

currents

summer 2008

G R A N D R I V E R D A M A U T H O R I T Y



Moving GRDA towards a brighter future...

Protecting the reality of low-cost power

The *Tulsa World* headline contained just four words -- "GRDA's Financial Picture Brightens" -- however those four words represented four years of working hard, making difficult decisions and reaffirming relationships for our organization.

Those words represented dedicated and professional leadership on the part of the GRDA Board of Directors. They also represented concentrated efforts by GRDA Management and employees to make this organization what it always had the potential to be: a low-cost, reliable electricity supplier, powerful economic development engine and secure asset benefiting thousands of Oklahomans.

As GRDA Chief Executive Officer, I am proud of the recent success we've had. For example, according to the findings of a recent audit, net assets increased more than \$182 million in a three-year period while net revenues also increased dramatically over the same period. Along the way, GRDA also received credit rating outlook improvements from the major rating agencies. It all culminated in a credit rating upgrade from "BBB+" to "A-" by Standard and Poor's in October 2007.

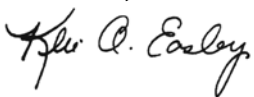
As I've already said, these successes were often built on difficult decisions. Electric rate increases in '04 and '06, along with lake fee increases, helped to shore up the shaky financial footing GRDA was on prior to '04. Though met with mixed reactions from the public, most of these fees and rates were raised for the first time in decades. It's never easy or popular to implement increases, but that makes it no less necessary.

Even after these increases, GRDA remains the state's low-cost electrical supplier, resting on a firm financial foundation that helps to insure our power is available to customers for decades to come. Meanwhile, improved credit ratings means we can keep insurance and interest rates lower when it does come time to reinvest in our assets. And keeping those costs down translates into greater rate stability for customers.

Customers depend on that stability. And, in part because a profit margin has never been part of our rate structure, GRDA can offer its customers a "no surprises" rate. Because of that, delivering the lowest-cost electricity possible is always a reality for GRDA.

Four years ago, we went to work to protect that reality. Not just for today, but for the future. I believe we've been successful thus far. And I appreciate the vision and determination of our board, the cooperation and honest dialogue from our customers, and the hard work and dedicated efforts of our employees. Together, we have all created a brighter future for GRDA.

Thank you,



Kevin A. Easley
Chief Executive Officer
Grand River Dam Authority

**Cover: Summertime
on GRDA's Grand and
Hudson Lakes.**

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The GRDA Lake Patrol ...

Promoting a safe summer

Promoting lake safety, enforcing lake rules, responding to emergencies and... handing out t-shirts?

Those are just a few of the duties that keep the Grand River Dam Authority Lake Patrol very busy during boating season. With summer 2008 now in full swing, GRDA's Grand and Hudson lakes are once again among the most popular destinations in Oklahoma.

After all, with a combined 70,000 surface acres of water for skiing, swimming, fishing, sailing or just floating, the GRDA lakes region always attracts a summertime crowd. In the midst of all that activity, the GRDA Lake Patrol is on the job, to help insure that every trip to the lake is a safe one.

Considering that annually there are nearly 700 deaths related to boating accidents nationwide, the importance of boater safety cannot be overstated. According to the latest statistics from the United States Coast Guard, two-thirds of all boating accident victims drowned. Of those, 90 percent were not wearing a life jacket.

The Lake Patrol is always reminding boaters those numbers could be reduced by simply buckling on a life jacket and following lake rules and regulations.

"We encourage everyone to wear their life jackets and pay attention on the water," said Kenny Baker, GRDA Director of Law Enforcement. "Pay attention to other boaters."

All summer long, Baker said lake patrolmen will be "catching" boaters doing the safe thing -- wearing their life jackets. It's all part of the patrol's annual "I got caught wearing my life jacket" safety campaign.

"The slogan has always been 'it won't work if you don't wear it,'" said Baker. "And it's true. You can't underestimate the importance of your life jacket. Those who are wearing their life jackets and making sure their children are wearing their life jackets are really setting an example of safe boating for everyone else on the water."

Baker said the patrol is also keeping the public aware of the Kyle Williams Boating Safety Education Act. This law prohibits children between the ages of 12 and up to 16 years of age, without a valid driver's license, from operating any vessel powered by a motor of more than 10 horsepower or a sailing vessel 16 feet or longer without first completing a state approved boater safety course. The patrol has been offering those courses free of charge.

"We believe our lakes are a great place for boating, skiing, fishing or just enjoying the water," said Baker, "but we want everyone who visits our lakes this summer to have a safe and enjoyable time. So please, use common sense and follow the boating rules."

For more information on GRDA lake rules, visit the lake safety link on www.grda.com, or contact the GRDA Lake Patrol at (918) 782-9594.



Averaging 10 years of service each, the team patrolling GRDA lakes includes (from left) Director of Law Enforcement Kenny Baker; Assistant Lake Patrol Chief/Compliance Officer Charlie Floyd; David Edwards; Derrick Bidleman; Shawn Allred; Chris Carlson; Jason Littlefield; Steve Henry, Bruce Smith and GRDA Patrol Pilot Bob Billingsley. During the summer months, a group of seasonal patrolmen are also utilized.

Northeast Oklahoma Electric Cooperative: Electrification through cooperation

For over seven decades, economic development, quality of life and reliable, low-cost electricity in Northeast Oklahoma have rested firmly on the shoulders of organizations like Northeast Oklahoma Electric Cooperative (NEOEC). A long-time customer and partner of the Grand River Dam Authority, NEOEC is also headquartered in Vinita and has been a part of the Oklahoma power landscape since the late 1930s.

By then, electricity had already revolutionized urban America. However, most rural areas remained in the dark. With only ten percent of rural families able to make use of electricity, the gap between the cities and the farms was a large one. Things would soon happen though that would close that gap in Oklahoma.



NEOEC Headquarters, Vinita, Okla.

Electrification of rural areas

“Electricity is a modern necessity of life and ought to be found in every village, every home and every farm in every part of the United States,” said President Franklin D. Roosevelt as he addressed the federal government’s solution to help bridge that gap—the Rural Electrification Administration (REA).

The REA was enabled by an executive order to “initiate, formulate, administer and supervise” a program that would bring “electric energy” to rural areas across the country. The Rural Electrification Act of 1936 promised equality for those who lived in the country.

In small towns all across America, meetings were held by REA officials to discuss the possibility of electrification. In four counties in Northeast Oklahoma, 14 local individuals, with a strong belief in the area’s potential, pooled together \$5,000 and applied for incorporation with the REA. As a result, on September 19, 1938, Northeast Oklahoma Electric Cooperative was born.

