



Rio Grande Electric Cooperative, Inc.

UP DATE



January, 2006

Happy New Year from all of us at Rio Grande Electric Co-op!



A Message From The General Manager/CEO

By Dan Laws

2006 Brings Changes In Availability Charges

And so begins a new year. 2006 is filled with all the hope, aspirations and desires for a good life that any other year is filled with. In truth, 2006 will be a mixture of realized dreams and disappointment. It will at once offer exhilaration and trepidation. Regrettably, there will be both joy and sorrow. We must fix one thought firmly in our minds as we face another new year; it is not how things look that will determine the outcome, it is how we look at things that will determine the outcome.

You and I have the power of choice! We can force trepidation to yield to excitement. We can view every disappointment for what it is—another step on the road to fulfilling our dreams. And most importantly, we can choose to see joy through sorrow, for every sorrow contains an equal amount of joy. In fact, they are two sides of the same coin and just as you can not have one side of a coin without the other, you can't have sorrow without joy. I will concede that you sometimes have to force yourself to look for it, but I assure you it is there.

2006 will be filled with changes; change we want and change we don't want. One of the changes you will experience in 2006, will come from Rio Grande Electric Cooperative, Inc. We will be increasing fees -- many of which have not been changed for twenty-three years. The fees I am speaking of are the availability fees included on your electric bill each month. Across all classes of service, on an annualized basis, the increase will be 3.3% in 2006. In the pages that follow, you will see a schedule that depicts those changes. Most notably, the \$13 availability fee applied to residential service will be increased to \$17.

I am sure you are curious as to why the need for an increase. The answer is the increased costs the Cooperative is experiencing; specifically, the increased cost of diesel and gasoline, as well as the increased cost of materials. The National Oceanic Atmospheric Administration (NOAA) on November 29, 2005, announced conditions are such that the 2006 hurricane season is likely to be as bad as what we experienced in 2005. However, NOAA flatly denies that global warming is the cause. As a result of the damage caused by hurricanes Katrina and Rita, pole line construction materials are at a premium, when they can be gotten at all.

With NOAA's prediction, the industry will be gearing up to handle whatever the weather throws at us, and will be expecting the worse. Accordingly, materials will continue to cost more than the normal increases experienced from year-to-year. Although I have highlighted one area, almost everything the Cooperative buys has increased, especially those things that are tied to oil and natural gas.

We are proud of the fact that we have held the line on most these fees for twenty-three years, but it really is necessary to increase them now to maintain financial stability. I hope you will view this increase as what it is -- your investment in assuring that your electric utility service is stable and reliable, well into the future. These additional funds will cover increased expenses and allow us to continue improving system reliability. Your shared investment is a big part of your, **"Home Team Advantage"**.