric cooperatives have lines.

How does SWRE receive funding?

At one time, SWRE borrowed money directly from the Rural Electrification Administration (REA), an agency of the U.S. Department of Agriculture. In 1994 the REA was merged with other agencies and became the Rural Utility Service (RUS). RUS is SWRE's banker – nothing more. RUS does not own SWRE or make policy. SWRE members, through the trustees they select, determine policy.

Loans must be, and always have been, paid back on time and with interest. Today, RUS only guarantees new loans. Money comes from a revolving fund and from the National Rural Utilities Cooperative Finance Corporation (CFC), a cooperative-owned bank. This means the cost to the government of supporting rural electric cooperatives like

SWRE is very low. At one time, RUS made loans at low, fixed-interest rates. Today the RUS interest rate is pegged to the municipal bond rate.

Are SWRE electric rates cheaper?

SWRE rates are set so that money paid for electricity just covers operating costs. That includes emergencies like tornado, ice, or other storm damage, upgrading the system as it gets older, and paying back loans with interest. SWRE must build and maintain expensive lines through areas with very few consumers, while investor-owned utilities and municipal utilities serve heavily populated areas. In addition, SWRE provides service to all meters in its service area – not just the profitable ones.

For these reasons, an electric cooperative sometimes must have higher rates than some utilities. The stated rate is not the only element of cost, though. For example, a business with lower rates but high numbers of outages may lose more revenue during down time than they save on their rates.

Having the lowest rate is not the only objective. Area electric service, local control, and quality, dependable service over sparsely populated areas at the lowest possible cost are SWRE's top concerns.

One measure of the difference in cost between types of electric providers is "plant investment per consumer." The higher the cost per consumer, the more costly miles of line and equipment must be installed and maintained for fewer people. Here are some figures for the state of Oklahoma:

Plant Investment Per Consumer	
SWRE.....	\$2,460
IOUs	\$1,490
Municipal Systems.....	\$1,314

What is the source of SWRE's electricity?

Western Farmers Electric Cooperative (WFEC) is a generation and transmission cooperative that serves approximately two-thirds of the state of Oklahoma and portions of Texas, Kansas, and New Mexico. SWRE, 22 other electric cooperatives, and Altus Air Force Base are owners of this massive cooperative. Each member has one representative on the WFEC board.

SWRE was a founding member of WFEC on February 28, 1941, and purchases all of its power from WFEC, which began generating in 1950. WFEC has generating facilities in Anadarko, Woodward, Mooreland, and

SWRE: A brief history

Seventy-five years ago there was no electricity where SWRE members live. Kerosene lanterns, ice boxes and wood stoves were a way of life. Only about 4 percent of families in rural America had electricity.

Today, dependable and economical electricity has enabled the countryside to come alive with economic development and a higher standard of living for rural residents. No longer do they have to carry water and wood and do all the work by hand like their grandparents did.

How did this change in lifestyle begin? After all, electric power had been having a profound effect on life in America's cities for nearly a half-century before the advent of the REA (now RUS). Metropolitan areas began to get electricity shortly after Thomas Edison built the first central station electric system in lower Manhattan in 1882. While electrifying rural areas may have been technically possible from that time, most investor owned utilities felt it was not economical.

Businessmen involved in bringing light and power to the cities could not foresee any profits being made in serving sparsely populated areas of the countryside. Private, investor-owned power companies gradually extended service, but did so only on main roads leading out of the cities. Even then,

"About SWRE" *continued from page 3*

Hugo, Oklahoma.

WFEC also has contracts to purchase power from three Oklahoma wind farms, including the Blue Canyon Wind Farm north of Lawton.

Is SWRE a member of any other organizations?

SWRE is a member of the **Oklahoma Association of Electric Cooperatives** (OAEC), an organization that provides support and training to Oklahoma electric cooperatives. SWRE is also an active member of the **Texas Electric Cooperatives** (TEC).