Establishing a membership

The first order of business for the new cooperative was to recruit membership. That meant going through the countryside and convincing residents that it would be worth the \$5 membership fee to bring electricity to their homes and farms. Granted, some were skeptical about the imagined risks and supposed benefits of electric power. However, the fee – which was hard to come by during the Great Depression – actually bought a share in the cooperative.

Building a system

Soon after the membership drive, early day linemen began clearing the rugged landscape the hard way – with handsaws and axes. Little by little, brush and timber gave way to right-of-way for poles and electric lines; a sure sign of good things to come. REA crews and electricians soon followed this effort by wiring homes and barns so that coopera-

tive members could begin utilizing the new convenience that was being transmitted to their doorstep. A standard installation in a house consisted of a 60-amp/250-volt fuse panel with a 60-range circuit, a 20-amp kitchen circuit and at least two 15-amp lighting circuits.

All of a sudden, backbreaking labors could be lightened; chores that took all day could now be completed much faster with less effort. And it was the power of electricity, humming along the NEOEC lines, which made it all possible.

Thanks to World War II, NEOEC's plans to purchase electricity generated by GRDA at the new Pensacola Dam were put on hold. By virtue of the Federal Power Act, Uncle Sam took control of the dam and other power resources around the country during the war years. Throughout WWII, the hydroelectricity generated by GRDA at the state's first hydroelectric facility powered the manufacturing of explosives and munitions for United States armed forces.

However, Pensacola Dam went back into GRDA hands on August 31, 1946 and once again, power was available to meet the needs of GRDA customers in the area, including NEOEC. Ever since, the two organizations have helped spur growth and economic development across Northeast Oklahoma.

"In the 20 years I've been on the board, the cooperative has grown substantially, going from 80 employees to approximately 200, and we've sort of grown up with GRDA, right here in the fastest-growing area of the state," said NEOEC

Board of Trustees President Bill Kimbrell (who also serves as president of the Oklahoma Association of Electric Cooperatives).

By bringing electricity to rural Northeast Oklahoma, NEOEC transformed the lives of cooperative members. After WWII, there was an effort to educate members about the ways electricity could boost productivity and

improve quality of life. NEOEC "Power Use Advisors" taught members basic electrical wiring and proper safety measures. Meanwhile, various home demonstration clubs showed the advantages of modern electric appliances. The result? Both membership and kilowatt usage increased.

Today, NEOEC has not strayed from those early day efforts to enhance the quality of life of its members by providing low-cost power and other services that so many now depend on.



"Oklahoma's electric cooperatives have a strong history and proven track record of economic development and quality of life improvements all across the state," said GRDA Chief Executive Officer Kevin Easley. "That is certainly true for NEOEC. Thousands of Oklahomans benefit from their efforts everyday, and its a great benefit for GRDA to have such a partner for progress."

That "progress" has always been defined by power, added Kimbrell.

"I don't think most people realize just how important electricity is until it's gone," he said. "However, we've always had reliable service, personal contact and continue to be locally governed. We exist to supply dependable electricity."

NEOEC Programs for youth

Away from the power lines and meters, NEOEC is involved in other programs that are at the very center of "cooperative" ideals. Among those are programs designed to prepare the next generation for success, by supporting education initiatives that benefit not only the children of cooperative members but all students. Programs like "Third Graders Go To Work", involvement in area science fairs, county fairs within its service area, and job shadowing days are a few ways NEOEC helps prepare and educate tomorrow's workforce.



Early day NEOEC crews built the electric lines that brought power to thousands of rural residents.

continued on next page

The cooperative is also part of the annual REC Youth Tour program. This is an essay contest available to high school juniors. The winning essay writers receive a week long, all-expense paid trip to Washington, D.C. NEOEC also awards four \$1,000 scholarships to graduating seniors each year.

“The youth of today are our cooperative’s future members and employees,” said Amy Claborn, NEOEC Youth programs Coordinator. “They are valuable to us. We feel that exposing them at an early age to

A member of the Operation Round-Up Trust Foundation Board since the program’s inception, Baker said “The people involved in this program, right down to the members themselves, understand that our mission is to help the cooperative meet needs.”



President Bill Kimbrell
NEOEC Board of Trustees

Other Services Offered

NEOEC continues improving and expanding services to benefit the membership. For the last 20 years, Northeast Rural Services (NRS), a subsidiary of the cooperative, has been delivering new technology to the service area. Two distinct businesses operate under the NRS heading: one is a full service, contract right-of-way division while RECtec offers technology and communication services.

The objective of the subsidiary from the outset has been to introduce products and services that address needs within the cooperative’s service area,” explained NEOEC General Manager Robert Echenrode. “Northeast Rural Services has been very successful in doing just that. Our technology services group RECtec, provides advanced telecommunication, data and computer

solutions. RECtec can handle all aspects of business technology, be they two-way radio solutions, fiber optic cable installations and management, and computer networks. RECtec designs, builds, maintains and manages computer networks and data communications solutions and services including ultra high-speed internet services up to 100 Mbits and higher.”

NRS’ right-of-way services are now being utilized by other cooperatives and utilities in Oklahoma, Arkansas and Missouri.

“The right-of-way division provides full-service, vegetation management solutions for all types of right-of-ways. Utilities, railroads, and even the pipeline industry have come to appreciate this group’s ability to reclaim, maintain and, in many cases, manage their right-of-way programs- tailoring them to fit customer specific needs,” said Echenrode.



Gerald “Buck” Gay is a member of the NEOEC Board of Trustees and represents electric cooperatives on the GRDA Board of Directors.



Providing power for economic growth and development has always been NEOEC’s mission.

cooperative values will keep them interested in rural electrification as they mature into the leaders of tomorrow.”

Good Corporate Citizen

Further illustrating the cooperative spirit is NEOEC’s “Operation Round Up” program, established in 1998. The program’s success can be attributed to the generosity of members and their continued willingness to lend a helping hand. To participate, a member simply rounds up their electric bill to the nearest dollar. That “rounded up” balance then goes into a fund which is distributed to schools, emergency departments and other deserving groups. To date, the program has invested over \$1.4 million back into the communities within NEOEC’s service area.

“We’ve been able to help a lot of people here in northeast Oklahoma- people who probably wouldn’t have received help otherwise,” said O.D. Baker.

The Future

Whatever the future holds for NEOEC one thing is certain: it will continue to base its operations on the cooperative ideals and goals that it was founded on so many years ago.

In partnership with other “home-grown” organizations like GRDA, NEOEC will be there, providing the power and supporting the membership and service area that it helped to build. The two North-east Oklahoma partners have a long history of working together to improve the lives of customers and the economy of the entire region. At the center of that relationship? Once again, its cooperation.

“Sitting down at the table and talking things out is just the cooperative way, and NEOEC has always been able to do that with GRDA,” said Kimbrell. “It’s been a good partnership, dating all the way back to the 1940s.”



