Rio Grande Electric Cooperative, Inc.

Update

August 2009

A Message From The General Manager/CEO

By Dan Laws

"The truth is that no one knows the whole truth."

It's Sunday evening. My vacation began last Friday, but the magazine needs to go to print and everything is held up because of me. The folks at *Ranch and Rural Living Magazine* are very patient with me, but waiting until I get back from vacation is out of the question. So, here I sit wondering what electric utility pearls of wisdom to impart.

Our article concerning Cap and Trade got me in a little trouble with a couple of you. The article was, in essence, information bits from our National Association's political activism campaign, "Our Energy Our Future". The campaign is aimed at making rural consumers aware of the fact that big changes are being contemplated in the Climate Change Bill working its way through Congress. Not only are the changes big, they are expensive, as well. So, we asked you to let your elected officials know what you are concerned about, and we asked you to say "no" to Cap and Trade.

When a train is leaving the station, a train you need to be on, and it is obvious the train is headed in the wrong direction — you only have two choices — jump on, or try to stop it. If it is headed in the wrong direction, it doesn't matter what the intentions of the engineer, conductor, the switchman, or the brakeman are.

Well, here is the upshot; the House of Representatives heard you and cooperative members across the country loud and clear. Congressman Waxman invited electric cooperatives to the table to get our input. Our first concern was that the bill, as drafted, shifted a disproportionate share of the cost to rural consumers. Electric cooperatives are not opposed to fixing the problem. In fact, when it comes to the environment, if we are going to make a mistake, let's err on the side of caution. It will cost us all something, but let's make sure it is fair.

Global warming is here and it is caused by the activities of man. Global warming is occurring, but it is simply the result of weather trends that have nothing to do with man's activity on earth. Take your pick. There are learned individuals on both sides, and they can, with complete honesty, argue the issue round or flat. The truth is that no one knows the whole truth. It is a fact that the temperature of the earth, when averaged worldwide, has increased approximately one (1) degree Fahrenheit since 1970, according to the EPA's website. The cause is what no one can determine with certainty.

In a letter to Congressman Waxman, Glenn English, CEO of NRECA, our national association, thanked him for making language changes to the bill that eliminated the fairness issue. He then stated that NRECA still has concerns and will continue to work with members to resolve those concerns.

Please rest assured that when we take a position, it is not to favor one political party or another. The board of directors and I have only one goal, to make sure that whatever happens with the Climate Change Bill, rural consumers are treated fairly.

I hope everyone is having a great summer!

New Fed Law

RGEC members have been asked, for their own convenience, to set up accounts in such a way that information can be provided to those other than the name currently on the account -- including spouses who were not joint account holders. The Red Flags Rule, which went into effect the first of this month (August 2009), now prevents the Co-op from exchanging information about accounts or taking payments from those who are not account holders or designated representatives of the account. This new law is actually to protect you from identity theft and fraud. Some of the procedures were in place at RGEC several months ago, and helped to identify a fraudlent social security number. So, we know it's working!

We will continue to work with you to make this transition as easy as possible, but we are now **prevented by law**, from disclosing much of the information we have been able to provide in the past.

If you need to make adjustments to your account in order to authorize the release of account information, please contact RGEC at your earliest convenience. If you are not sure who is authorized on your account, please call your local RGEC office, or 1-800-749-1509 and a Customer Service Representative will be glad to assist you.

Weatherization Assistance

The Co-op hosted Weatherization Assistance Days at each of its area offices last month. Representatives from community service agencies were available to help Co-op members fill out the application forms, and to answer questions about the Weatherization Assistance Program (WAP).

Program Overview: The WAP is a good opportunity for Co-op members to improve the efficiency of their homes, which in turn, will help save money on electric bills. Texas and New Mexico have larger funding allocations for this program, due to the Stimulus Package. The eligibility income limits have been raised, so many more families will qualify. The amount of money which can be spent weatherizing any one residence has been increased from $2,500 to $6,500. Those applying for the WAP need not be on any other form of assistance to qualify, and the program is open to both homeowners and renters.