The **National Rural Electric Cooperative Association** (NRECA) is the nationwide organization dedicated to supporting electric cooperatives by providing training and assistance.

farmers who happened to live adjacent to main highways were required to pay the full costs of connecting their homes.

As early as 1923, some efforts were made to find how electricity could be used to make rural areas more productive. Many agencies studied the problem, but most gave up on the idea, claiming that "there are very few farms requiring electricity for major farm operations that are not now served." This statement would come back to haunt the IOUs when electric cooperatives proved that power *could* come to rural America!

The first official action of the federal government pointing the way to the present rural electrification program came with the passage of the Tennessee Valley Authority Act in May 1933. This act authorized the TVA board to construct transmission lines to serve "farms and small villages with electricity at reasonable rates," and to give preference in the sale of surplus power to "cooperative organizations of citizens or farmers." On June 1, 1934, the first electric cooperative was established.

President Franklin D. Roosevelt was a catalyst in the rural electric movement. Shocked to learn he was paying nearly 18 cents per kilowatt hour for electricity at his Warm Springs, Georgia summer cottage, Roosevelt authorized a study of the electric power industry and the plight of rural areas. On April 8, 1935, Roosevelt signed the Emergency Relief Appropriation Act, a measure including rural electrification as one of eight categories of projects eligible for funds.

On May 11, 1935, the President signed Executive Order No. 7037 to create the Rural Electrification Administration, and appointed Morris L. Cook as REA's first administrator. REA's first loans were approved on July 22, 1935, and went to borrowers in Georgia, Indiana, and Tennessee.

In 1936, Senator George W. Norris of Nebraska and Representative Sam Rayburn of Texas introduced bills to continue REA for ten years as a lending agency.

In 1936, local leaders were riding the dirt roads of Texoma to sign up people for electricity. SWRE was chartered by the State of Oklahoma on December 8, 1937.

Building power lines was an overwhelming job that required people working together for the good of all. Many

worked together to accomplish a goal that was too difficult for a few to accomplish individually.

The first energizing of SWRE's distribution lines was affected at the Altus Municipal Power Plant on December 13, 1938, at 2:39 p.m. At that time, Altus Mayor Bert Holt pulled the switch releasing energy from the plant to SWRE's Altus substation. Current was then released at 2:52 p.m., energizing the first 26 miles of SWRE line. In 1940, SWRE crossed the Red River and began serving members in Texas.

The succeeding years have seen the building of more electric power lines. Electrical appliances have changed home life from drudgery to convenience. Drop cord lights were wired first, followed by electric irons, radios, stoves, refrigerators, and eventually, televisions. Rural America would never be the same. SWRE and its sister electric cooperatives had arrived!

The original 1937 SWRE headquarters were located in a storefront building in downtown Tipton. In 1942 the current SWRE building was constructed at its present site, 700 North Broadway in Tipton.

The first SWRE general manager was **Tom Moran**, a leader in the development of SWRE, WFEC and OAEC. Moran held the double distinction of being selected as the first president of WFEC and OAEC.

SWRE's current chief executive officer, Mike Hagy, assumed the position in 2006 and is the seventh man to hold the job. Prior to his service as CEO, Hagy served for 11 years as an credentialed member of the SWRE Board of Trustees.

As the co-op's CEO, Hagy works to expand SWRE's range of operations while focusing on the cooperative's constant goal of safety, service, and satisfaction.

Loyal and experienced employees are the key to SWRE's success. They work in all types of weather, day and night, seven days a week, to make sure that SWRE members have electricity at the flick of a switch.

The current employees, staff, board and management of SWRE, like those who came before them, are dedicated to service.

They realize that success is not measured in miles of electric lines or kilowatt hours sold, but rather in the members' satisfaction with their cooperative and the service that it provides.

2012 Youth Tour Contest Rules

The SWRE Government in Action Youth Tour Contest is open to any high school junior (11th grader) who attends school or resides in the SWRE service area. It is NOT a requirement for the student to be the son or daughter of an SWRE member. All essays that are submitted in the contest become the property of SWRE and will not be returned.