GRDA Assistant Hydro Superintendent Herman Werkman shows NEOEC Board Trustees Matt Starcevic and Jim Wade a diagram of hydro electric turbine generators during a NEOEC tour of the GRDA Salina Pumped Storage Project.

GRDA Electrician heads back to Iraq

The Grand River Dam Authority’s Leddy Brown, a 8-year veteran of the GRDA Coal Fired Complex, is preparing for his second deployment to Iraq.

He joined the Army Reserve in 2003 and was sent to Kuwait and Southern Iraq as a Chaplain’s Assistant in October 2004. He returned home from that deployment in December 2005. This time around, Brown goes to Iraq as a combat engineer with the 341st Engineer Company.

While his duties will be completely different, his prior experience has prepared him for the conditions he will be facing.

“This time I know what I need to do to keep myself going,” he said. “I know it’s hot over there and I need to drink plenty of water and eat properly.”

Brown, a Powerhouse Maintenance Technician at the CFC, joined the Reserve after 9-11. Feeling like this was something he needed to do; Brown said he prayed a lot about the decision. The assurance he received, coupled with the slow-coming, but sure support of his wife, Kama, led him to believe he was doing the right thing.



GRDA Electrician Leddy Brown is now serving as a combat engineer in Iraq.

“He is an amazing man, wonderful husband and as the kids say ‘the best daddy ever,’” said Kama.

However, his assurance over doing the right thing does not always ease the difficulties of being separated from his family “That’s the hardest part,” he said.

This year the couple will celebrate their 10th anniversary apart but he believes a lot of positives can come out of the separation.

“We actually get closer, because what we have is pure communication,” he said. “But with the kids, there’s really nothing positive about that.”

Working for GRDA has also allowed him to fulfill his obligations to his country without having to worry about employment when he returns home.

“I’ve got to say that GRDA is an awesome company, especially for service guys,” said Brown. “I have talked to a lot of soldiers and not every company is as supportive as GRDA; it’s the best job, especially for someone in the military.”

The GRDA Team salutes its coworker and joins his family in hoping for a safe and speedy return.



The Pensacola Dam crew includes (from left) Keith Condray, Bryon Williams, Doug Thach, David Minson, Dale Estep, Craig Landrum and (kneeling from left) Eddie Gibe, Brett Harrison and Mike Lile.

GRDA's Pensacola Dam ...

A link to yesterday, power for today

“So, what’s it like to work each day inside one of Oklahoma’s most historic facilities?”

If you were to pose that question to the Grand River Dam Authority employees who are part of the crew at Pensacola Dam, they may tell you it’s “business as usual.”

After all, the dam, which joined the National Register of Historic Places in 2003, remains a vital, working asset in GRDA’s overall hydroelectricity generation portfolio.

Constructed between 1938 and 1940, the dam was Oklahoma’s first hydroelectric facility and a product of the “Art Deco” era. With its multiple-arch and its “they don’t build them like that anymore” features throughout the powerhouse, the facility made quite an impression on those who first nominated it for inclusion on the Register.

“The multi-arch design was certainly the most significant factor,” said Glen Vaughn-Roberson in 2003. A representative of the Oklahoma Historic Society’s Historic Preservation Office, Vaughn-Roberson helped oversee the process to get Pensacola on the Register. “Also, that dam has played such a major role in the economic development of Northeast Oklahoma.”



Opening and closing floodgates on the dam is one of the duties of the Pensacola crew.

The dam is still playing that role today. While most of the state is aware Pensacola Dam created the 46,500 surface acre reservoir known as Grand Lake (known to be the state's premier water playground) it is also home to six hydroelectric turbine generators that have produced power for Oklahoma for nearly seven decades. In fact, because those turbine generators underwent major rehabilitation work in the late 1990s, they are among the newest and most efficient in Oklahoma today. In other

words, the first facility to produce hydroelectricity in the state, in 1940, continues to do so today, more efficiently than ever before.

The Crew

However, it takes more than just new components and solid design to produce much needed power for GRDA. It also takes experienced personnel. Maintenance employees stationed at the facility have an average of 15 years experience, which means they are well acquainted with the generators, the environment and the "historic" features of their workplace.

A crew of six mechanics and one electrician work in the powerhouse, insuring that operational aspects of the dam exist in harmony with the historical aspects. Each year, the crew takes one of the turbine generators out of service for a complete tune up.

"We have six units and we disassemble one each year," explained Pensacola Maintenance Superintendent Craig Landrum. "We inspect it for problems, and make any necessary adjustments and repairs."

During the summer months, even as tour groups are passing through the powerhouse on a daily basis (free tours are given Memorial Day – Labor Day), Landrum and his crew are at work, keeping history alive, so to speak.

Daily maintenance includes a plant check; where the crew inspects the powerhouse for anything that looks, smells, feels or even sounds out of place.

"The difference in the sound just jumps out at you," said Landrum, about the hum of the generators. As a 30-year GRDA veteran, he has been in the powerhouse long enough to know when a clicking, grinding or screeching noise is normal or not. Like the members of his crew, Landrum relies on his ears, in concert with his mechanic skills.

Yet, even as they look, listen, repair and maintain the equipment inside the historic powerhouse, the Pensacola Dam maintenance crew still understands the significance of their workplace; not only to GRDA, but really, to all of Oklahoma.

"When you tell someone where you work, most of them know where the dam is," said Mike Lile, who has been a member of the dam's maintenance crew for 20 years. "Most people love to talk about the dam and powerhouse."

Landrum echoed those sentiments, adding that every day on the job at Pensacola is also like a trip back in time. "I am continually reminded of the magnitude of design and construction tasks performed by men with the equipment available 70 years ago," said Landrum. "We take great pride in being a part of GRDA working at Pensacola Dam."

The Visitors

Because of the tours offered each summer, thousands of people are getting the opportunity to see what the Pensacola Maintenance Crew sees everyday. And as GRDA Summer Tour Guide Forrest Graham --- who has been giving those tours for five years now – will tell you, there is plenty to see, inside and outside the powerhouse.

"Just seeing the fish in the river below the powerhouse is worth the price of admission which, by the way, is free," joked Graham. "So if you are not satisfied, we'll give you your money back."

Along with Graham, the 2008 summer guide staff includes Pat Hopper, Jamie Weeks, Lori Layer and Casey Harrison. Together, they expect to guide thousands of visitors through the living history created by GRDA's founding fathers nearly seven decades ago.

According to Graham the phrase "I have lived here all my life and have crossed this old dam many times and had absolutely no idea" is common on the tours. Beginning at the visitors center (adjacent to the GRDA Lake Patrol Office) the tours include a video history of the dam before moving on to a eye-opening walk across the turbine floor

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Sullivan wears many hats

Bob Sullivan's official title is Assistant General Manager of Regulatory Compliance for the Grand River Dam Authority. However, he's a man who has worn many hats over the years, both in his professional life, his service to his country and his community involvement. He is an attorney, pilot, JAG (Judge Advocate General) officer for the Oklahoma National Guard, civic leader, and of course, a longtime fixture at GRDA, having been employed by the Authority since 1976. Through the years, he has helped guide GRDA as it has grown and expanded from a small hydroelectric producer to a major energy supplier for the entire region.