Those who were unable to attend the RGEC Weatherization Assistance Day at their local RGEC area office can and should still apply for the program by contacting their local Community Service Agency. For the Brackettville, Carrizo Springs, Eagle Pass and Del Rio areas, call the Community Services Agency of South Texas at 830-876-0272.For Alpine, Fort Stockton, and Dell City areas, please call the Big Bend Community Action Committee, Inc. at 432-729-4908.

Members in New Mexico should contact Intake Specialist Ruby Chacon at the Region VI Housing Authority, 575-622-0881.

Home Energy Efficiency Improvement Tax Credits

Consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in existing homes can receive a tax credit for 30% of the cost, up to $1,500, for improvements "placed in service" starting January 1, 2009, through December 31, 2010. See www.EnergyStar.gov for a complete summary of energy efficiency tax credits available to consumers.

A tax credit is generally more valuable than an equivalent tax deduction because a tax credit reduces tax dollar-for-dollar, while a deduction only removes a percentage of the tax that is owed. Consumers can itemize purchases on their federal income tax form, which will lower the total amount of tax they owe the government.

-- *www.energy.gov/taxbreaks.htm*

Should I Insulate My Home?

Insulate your home when:

- You have an older home and haven't added insulation. Only 20% of homes built before 1980 are well insulated.
- You are uncomfortably cold in the winter or hot in the summer—adding insulation creates a more uniform temperature and increases comfort.
- You build a new home, addition, or install new siding or roofing.
- You pay high energy bills.
- You are bothered by noise from outside—insulation muffles sound.

Special Edition:
How Weather Affects Your Electric Service

Every force of nature has the potential to impact your electric service in one way or another.

As this edition of the magazine is being written, a large portion of our service territory is in the grips of one of the worst droughts in history -- one which many believe is worse than that which occurred in the 1950s.

Even the hot dry winds blowing dust can impact your electric service. Insulators are materials that resist the flow of electric current. They are used as supports to keep the electric lines from touching the poles or other electric lines, and are necessary to deliver your electricity.

When dirt or grime, especially in combination with moisture accumulate on the insulators, it creates a path across it which does conduct electricity. This can cause a "flashover". And, believe it or not, it happens more often when there has been lots of dust on the insulators and only a small amount of moisture. Sometimes, it doesn't even have to rain to cause this situation. Just an increase in humidity can be enough, when combined with the dust.

Sign along U.S. Highway 62/82 E of El Paso.

Flooding in the Fort Stockton area last year washed out poles and made it impossible for service trucks to reach areas where repairs were needed. A helicopter was used in a few instances in order to check on the status of critical care members.

Then, there's the opposite end of the weather spectrum from dust and drought -- too much rain. Too much rain causes flooding, which makes it hard for crews to get where they need to go to repair the system. When the thunderstorms that (eventually?) bring rain strike, they are usually accompanied by lightning, and sometimes hail.

Lightning is the number one environmental cause of power interruptions worldwide. It can strike poles and transformers, which are prime targets because they are often the tallest objects around. These strikes damage or destroy equipment, and produce potentially damaging voltage surges in the distribution lines.

Even when lightning doesn't directly strike a line, voltage surges caused by nearby strikes can also cause voltage surges and flashovers. Reclosers are designed to pick up the surges and open the circuit in most cases before serious damage to the system results.

After a lightning storm, various forms of damage can almost always be found. Some are spectacular examples like the top of poles being blown into splinters, and poles burned to the ground. Even damage to concrete poles has been reported by some utilities. Then there is the damage associated with the components mounted on the poles such as transformers and insulators. One distribution cooperative reported, "In some cases, insulator damage is apparent, but this type of damage may not show up for a couple of days when changes in humidity creates blinking lights." There is little that can be done to prevent lightning damage, but lightning arrestors, while expensive, have been deployed throughout RGEC's service territory in an attempt to mitigate some of the effects.

