

Western United Electric Supply Corporation

The Supplier

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Headquarters
100 Bromley Business Pkwy
Brighton, CO 80603
Phone (303) 659-2356
Toll Free (800) 748-3116
FAX (303) 659-8598

New Mexico Branch
7311 La Morada PL NW
Albuquerque, NM 87120
NM FAX (505) 831-4483

Utah Branch
1010 N Hwy 198
Salem UT 84653
(801) 318-2898

WESTERN UNITED MISSION STATEMENT

**To be the distributor of
choice for all electric
utilities in the Rocky
Mountain Region**

**Serving CO, NM, UT, WY,
NE, AZ, NV, ID & KS**

WESTERN UNITED RANKS 3rd in SALES PER EMPLOYEE

Electrical Wholesaling magazine's June 2019 edition has named Western United as one of the top three electrical distributors in the country for calendar year 2018 based on sales per employee with sales of \$3,333,850 per employee. This is the 14th consecutive year that WUE has been named in one of the top three ranked companies in this category. This accomplishment is a testament to the strong loyalty that WUE's members have shown in purchasing their needed electric utility, construction and maintenance materials, tools and supplies from the company that they own. In addition to the #3 ranking, WUE is also ranked #70 in the country in terms of overall sales.

**Electrical
Wholesaling**



WUE has announced that they will hold their semi-annual open house at their Brighton, CO headquarters on Thursday September 19th. Dozens of vendors will be displaying equipment and products as well as answering any technical questions. Please reserve the date in your calendar. Lunch and prize drawings will also be held.

WUE UPDATE

Western United closed its fiscal year on June 30th with sales just over \$140.5M, a 5.8% increase over last year. Member patronage checks and certificates will be issued upon the completion of our audit and Board meeting in late August.

WUE continues its efforts to upgrade our computer system from SAP to Prophet 21. The change is scheduled for October 1st and will allow the company to implement wireless warehouse functionality, better manage inventory and provide a fully functioning ecommerce website among other enhancements.

After considerable time and effort, WUE received a building permit to expand its Brighton warehouse. 25K square feet of enclosed warehouse space is being added in addition to 13 new parking spaces and an EV charging station. Work is scheduled to begin by the end of July.

Three new employees have recently been added to the WUE staff. In Albuquerque New Mexico, Elijah Morales has joined the team as a full time driver. At our Salem, Utah branch, Derek Morgan is handling our inside sales, warehouse and delivery functions and at our Brighton Colorado headquarters, Jessica Lyons will be supporting our Purchasing department on a part-time basis.

A new pickup truck combined with our existing trailer has been added to our fleet to handle our members smaller needs and last minute jobs. WUE has also recently added a rough terrain forklift and a high capacity, truck mounted forklift for job site deliveries.



Hardware Pricing and Stock Position

Western United recently completed a market comparison of hardware items after Hubbell Power Systems' mid-year price increase on June 14, 2019. In this comparison, we evaluated Hubbell's new cost position versus Maclean Power Systems, and determined that it was in the best interest of the membership for Western United to immediately begin stocking Maclean Power Systems products in place of Hubbell for some basic powerline hardware needs. Before switching manufacturers and shifting spend, Hubbell was given feedback to which they committed to respond and modify their pricing for our members moving forward. To date, revised pricing has not been received from Hubbell Power Systems.

Some real examples of the cost differences that prompted us to shift some spend to Maclean are outlined below:

Item	HPS Cost	MPS Cost	Difference
5/8" x 10" Machine Bolt	\$1.09	\$0.90	21.11%
5/8" x 12" Machine Bolt	\$1.23	\$1.02	20.59%
5/8" x 14" Machine Bolt	\$1.37	\$1.23	11.38%
5/8" x 22" Double Arming Bolt	\$3.15	\$2.37	32.91%
7/16" Guy Strandvise	\$24.55	\$22.86	7.39%
Pole Top Pin, 20" with 1" Threads	\$8.85	\$6.96	27.16%

We do not intend to shift any spend on current carrying devices or unique specification driven material items such as arresters, cutouts, etc. The immediate shift is only on common RUS approved hardware items, with the intention of providing our membership with the best possible costs available in the market on these items. These items are typically relatively low cost, but with tremendous annual volume the cost differences outlined above can add up quickly.

If any member cooperative prefers to continue using Hubbell material exclusively, please reach out to your sales representative and WUE will continue to stock material to meet your needs.

We are hopeful that Hubbell Power Systems will respond in the near future with a better cost position to adequately meet market cost needs of the Western United membership. There has been longstanding loyalty from WUE and our membership to Hubbell Power Systems. This loyalty has consistently placed Hubbell in our annual Top 5 vendors based on dollars spent. We feel strongly that the longstanding loyalty should be recognized with best-in-market cost positions.

Western United Increases Delivery Capabilities

Western United continues to grow and improve our logistic capabilities. In 2019 WUE added several new trucks, trailers and fork lifts to our fleet. In response to our members requests we have also added a covered trailer and a high capacity, truck mounted fork lift for job site deliveries. WUE also has the resources to provide our customers with job site trailers to store material at remote construction sites. As our business continues to grow WUE is committed to add to and upgrade our fleet. In 2020 WUE has budgeted for the purchase of three additional covered trailers, two new tractors and two pickup trucks.

WUE's current fleet consists of 12 – 48' and 53' flatbed trailers, each with a 40,000 pound capacity. Seven tractors, three stake bed trucks with 12,000 pound capacities, three utility trailers and three pickup trucks.



And to keep up with new federal regulations all of our vehicles are now outfitted with new electronic logs.

On a normal day WUE has the capability of sending out over 300,000 pounds of freight to our members. And in an average month WUE delivers over 3,000,000 pounds of freight. To manage these deliveries WUE has a staff of seven CDL truck drivers for our tractor/trailers and several non-CDL drivers for the remainder of our fleet.

Management of the daily logistics of our fleet is handled by Brian Peterson and his staff in the Brighton operation, Estevan Sisneros in the Albuquerque operation and Derek Morgan in our Salem Utah branch.

As WUE converts to a new P21 software system in 3rd quarter of 2019, we will be migrating to a wireless barcoded inventory management system in our warehouses and will be transmitting our shipping documents electronically to our members in an effort to improve our efficiencies and accuracy.