But Sullivan's story began long before his GRDA days.

The Pilot

Growing up in Seminole, Oklahoma, Bob was introduced to airplanes by his father, Robert. The elder Sullivan piloted a B17 Bomber at the close of WWII. After the war ended, Robert obtained his civilian license and young Bob flew with him on business trips. During his teen years, Bob worked at a gas station with his grandfather. As fate would have it, the station was located near the airport. One afternoon, while on delivery, he stopped by the hangar and asked if he could possibly get a ride on a plane. That ride unexpectedly turned into his first 30 minutes of flight training.

"The instructor took me out to a J3 Cub and showed me how to pre-flight it," recalled Sullivan. "You had to spin the prop to start it; I held the brakes while he started it."

After a quick walk-through of the mag switches, brakes and throttle, the eager teenager (who couldn't believe his luck) sat behind the instructor. Within minutes the pair took to the sky. Not long after becoming airborne, the instructor turned the controls over to Bob and he flew the craft, executing newly learned climbs, dives and shallow "S" turns. After shooting two landings, he taxied in and shut it down. Exhilarated by the experience, Bob knew he would fly always.

When the instructor disappeared into his office, Bob followed and found him writing in his flight log, he had entered his latest student's first 30 minutes of dual instruction. He soloed at 17, flying the J3 Cub.

Bob continued to fly for many years, owning a 1946 Aeronca Champion and a 1966 Cessna 172. He even took part in the Bi-centennial fly-in at Oshkosh, Wisconsin in his Aeronca.

The Guardsman

After graduating from Seminole High in 1966, Bob enrolled at Oklahoma State University, declaring a Political Science major and Psychology minor. In 1970, after his senior year of college, he joined the Wewoka Unit of the Oklahoma National Guard, a decision

that would impact his life for more than 30 years. His enlisted career peaked as an E6 Staff Sergeant; he retired in 2005 as a Lieutenant Colonel.

"Serving as an enlisted man, coming up through the ranks, gives a person a perspective that an officer needs to interact with enlisted soldiers," he said.

The Attorney

During his early years in the Guard, Bob enrolled in the University of Tulsa's School of Law. As a former member of his high school's competitive debate team, it was a natural fit. Working his way through law school, he took a job with a judge at the Tulsa County Courthouse, first as a clerk and then as a bailiff. Once he received his intern license, he went to work for the Tulsa County District Attorney, staying there four years. The experience was educational as well as enjoyable, but he knew his future would be in corporate law rather than criminal law.



Bob served in the Oklahoma National Guard for over 30 years.

The Jag

He continued to serve in the National Guard but by now had received a commission as a Judge Advocate General (JAG) officer. Governor Frank Keating appointed him as State Judge Advocate in 1997. Putting the needs of the soldier first put him in at odds more than once with commanders.

“The JAG section always put the soldier ahead of the commanders. That did not make us popular with the commanders,” said Sullivan, who attends annual retiree weekends at Camp Gruber. “Very few commanders attend; it is mostly the soldiers that we helped through the years, lots of stories, lots of good times.”

Sullivan’s knowledge and experience proved beneficial during both Gulf Wars. His section worked very hard to ensure that all legal issues the soldier’s had or may have were taken care of before they were deployed.

“We made sure all the issues such as kids, pets, and cars were addressed beforehand so as to put the soldier in a position to worry less,” he said

The GRDA Fixture

It was during a weekend of training at Fort Sill, in 1976, that Bob first heard about a position with the Grand River Dam Authority.

“Governor Boren’s Chief of Staff, who was our Battalion Commander, came up to me on the firing range and said, ‘come to Vinita and meet with the general manager about the general counsel position,’” he said.

The challenge the position would offer was exciting for the young attorney who was looking for something different. At that time, GRDA was in precarious financial condition. Seeking to turn the situation around, GRDA management was looking for people who could help get the agency on solid footing.

After speaking to friends who were attorneys in Vinita, Bob took the job. He sold his home in Tulsa, and along with King, his Irish Setter, he moved into an almost-vacant mobile home at Arrowhead on Grand Lake. It was “almost vacant” because, as Bob



Bob talks to area 4-H students about Grand Lake. Speaking to groups like this has always been part of the job for the GRDA veteran.

soon discovered, a four-inch tarantula was already calling it home and didn’t seem interested in relocating.

“I caught it and brought it to the office. It went on to become a Vinita town spider,” he laughed.

Settling into his new job and new community was not difficult for the good humored attorney. He hadn’t been in Vinita long when he ran into Liz, a home town girl that he had met while working in Tulsa. The two began dating and were married in 1979. The couple celebrated 29 years of marriage on May 5, along with their children Robert, 23 and Kate, 21.

“We have been fortunate to raise our family on [Grand Lake’s] Duck Creek,” said Sullivan

The Civic Leader

Fortunately for the community, that tarantula wasn’t Bob’s only contribution to his new hometown. He became active in civic affairs, holding offices in the Lion’s Club, Grand Lake Association Board, South Grand Chamber Board, and the Armory Board at the Whitaker Military Complex.

He was named Grand Laker of the Year in 1995, received the Ray Duffy Personal Service Award from Municipal Electric Systems of Oklahoma (MESO) in 2001, and the President’s award from the South Grand Lake Chamber in 2006. The Department of the Army honored him with the Legion of Merit Award in 2007

His time spent as a boy scout would also be put to use when he was asked to help with the Home of Hope Troop’s summer camp at Camp Cherokee. He was originally scheduled to spend just a couple of nights with the group, but the experience renewed his interest in scouting and he became more involved.

Bob, the son of a Scout Master, would go on to serve as Scout Master for two years and Assistant Scout Master for 10 years.



Bob is currently one of 16 GRDA employees with 30 plus years of service.

His involvement in the organization grew; he has served on the Cherokee Area Council for 15 years, received the BSA President's Award in 1999. In 2001, he was awarded the Silver Beaver. He is also a Vigil Member of the Washita Lodge Order of the Arrow and a Washita Lodge Medicine Man.

His son, Robert carried on the family tradition. He became an Eagle Scout while a student at Vinita High School. The younger Sullivan also held the key position of Chief of Washita Lodge of the Order of the Arrow for two consecutive years.

"Being the son of a Scout Master is like being a preacher's kid," said Sullivan about Robert, who is now a commercial insurance underwriter. Meanwhile, daughter Kate is an OSU student and member of the university's polo team.