How to Enter

Write an original essay on the topic below. Essays should reflect individual thought and ideas.

NOTE: An essay is here defined as a "short composition on a single subject which presents the writer's views on that subject in the form of a thesis and support for that thesis."

Essay Topic and Due Date

TOPIC: "Power of Electricity in our Society"

Imagine that the national power grid suddenly failed, forcing our nation to live without electricity for one month. How would our society and our lives be altered during that time?

DUE DATE: *Essays must be received in SWRE's Tipton office no later than **February 15, 2012.***

Essay and Format

The essay must be original, of **500 to 750 words**.

Preferred format is type-written, double-spaced, and on only one side of 8.5" x 11" plain white paper. Essays will also be accepted, however, if they are neatly written in black or blue ink.

NO NAME may appear on the body of the essay but must be included on an attached cover sheet (back page of this booklet) along with the other information indicated.

Preliminary Judging

An independent judge will select finalists - half from Texas schools and half from Oklahoma schools.

Preliminary Judging Criteria

Command of Subject	40%
<i>[Demonstrated understanding of the material presented, relevance of information, direct treatment of the subject. A full listing of all services or programs offered by SWRE is neither required nor requested.]</i>	
Thesis and Support	25%
<i>[Recognizable thesis idea, solid support for viewpoint]</i>	
Style and Creativity	20%
<i>[Originality of approach, appealing presentation]</i>	
Grammar, Punctuation and Spelling	15%

Final Judging

The finalists will compete in the contest finals. Finalists will be notified of their selection and the time and location of the finals. The finals will consist of two parts: speech and questions.

Finals Speech

At the finals, each contestant will be asked to present his or her essay as a very brief extemporaneous speech. (Extemporaneous speaking is here defined as a "speech neither read nor memorized, but presented with few notes in the manner of an after-dinner speech.") A panel of judges will rate each speaker. While no speaker will be disqualified because of time, each speaker will be given three to five minutes.

Final Judging Criteria

Poise of Presentation	25%
Speaking Ability	50%
Appearance	10%
Following Contest Rules.....	15%
[Staying within the time limit, speaking extemporaneously]	

Finals Questions

Following the speech, the judges will ask each contestant two interview questions taken directly from the reference material that is provided in this registration packet. Criteria will be correctness of response and personal composure.

Breakdown of Final Judging

Speech	70%
Questions	30%

The judges will then select the top score from each district (state) as the winners. In the case of a tie, the judges will select the winner.

Prizes Awarded

The top score in each state (one from Texas and one from Oklahoma) will receive an all-expense paid trip to Washington, D.C. as part of the national Rural Electric Youth Tour. Trip dates and details will be provided.

Each participating finalist will each receive a \$250 cash prize.

Southwest Rural Electric Association

700 North Broadway -- P.O. Box 310
Tipton, Oklahoma 73570
1-800-256-7973 (toll free) / 580-667-5281 (local)



Your Touchstone Energy® Partner



2012 Youth Tour Contest

Official Entry Form

Use this form as your essay's cover sheet.

Essay must be received by SWRE by end of business day on Wednesday, February 15, 2012

I hereby request to enter the SWRE Government in Action Youth Tour Contest. I am in the 11th grade and am attending school or reside within the SWRE service area. I am not the child or grandchild of any SWRE employee, retired SWRE employee, SWRE trustee, or retired SWRE trustee. I agree to abide by all rules of the contest and by the decisions rendered by the judges at all levels of the competition.

Name _____

Address / City / Zip _____

Phone _____ E-mail _____

Parents' Names _____

Teacher's Name _____

School _____

Date _____

Signature _____

**Use this form as an essay cover sheet.
Return form with essay to**

Southwest Rural Electric Association
Youth Tour Contest
P.O. Box 310 – 700 North Broadway
Tipton, Oklahoma 73570-0310

<p>For Office Use Only:</p> <p>Contestant Number _____</p>
--

