



2007-2008

GOVERNMENT IN ACTION

YOUTH TOUR CONTEST

A Contest for 11th grade students
who attend school 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 schools:

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

SWRE Government in Action Youth Tour Contest

If you are an 11th grade student who is attending one of the schools listed above, you are invited to enter the 2007-2008 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 1,000 juniors 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. Over the next few years the idea spread over the country, and in 1964 electric co-ops began sending young people to Washington at the same time. Today, some 1,000 juniors 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 National Cemetery, the Smithsonian, and much more.

It is a trip of a lifetime, and ***everything 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 to enter NOW!

Deadline for submitting your 500-750 word essay is February 27, 2008.

Contests can bring prizes and cash for 11th and 8th grade students

SWRE Contests Promote Student Growth

Southwest Rural Electric cares about young people and their development as good citizens.

That is why SWRE sponsors two youth contests each year that are designed to nurture academic achievement, writing ability and creativity, while also promoting leadership and citizenship.

The SWRE Government in Action Youth Tour Contest for 11th grade students rewards one Oklahoma student and one Texas student with trips to Washington, D.C.

The other contest, for 8th graders, is a Youth Energy Essay Contest which awards trips to the annual Youth Energy Camp at Western Oklahoma's spectacular Red Rock Canyon for one Texas youth and one Oklahoma youth.

Finalists in both contests earn cash awards.

The member-owners of Southwest Rural Electric Association encourage young people to take part in one of the great youth programs. SWRE is an electric cooperative owned by and serving the people of Texoma since

1937. Its main office is located at 700 North Broadway, Tipton, Oklahoma. The office is open weekdays from 8:00 a.m. until 5:00 p.m. The SWRE phone number is 1-800-256-7973. Interested young people are encouraged to call SWRE for answers to any questions about either of the youth contests.

If you are an 8th or 11th grader who attends school in the SWRE service area, considering entering today!

It will be fun and your rewards may be great!

Questions and Answers about SWRE

Why is SWRE called a “Cooperative?”

Because it is owned by those who are served by it. You are both a consumer and an owner... a “member.” To become one, you pay a small membership deposit... an investment in your 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 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 your 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.

Chances are that you enjoy several good cooperatives every day. 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 Texhoma. SWRE has a

main office in Tipton 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 is SWRE called 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. We still meet the needs of homes and farms, but today SWRE also serves industries, businesses, and more. To each, SWRE brings the same dedicated service that brought it into being.

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 – anyone who wants to enjoy a “rural” lifestyle. 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 is SWRE organized and operated?

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 SWRE members hold an annual meeting. It is a time to 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, nonprofit 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 nonprofit organization. Any money left over after the cost of operation is allocated each year to the members and periodically refunded. In IOUs, investors are the only ones to share in the profits. Munis often use electric revenue to subsidize other city services.

That means that each member has a share. We call any money left over after all operating costs have been paid 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.

Other businesses pay taxes. Why not SWRE?

SWRE does pay thousands of dollars in taxes each year. SWRE does not pay income tax because an electric cooperative is a nonprofit 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 its 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 RECs 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 electric rates cheaper for people served by a cooperative like SWRE?

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 our service area – not just the profitable ones.

For these reasons, an electric cooperative sometimes must have higher rates than some utilities. But the stated rate is not the only element of cost. 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 and Kansas. SWRE, 18 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 Hugo, Oklahoma.

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.

How does SWRE stay in touch with members?

Each member receives a copy of *SWRE News*, the association's monthly newsletter. It contains valuable information on billing, energy efficiency, member service programs, and important announcements. SWRE often provides information to area news media. In addition, members can also find current news and information about SWRE on the World Wide Web at www.swre.com.

Do electric cooperatives get government subsidies?

An independent study by Nobel Laureate Lawrence R. Klein, University of Pennsylvania, reports all electric providers receive federal subsidies of one type or another. Investor owned utilities like PSO, WTU and TU receive the lion's share: \$5 billion in 1992, or \$60 per customer via tax credits. Municipal utilities, like the cities of Altus and Frederick, receive a subsidy of \$90 per customer due to tax-exempt bonds. The electric cooperative interest rate subsidy level was only \$33 per customer. What's more, that electric cooperative subsidy, unlike IOU subsidies, is dropping.

A 1995 study by the nonpartisan Congressional Budget Office (CBO) pointed out that government help for electric cooperatives has plunged in the past 10 years. The CBO says that RUS loan funding dropped in half between 1984 and 1995.

This disparity between electric cooperative subsidy levels and the levels enjoyed by the IOUs and Munis is especially marked when one looks at the types of service each provides. Electric cooperatives serve the most rural areas of Texhoma, with the fewest meters per mile of line.

Customers Per Mile of Line

SWRE	2.48
IOUs	26.28
Municipals	69.16

SWRE: A brief cooperative history

Seventy 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 light up 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, 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 Texhoma to sign up people for electricity. SWRE was chartered by the State of Oklahoma on December 8, 1937. The first board of trustees consisted of five men: W.S. Laing, S.H. Bell, Jr., J.H. Wiseman, George Gant, and H.N. Seymour. The five-member board was soon expanded to nine members.

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 Texas consumers.

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 SWRE building was constructed at its present site, 700 North Broadway in Tipton. The building is still used by the cooperative.

The first SWRE general manager selected 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.

In 1942, **Clark T. McWhorter** became the second general manager of SWRE. He was one of the original incorporators. He took an active role in the organization of NRECA, serving as NRECA president from 1949 to 1951. Following his resignation as general manager, McWhorter was selected as an SWRE trustee, serving for many years.