The Professional Accomplishments

Bob approached his work with the same level of commitment and determination, he was eager to be part of the solution. Prior to his arrival at GRDA, the Authority had been outsourcing work to outside lawyers. As he was able, Bob began taking on that work, which saved GRDA, and thus its customers, a lot of money in those early years of his career.

However, the first order of business was to sell bonds to finance the acquisition of a transmission fleet. While in that process it was discovered GRDA couldn't issue \$8.8 million in parity bonds.

"We had to sell \$7.7 million in parity, and \$1.1 million as a subordinated lien issue. In the process, we wrote a brand new bond resolution. That year GRDA adopted its first budget, we developed it in-house," Bob recalled.

As GRDA continued to grow, Public Service of Oklahoma (PSO) made an important decision that would also affect GRDA's future. Up until that time, PSO had been GRDA's base load power provider and dispatcher. However, in 1975, they gave GRDA notice that they would no longer be responsible for GRDA's load growth. If GRDA

was going to continue to be a viable electricity supplier for the region, it needed a new power source. As it turned out, GRDA would prove to be up to the challenge. Soon after, an engineering firm conducted a power study and determined that a coal fired plant should be part of GRDA's future plans.

"We went to the legislature, a bill was passed amending GRDA's enabling act to allow thermal generation. We did it with one bond issue, \$421 million. It was the largest revenue bond ever issued for that size of a project," he said.

GRDA prudently purchased four train sets (to deliver coal to the soon to be power plant) before they were even needed and leased them out until the plant was ready. The trains generated revenue during the construction of Unit 1.

Through the years, Sullivan said he has witnessed GRDA grow to become a leader in public power.

"I have seen the conversion of GRDA from a political football to a Generation and Transmission utility, run like a business and accountable to people that pay bills. The addition of Redbud gives GRDA an independence and reliability," he said. "This is how I envisioned GRDA."

Risk management and regulatory compliance has taken much of his time for the past several years. Both of the new FERC licenses for Pensacola and Markham Ferry (Robert S. Kerr) dams include articles that address operating and environmental requirements that are a result of new statutes.

"GRDA is responsible for gathering data, doing studies, and reporting it to resource agencies at the state and federal level. An outside consulting engineer is required by FERC regulations. Interaction with that firm on annual, five-year and current issues has been my assignment since 1988," he said.

The Rewarding Career

Looking back on his careers Sullivan acknowledges that it has been both challenging and rewarding, with plenty of diverse tasks and opportunities along the way.

"It has been fun to build things. Not many people get to build two coal fired plants, change the generator configuration at the Pump-back, and totally upgrade all six units at Pensacola," he said. "Not to mention the construction of two GRDA 345 kV lines and countless substations. But the best thing is the people you work with and meet outside the organization."

Certainly the many hats he has worn over the years have allowed him the chance to meet many of those folks.



continued from page 9

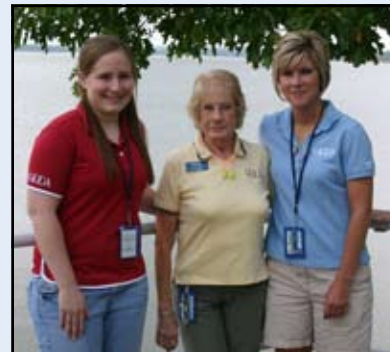
where GRDA's "Oklahoma power for Oklahoma progress" is still being made, just as it was since before World War II.

"At the end of last tour season the Pensacola Dam was awarded the Crystal Pelican Award by the Grand Lake Association for being the number one Grand Lake area tourist attraction in 2007," said Graham. That is quite an honor when you consider that the Grand Lake region is arguably Oklahoma's most popular tourist destination.

The Power

Of course, the tourist aspects of the dam itself are the by-products of its primary role as a power producer. While it now serves as the very foundation of GRDA, the dam was first envisioned by Henry C. Holderman in the late 1800s. Holderman dreamed of a hydroelectric facility stretching across the Grand River Valley and capable of supplying power to the Cherokee Nation in Oklahoma.

However, as the dam was becoming a reality four decades later, some critics argued it would produce more power than GRDA could ever market. Of course the addition of Robert S. Kerr Dam, the Salina Pumped Storage Project and the Coal-Fired Complex in the years that followed was not only proof that more power was needed, but also proof that GRDA was capable of delivering it.



Pensacola Dam (above) has been a member of the National Register of Historic Places since 2003. Tour guides for the Summer 2008 include (from left) Casey Harrison, Pat Hopper, Jamie Weeks, Lori Layer and Forrest Graham.

Holding a special place in Oklahoma history and in the state's ongoing economic development and energy industry, the dam continues to do what it was first envisioned to do: help make Oklahoma a better place to live, work and play.

For Pensacola Dam, that is "business as usual."

Experience and preparation are keys to meeting future challenges

New standards, procedures and policies, all designed to meet new goals.

That may be the best way to summarize what has been happening in the Grand River Dam Authority Department of Finance in recent years.

GRDA generates its electricity at three separate facilities in Mayes County, but its up in Craig County, at GRDA's Vinita Headquarters, where the Finance Department keeps the business of GRDA moving along efficiently.

Comprised of GRDA's Purchasing, Accounting and Customer Contract functions, the Finance Department carries heavy burdens for GRDA. Not only are these personnel responsible for tracking all the dollars and cents that pass through the Authority, but they also must follow the standards that keep GRDA in compliance with all government regulations.

