

Rayburn Electric Gets USDA Grant And A Book About Itself

Llewellyn King Contributor 

Llewellyn King has been a player in the energy space since 1970.

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Rayburn Electric Cooperative's headquarters in Rockwall, Texas. RAYBURN ELECTRIC COOPERATIVE

Rayburn Electric Cooperative, headquartered in Rockwall, Texas, is on a winning streak.

First the U.S. Department of Agriculture announced that Rayburn will get a \$29 million grant to install a large battery storage system. Then Forbes

announced the publication of a book, which is fulsome in its praise of the management and esprit de corps in the company.

The USDA grant, which the department and Rayburn jointly announced on Oct. 23, comes under its [Empowering Rural America \(New ERA\) Program](#), financed in the Inflation Reduction Act, which sets aside \$9.7 billion to enhance rural electrification.

Two days later, Forbes announced the release of a book about Rayburn, available on Amazon, entitled “[Status Quo Is Not Company Policy](#).” The book, written by Heidi Scott with major inputs from Rayburn President and CEO David Naylor, tells the extraordinary story of how the co-op, founded by one man and operated by a husband-and-wife team, grew to have multibillion-dollar assets, much of that growth coming in the past decade.

Increasing ERCOT Resiliency

In a statement, upon receiving the news of the grant, Naylor said, “This battery system will play a key role in strengthening the resiliency of the ERCOT grid, ensuring that the 575,000 Texans served by our members continue to receive reliable power.”

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The four distribution cooperatives that are members of Rayburn and buy their power from it are Fannin Electric Cooperative, Farmers Electric

Cooperative, Grayson-Collin Electric Cooperative, and Trinity Valley Electric Cooperative.

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Jim Matheson, CEO of the [National Rural Electric Cooperative Association](#), said, “The New Era program is a transformative opportunity for electric co-ops that allows them to tailor energy solutions to meet local needs. We are grateful to the USDA and our allies in Congress for working with us to ensure the program supports a wide variety of co-op projects.”

The story of Rayburn, as told in the book, goes back to the South Texas Nuclear Project. Many Texas co-ops signed on to participate in the nuclear power plant, but one man, Ray Raymond, objected because of the financial risk and broke with the majority.

In the end, the costs for the nuclear plant exceeded its original cost projection by four to five times, justifying Raymond's reluctance.

It was out of his resistance that Rayburn came to life 1979 and, oddly, it became the first and probably America's only mom-and-pop electric utility. John and Annette Kirkland made up two of the original staff of five and ran the organization. Back then, in 1979 and 1980, Rayburn was only a paper organization, buying where it could in the electric power sector.

Heidi Scott writes in her book, the Kirklands “essentially were Rayburn. They had to decide where to get power, what kind of contracts to hold, and what assets the company needed to own. ...



“In those early decades, they took turns filling every role in the company, from reading meters to paying bills to staying abreast of new advancements and regulations.

“Shannon Beber was hired as a temporary accountant in 2003 and ended up staying on full time. Nothing was automated back then, so she managed all the accounts and financials manually. Most days she unlocked the doors in the morning, worked all day, and locked the doors behind her as she left without ever seeing another person.”

Today Rayburn has over 90 employees (and will hit 100 by mid-November) and provides power to the four distributing companies, which operate in 16 Texas counties. Beber is still with the utility as the new head of projects coordination.

Located just northeast of Dallas, “Rayburn has grown with Dallas, though a great majority of its customers are still residential, giving it a conventional evening peak,” Naylor told me. This contrasts, he said, with the highest prices for purchase power in the Texas market which occur between 7 p.m. and 9 p.m., he said.

This means Rayburn can profitably sell power from its own generation to the grid after its own peak has subsided.

Naylor Early Hire

Naylor came to the company as a consultant in its early days and was soon added to the staff as Employee No. 8. He became executive vice president before taking the top job in July 2017.

As the utility grew, it became clear that it would need to be more than a power purchaser and transmission operator, and would be in an advantageous position if it became a generator. It bought into the 1,058 MW Freestone station and then, in a major move, bought the Panda station, now renamed Rayburn Energy Station, which supplies 758 MW to Rayburn and

the ERCOT grid. This is now being augmented with an addition which will add another 570 MW, financed partly by the state.

Rayburn and Naylor solidified their positions as leaders in innovation and decisiveness after Ice Storm Uri, from Feb. 13-17, 2021. Like other Texas utilities, Rayburn was caught with phenomenally high prices for purchased electricity. The bill came to \$1 billion. An astounding amount for five days of purchases, forced up by widely reported and criticized price opportunism from gas suppliers.

With guidance from Clint Vince, Rayburn's outside counsel, who had helped the utility with all of its critical decisions from the time Raymond organized it, the co-op bit the bullet early. Its choices, laid out by Vince and the team at [Dentons](#), were to declare bankruptcy or to securitize the \$908.2 million debt by issuing bonds and paying them off over 28 years, thus saving the utility and easing the blow on customer bills.

It was a bold move. While others followed, Rayburn was first, putting itself into a position of being thought of as a trendsetter and an innovator. Naylor has been hailed for his courage.

Vince told me that when he first represented the fledgling utility, he had to drive down an unpaved road to reach their office. He said, "David Naylor has transformed Rayburn into a multibillion-dollar utility with low electric rates and excellent reliability."

The eyes of Texas and America are on Rayburn.



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