In June of 1948, **J.M. Maddox** became the third SWRE general manager. He held that position for 25 years until 1973. During his long tenure, he served on numerous state, regional and national boards and committees, including the presidency of OAEC.

B.R. Green assumed duties as fourth general manager of SWRE in May 1973. Green had been with SWRE since 1956. At the time of his retirement in 1987, Green had worked in the REC field for 35 years. Among the offices he held was the presidency of OAEC for 1984 and 1985.

Ray Beavers became SWRE chief executive officer in 1987. Under his leadership SWRE became active in

regional economic development and active member service, marketing programs, and other changes that were aimed at maximizing productivity and minimizing cost. In 1999 Beavers left SWRE to serve as CEO of a larger electric cooperative in Texas.

Pat McAlister took over the reins of SWRE in March 2000. McAlister, a native of the Mangum area, came to SWRE from a co-op CEO position in Texas, bringing 36 years of cooperative experience. He retired as SWRE CEO in January 2006.

Mike R. Hagy assumed responsibilities as CEO of SWRE in January 2006. Hagy had served for 16 years as superintendent of Frederick Public Schools, and for 11 years as a credentialed member of the SWRE Board of Trustees. As SWRE 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 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.



Your Touchstone Energy® Partner



Southwest Rural Electric

**SAFETY, SERVICE, SATISFACTION...
ONE MEMBER AT A TIME.**

Complete information about the Youth Tour Essay Contest for 11th grade students and the Energy Camp Essay Contest for 8th grade students is available online at www.swre.com.

SWRE Member Service Programs

Members and non-members alike can put SWRE to work improving the quality of their lives. Below is a partial listing of the many services that are provided by the cooperative and its subsidiary.

Cooperative Power Plus Visa Credit Card

This card offers reasonable interest, VISA convenience, and money back on energy bills paid with the card. The card is available to members and non-members through SWRE.

Coop Connections Discounts

SWRE members receive discounts from participating area and national businesses.

Home and Farm Wiring

This service is available to members and non-members through *SWRE Services, Inc.*, a subsidiary of the cooperative. SWRE's licensed electrician can perform a variety of needed electrical services for the home, farm or business.

SWRE Communications

Information is provided to SWRE members through the monthly newsletter *SWRE News*, at the cooperative's web site www.swre.com, through e-mail notifications (for members who sign up for that service), and through press releases to area news media.

Easy Payment Options

Members who qualify can smooth out seasonal billing highs and lows with Average Monthly Payment so that they can count on the same bill monthly. Members can also avoid writing and mailing checks by signing up for bank draft payments, or they can pay their bills online at www.swre.com.

Payments may be mailed to SWRE at P.O. Box 310, 700 N. Broadway in Tipton or placed in a payment drop at the office.

Utility payments can also be made at numerous bank locations throughout the SWRE service area.

Electric Grills and Smokers

Members and non-members can enjoy outdoor grilling and smoking of food the safe, convenient, clean electric way with a grill or smoker. Numerous electric grills and smokers are available for purchase from the cooperative.

Water Heater Rebates and Sales

SWRE offers electric water heaters for members to purchase and install on SWRE lines. Cash rebates can lower purchase costs.

Heating / Air Conditioning Installation and Rebates

SWRE works to help members get the most from heating/cooling dollars. *SWRE Services, Inc.* can repair or install HVAC equipment for members or non-members. Cash rebates are available for new, high-efficiency electric heat pumps served on SWRE lines.

Home Surge Suppression Systems

SWRE Services, Inc., can help protect valuable electrical appliances and equipment from lightning and other surges. Both equipment and installation are available.

Home Energy Audits

There is no need to wonder if a home has enough insulation, weather stripping, or other energy-saving measures. A free Home Energy Audit is just a phone call away.

Electrical Safety Programs

SWRE has a program aimed at teaching electrical safety to our youngest Texhomans. The "Safety Smart" Coloring Book Program uses a teaching system involving classroom instruction and a special coloring book to instruct young people about using electricity safely.

2007-2008 Youth Tour Contest Rules

The SWRE Government in Action Youth Tour Contest is open to any high school junior (11th grader) who attends school in the SWRE service area. It is NOT a requirement for the student to be the son or daughter of an SWRE member. Entry books are made available at each area high school, or interested students may call SWRE to have one mailed to them. All essays that are submitted in the contest become the property of SWRE and will not be returned.

How to Enter

Carefully read this booklet. Write an original essay on the topic below. *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 then offers support."*

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.

Essay Topic and Due Date

TOPIC: ***PAST, PRESENT, FUTURE:
From my great-grandparents to me,
how has electricity changed our
lives? What promises does electricity
hold for future generations?***

DUE DATE: *Essays must be received in SWRE's Tipton office no later than February 27, 2008.*

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%
<i>[Staying within the time limit, speaking extemporaneously]</i>	

Finals Questions

Following the speech, the judges will ask each contestant two interview questions taken directly from the reference material that is provided in registration packets. 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 as the winners. In the case of a tie, the judges will select the winner.

Prizes Awarded

The top score in each district (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. The other finalists will each receive \$100 cash prizes.

Southwest Rural Electric Association

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



2007-2008 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 27, 2008

I hereby request to enter the SWRE Government in Action Youth Tour Contest. I am in the 11th grade and am attending school 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' Full Names _____

Teacher's Full 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

For Office Use Only:

Contestant Number _____