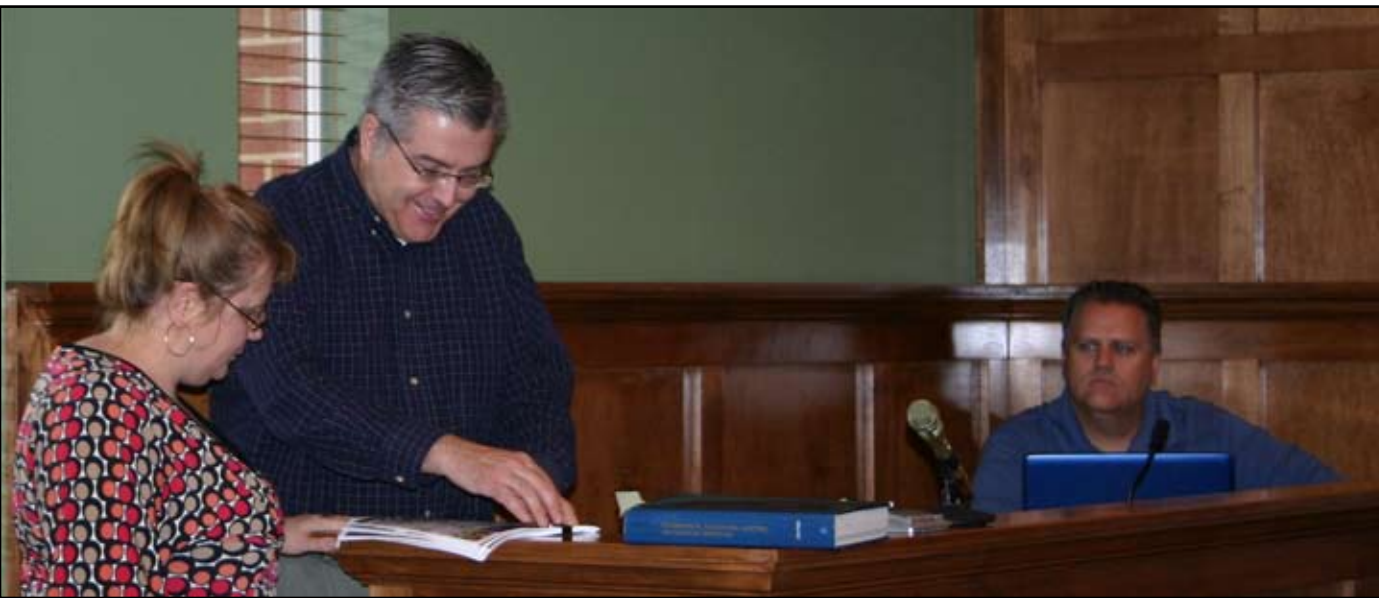
"The accounting profession has been evolving during the past few years, due in part to many well-publicized corporate accounting scandals," said GRDA Deputy Chief Financial Officer Eddie Rothermel. "In response, the Sarbanes-Oxley Act was adopted by Congress."

Although that act covers publicly traded companies, Rothermel said there are many who believe it will eventually apply to government agencies and non-public companies like GRDA.

"Because of our recent accomplishments I believe we will be in a much better position to adapt to the potential new guidelines," he added.

According to GRDA Chief Financial Officer Carolyn Dougherty, those accomplishments were the result of a lot of work, training and adaption for department employees.

"Our finance team has seen some drastic changes in the way we do business in the last few years," said Dougherty. "However, they were changes that needed to be made. We had some weaknesses that needed to be addressed, and we had some strengths that needed to be reinforced. We feel like we've taken steps to get there."



Left: GRDA Chief Financial Officer Carolyn Dougherty (left), Deputy CFO Eddie Rothermel and Superintendent of Fiscal Services Ray Flaming during a departmental training session.

Far right: All functions within the GRDA Finance Department take part in new training opportunities.

On the purchasing front, new equipment, new policies and new structure has brought the department to a better position to meet needs, now and for years to come.

“I am most proud of my department,” said Nita Wade, GRDA Purchasing Department Superintendent. “Purchasing was quite antiquated until a couple of years ago. New management came into GRDA and saw the time and effort and lack of equipment and software needed to bring us into the 21st century.”

As a 27-year GRDA veteran, Wade has seen things change greatly during her career. She is confident that the latest changes are for GRDA’s future good.

“In the years that I’ve worked here, we have gone from handwritten ledgers to computers,” said Wade. “What used to take days to do now take minutes.”

According to Wade, the “evolution” of Purchasing is due in part to support from new GRDA management and greater cooperation with other departments. “We’ve become more IT savvy,” notes Wade, adding that the changes have also helped improve GRDA’s overall financial situation.

Acting as a catalyst for many of the changes and updates was a state mandate requiring GRDA to come into compliance with the Oklahoma Department of Central Services (DCS) rules. Up until that time, GRDA operated under its own established guidelines. To make the transition successfully required new software (again with the support of the GRDA IT Department) along with new knowledge gained through many hours of training.

Early on, a drawback was the fact that GRDA Purchasing did not have a system in place to integrate purchasing and accounting functions. However, the installation of a new “Maximo” software system harnessed the power of new technology to solve that problem. And even as the software was being installed, several GRDA employees went through the state’s Certified Procurement Officer (CPO) training to gain the very latest knowledge on processes and compliance issues.

“We had to undergo training with the DCS rules,” explained Wade. “Particularly in the Purchasing Card (P-Card) and travel areas. The purchasing procedures are revised every year, and we are doing all we can to stay on top of those changes.”

The P-Card (similar to a state-issued credit card) has saved time and money for GRDA. In the past, the purchasing department cut purchase orders in the amounts of less than \$25.00. Now, those same purchases are being handled by the P-Card, which is more efficient and less expensive than the previous method. This also allows the purchasing department more time in assisting with much larger purchases.

Though many changes for the better have come to GRDA Purchasing in recent years, other functions under the GRDA Finance umbrella have also spent a lot of time adapting and updating processes during the same period.

“The biggest change we have seen is in the audit requirements,” said Ray Flaming, GRDA Superintendent of Fiscal Services. “Along with that, are the new standards for documentation. There are more requirements in all areas.”

Again, training was a key element in dealing with the changes. Before, one or two employees from the department would go and receive training and then come back and relay the information. However,



GRDA management made the decision that, when possible, training would take place in-house, opening up opportunities for more employees to attend. These days, instructors covering everything from new Federal Energy Regulatory Commission (FERC) regulations to accounting rules specifically for public power utilities come to GRDA and train the entire staff.

“Communication and knowledge helps the team work better together. It addresses the “why”- what you do impacts other people- if you know the why, you are more productive,” said Joni Kelley, GRDA Superintendent of Fiscal Services .

With a background in government auditing, Kelly had previously received training on the Governmental Accounting Standards Board (GASB), a new standard that is applicable to GRDA as of 2008. In turn, Kelley trained the GRDA staff on the new standards.



The GRDA Purchasing Department includes: (left to right) Cathy Berry, Ada Beck, Teresa West, Nita Wade and Jennifer Arana.

“The end goal is to streamline, to be more efficient. We will be better able to serve management and other departments with more timely and accurate information,” said Kelley.

According to Flaming, all the training and collective efforts of department personnel paid off during the last audit.

“Generally speaking this audit went a lot better,” recalled Flaming. “It ran smoother due to personnel working together for the better, it was better for GRDA.”

Of course, another plus for GRDA Finance in recent years has been the implementation of long-term customer contracts. In 2007, the majority of GRDA’s municipal electric customers signed 35-year pacts with GRDA.

According to GRDA Superintendent of Revenue Jennifer Weatherford, the contracts guarantees revenue security and will allow GRDA to plan for the future.

“We are taking initiatives to be in business for the long term,” said Weatherford. “At different times we were reacting to situations, now

we are in a proactive position. The contracts demand planning, and they demand we make the investment in our system whether it be on a substation or personnel in our office.”

In the end, the real goal is to mitigate risks, manage costs and position GRDA to better serve its customers not only tomorrow, but for at least 35 more years. At GRDA, that means looking at the world of finance, and the future, from a utility perspective, a state agency perspective, a non-profit business perspective and so on.

“I am very appreciative of the efforts of everyone in the department,” said Dougherty. “Implementing new procedures and developing new policies can sometimes be a difficult thing. However a wealth of institutional knowledge and experience in the department has given us a solid footing to build these new procedures on.”

The experiences of yesterday, combined with the training and preparations of today, are the tools the GRDA Finance Department will use to meet challenges tomorrow.

The 2007 GRDA Comprehensive Annual Financial Report is available online at www.grda.com.

GRDA in the community...



GRDA Community Relations Coordinator Laura Schuchman (left) presents a check for \$3,000 to Collinsville City Manager Pam Polk. The GRDA funds will be used towards the community's July 4 celebration.



GRDA Superintendent of Customer Support Phil Stokes teaches third graders about the basics of electricity during a classroom presentation in April.



BACK TO SCHOOL ... Keeling McGaughey (seated), who retired from the Grand River Dam Authority in 1998 after working 48 years, visits with Oklahoma State University President Burns Hargis (left). A 1950 graduate of Oklahoma A&M College, McGaughey went back to Stillwater earlier this year with his family to visit the campus and meet with Hargis. While growing up near Langley, he witnessed firsthand the construction of GRDA's Pensacola Dam. Following graduation from Jay High School in 1943, he would go on to study electrical engineering at Oklahoma A&M. On May 16, 1950, he went to work for GRDA as a junior engineer at the dam. McGaughey filled many roles during his GRDA tenure: hydro superintendent, chief engineer and finally, GRDA Assistant General Manager of Engineering and Operations. He retired September 1, 1998. (Photo courtesy of OSU Communications)

Congratulations Graduates 2008



Kelsey Baker
Daughter of Kenny
Jay High School



Jake Brown
Son of Tommy Rogers
Ketchum High School



April Chitwood
Daughter of Randy
Pryor High School



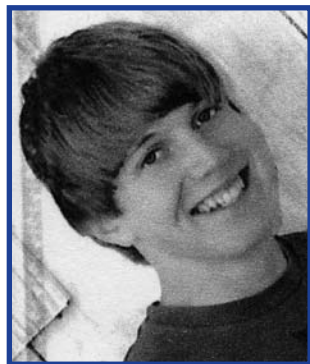
Tyler Douse
Son of Dan
Oklahoma Baptist University



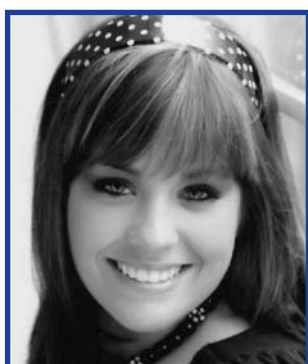
Hannah Frailey
Daughter of James
Chouteau High School



Kalli Marie Frost
Daughter of Rick
Life Pacific College



Kyle Frost
Son of Rick
Adair High School



Danielle Gregory
Stepdaughter of Brad James
Wagoner High School



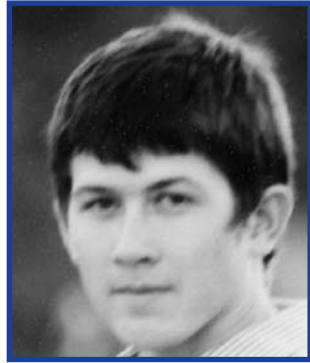
Callie James
Daughter of Brad,
Mary Beth & Brandon Dailey
Chouteau High School



Chelsea Keen
Granddaughter of
Charlie Floyd
Pryor High School



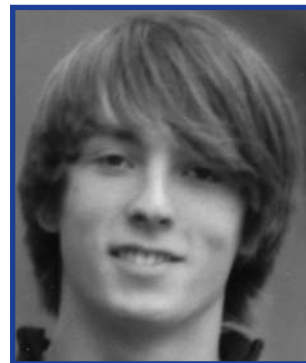
Kassie Kerns
 Daughter of Keith
 Granddaughter of Jim Pierson,
 Bill Kerns
 Pryor High School



TJ Lunk
 Son of Tim
 Claremore Christian School



Luke McSpadden
 Son of Brent & Melody
 Adair High School



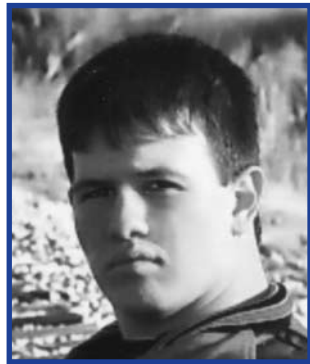
Keith Mibb
 Son of Wayne
 Pryor High School



Jessica Mozingo
 Daughter of John
 Salina High School



Misty Pritchett
 Finance
 Rogers State University



Taylor Ragsdale
 Son of Mike
 Locust Grove
 High School



Sam Roberts
 Son of Don
 Pittsburg State University
 (December '08)



Austin Sanders
 Nephew of Tony Back
 Salina High School



Lynzee Schulz
 Finance
 Pittsburg State University



Brock Stricklen
 Son of Gary
 Salina High School



Chelsea Sullivan
 Daughter of Russell
 Chouteau High School

*"Our imagination is the only limit to
 what we can hope to have in the future."
 - Charles F. Kettering*

"We owe them one" ...

Recognizing "invaluable" relationships

Stroud, like many other communities across Oklahoma, suffered more than its share of damage during the December 2007 ice storm. The community of 2,700, located along historic Route 66 in Lincoln County, was pummeled by Old Man Winter during that storm. As a result, the city-owned electric distribution system was taken completely down.

"It basically leveled our town," said Micah Keeling, the city's electric department supervisor. "From pole destruction to services, the whole town was devastated."

All that devastation would eventually total \$1.5 million, which "for a town our size is an unbelievably huge disaster," said Stroud City Manager Steve Gilbert, "We were in a 100 percent blackout for two days."

So, how does a community respond to such devastation? Stroud turned to other Oklahoma public power communities, and the Grand River Dam Authority, for help.

"We called in all the municipalities and contractors we could get," recalled Keeling, "and we started rebuilding it all from scratch."

In the midst of the cold and icy conditions, restoration work began. While debris was being cleared and new power poles were being set, GRDA lent a hand to insure that metering services could be restored quickly.

"We had a GRDA metering crew come in," said Keeling. "We had some poles with meters on them that were destroyed. GRDA was able to help us get those going and we were able to get customers bills accurate immediately after service was restored."

All across town there was help, said Gilbert, as crews from other public power cities came to restore services to their Stroud neighbors. Together with Keeling's crew, they worked side by side and soon recovered from the storm. Along the way, these members of Oklahoma's public power team also learned a few things about each other.

"Once the smoke cleared, the electric system was back, and the power was restored, we realized the relationships we gained through the crisis will serve us well," said Gilbert.

Soon after the restoration was complete, in January 2008, the City of Stroud passed a proclamation recognizing all the other public power crews, fire departments, contractors, electric cooperatives and volunteer groups that came to its aid in what was literally a very dark hour.



WELCOME TO STROUD ... Several other Oklahoma public power communities lent Stroud a hand following the December 2007 ice storm.

“It is fitting and proper for the City of Stroud, the Stroud City Council and the citizens of Stroud to recognize and express thanks for the dedication, unselfish service and endless hours of assistance the community of Stroud received,” states the proclamation signed by Stroud Vice Mayor Jerry Murfin and City Clerk Gayle Thornton.

For Gilbert, the words of that proclamation also represent an IOU to those who lent a hand. “All those communities that we recognized that helped us during the ice storm ... we owe them one,” he said. “We are absolutely on call to the communities that need our help because they were on call when we needed their help.”

“... we are in a pretty good position because we are a GRDA community.”

The knowledge that GRDA’s help is just a phone call away is also a benefit of public power that is very important for a small community like Stroud, added Keeling. “If something comes up that is beyond our capabilities we can call on GRDA anytime,” he said. “They’ve always been willing to help immediately with whatever needs we have.”

While that kind of relationship with a wholesale electricity supplier is always important, other factors, like electric rates and city economic development, are also benefits that small communities like Stroud depend on.

“Our electric utility in Stroud has been able to help our community in ways that most people don’t realize,” said Gilbert. “Because of the fact that we are public power, we are able to do things in our community that many towns just can’t do.”

In September 2007, Stroud signed a new 35 year contract with GRDA. That contract was the result of a lot of hard work and negotiation on the part of Gilbert and his counterparts in 16 other public power communities served by GRDA. Like Stroud, many of those other municipalities also signed the new contract in 2007.

“That was an interesting process, but I think the end product is an agreement that will be beneficial to everyone over the long term,” said Gilbert. “I think when we look at our power costs compared to

the market and to what other communities are going to pay, we are in a pretty good position because we are a GRDA community.”

Of course, putting a dollar amount on all the benefits of being a public power community is difficult to do. So, in Stroud, where the memories of the ice storm restoration are still fresh and the benefits of low-cost power are realized every day, the word “invaluable” often comes to mind.

“Our relationship with GRDA is invaluable,” said Gilbert, “and a public power network is invaluable.”



The Stroud Electric Crew includes (from left) Supervisor Micah Keeling, Lance Sellers and Ron Pryor.

Oklahoma's Public Power Team: Shane Woolbright

Editor's Note: Shane Woolbright is the General Manager of the Municipal Electric Systems of Oklahoma (MESO), and has been with the organization since January 1983. In his role with MESO, he is responsible for reviewing legislation and regulatory issues at the state and federal levels that affect municipal utilities. He is also responsible for day to day operations of MESO. Headquartered in Oklahoma City, the organization is governed by an 11-member board of directors, representing Oklahoma municipal utilities.

Woolbright earned a Master's Degree in Public Administration from the University of Arkansas and worked in city management before joining MESO. He has served on the board of directors of many organizations related to the electric utility industry, including the American Public Power Association (APPA) and Oklahomans for Balanced Energy. He is also a designate for the GRDA Board of Directors, has chaired the APPA Advisory Committee and served on the Hydropower Task Force. He has also served as president of the Audubon Society of Central Oklahoma.



Shane Woolbright
General Manager
MESO

This interview with Woolbright is the *Currents'* second installment of the "Oklahoma Public Power Team" series.

1. How did the Municipal Electric Systems of Oklahoma (MESO) get its start?

MESO was formed in 1971 at a meeting of city officials called by Stillwater City Manager Larry Gish, who saw the need for municipal government cooperation in energy management. Cities with power systems quickly joined the organization and began to plan joint activities that would benefit them, such as training of personnel and power supply development. Cities have had great success in both of these fields.

2. What is the mission of MESO?

MESO was formed to provide a central voice for public power systems. We provide information to the Congress, the legislature, to energy users, cities and to regulatory bodies. As a training agency, we provide electric line worker certification courses, ongoing training for line staff, supervisory training for managers and customer service/administrative staff. We also assist members in development of power supply decisions and terms and conditions of electric services. As a mutual aid body, we dispatch crews to assist our members in emergencies such as the recent ice storms in Oklahoma. We also provide public information to the press on all aspects of electric and natural gas operations while also providing our cities with a central resource for research.

3. Explain your view on the importance of public power to Oklahoma.

Cities that own and operate their own electric systems define MESO's membership. Although there is some local electric generation, most of these cities buy their electricity from an entity, like GRDA, in which they have a vested interest. The cities then provide electric services to their citizens at costs that are competitive with private utility operations. These cities generate low-cost energy for their own uses, have local employees to operate the system and have the ability to respond more quickly than other utility operations, due to their close proximity, which means they have better reliability than other utility operations. The operation of these public power systems also provide the city with a revenue source they can use for other operations such as street maintenance or emergency services. Finally, the operation of public power systems provides the only yardstick to measure the operations of other private utilities.

4. Where do you see Oklahoma's electric and energy industry moving in the next 10 years?

Without a doubt, inflation over the last eight years is the overwhelming challenge facing our industry. How we manage to deliver services without huge cost increases will not be possible unless we control our energy use and growth. However, while the cost of building new generation may be significantly more expensive today than it was a few years ago, energy efficiency has dropped in price. I expect that Oklahoma public power will become very involved with finding ways to reduce energy usage that are far cheaper than the cost of creating new generation units.

As an association, MESO will still be working to protect Oklahoma's public power position. Recently, we have seen consumer, industry and environmental groups become more and more interested in how we operate. The idea of energy providers working purely in the public interest is beginning to take hold. In 10 years, MESO may be a conduit for information sharing among many more entities than just cities and state agencies.



Public Power in Pawnee.. One of the 65 member communities of the Municipal Electric Systems of Oklahoma, Pawnee owns and operates its own electric distribution system. Pawnee is also one of 17 public power communities that receives its wholesale electricity from the Grand River Dam Authority.

Get **CAUGHT** the **SAFE** way

Wearing your lifejacket on Grand & Hudson!



The Grand River Dam Authority encourages you to make all your trips to the lake both fun and safe this summer. You can do that by wearing your life jacket. Not only does it protect you, but it also sets a great example for other boaters. Plus, if the GRDA Lake Patrol sees you wearing your life jacket, you may just receive a free t-shirt. So come on, get "caught" boating the safe way on Grand & Hudson.

Pick up a copy of the 2008 GRDA Lake Guide at local marinas.

GRDA
GRAND RIVER DAM AUTHORITY
www.grda.com

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