Insulators can be damaged by lightning strikes, and they can also be damaged by hail. Hail can crack or chip the porcelain insulators, allowing the electricity to "track" a path to the ground.

Continued on next page

from Weather.gov Johnny Autery

Tornados, downbursts, and high winds can obviously destroy any electrical equipment in their path.

What many do not realize is that these weather events usually occur in tandem. One thunderstorm can produce rain, flooding, lightning, hail, straightline winds and/or tornadic activity.

What we must remember is that, even though you only got a sprinkle of mist at your house, that doesn't mean your neighbor down the road didn't have 3 inches of rain, hail, and a lightning strike. That's Co-op country for you!

An apparent tornado struck in RGEC's Brackettville operations area the night of July 7, causing the loss of 9 poles and substantial damage to other equipment. Members endured a lengthy outage, as crews were hampered by impassable roads and downed trees, and were forced to carry much of the replacement equipment to inaccessable areas in on foot. The one bright spot was that parts of the area did finally receive between two and three inches of rain.

The July 7 tornado damaged a hunting camp, which was luckily unoccupied.

Fire and Ice.

Wildfires are another weather-related foe which can have devastating effects on RGEC's equipment, your electrical service, and the financial health of the Co-op. When tinderbox conditions exist, it takes only a spark to set a catastrophic chain of events in motion.

Wildfires caused substantial damage to RGECs poles and equipment last year. The Fort Stockton and Carrizo Springs areas were particularly hard hit, losing over 90 poles to fires between the first of the year and mid-May alone.

Conditions in most of RGEC's territory have continued to deteriorate since then, with nearly all of the counties in Co-op country under burn bans. With these tenderbox conditions and ongoing drought, wildfires continue to pose a severe risk.

While it's hard to believe that ice could be the cause of such dismay in the electric industry, we hear each winter about the thousands upon thousands of people in the northeastern states who remain without power for days and even weeks because of the damage ice causes.

The weight of the ice can drag down lines and snap poles as if they were toothpicks. One would not imagine that accumulations of ice would amount to much weight, but RGEC conducted an informal experiment a few years ago to see what the approximate weight of ice on a normal line span could be. The results were nothing short of amazing.

Each square inch of ice weighed approximately 2 ounces. That may not seem like much, but an average line span of 300 ft., or 3,600 inches from pole to pole, with a one inch accumulation of ice would weigh an additional 432 pounds per span. A three-inch accumulation of ice would weigh an additional 1,296 lbs. per line span.

Some terrain necessitates that line spans are longer -- up to 700 ft., which means greater ice accumulations. The ice in the small bowl pictured wieghed about 2 pounds, which illustrates how heavy even small amounts of ice can be.

All of the Co-op's lines are built to National Electrical Safety Code regional specifications, except in areas with a history of more severe conditions. One such area in which line is constructed well beyond the recommended

Pictured are Construction Foreman David Meyer and First Class Lineman Severo Martinez weighing the ice for an experiment a few years ago.

specifications is that in the Elephant Mountain region. At an elevation of about 6,230 ft., the area often experiences more severe weather conditions. It is for this reason that RGEC now utilizes steel poles and heavy-grade conductor (line) in this and similar areas.

Ice also damages the Co-op's lines and equipment indirectly by weighing down trees, which in turn, come in contact with the lines. It is especially important that the 15 foot right of way be kept clear of overhanging branches on both sides of RGEC lines. That's a total right of way of 30 feet. The photo at left shows what happens when trees that are normally out of the right of way become weighted down with ice and fall into the right of way and on lines. They must be cleared in order for the Co-op's crews to get equipment in to restore power.

As if Earth's weather is not challenging enough, we are learning more about the impact of space weather on electrical systems. "Space weather is working its way into the national consciousness as we see an increasing number of problems with parts of our technological infrastructure, such as satellite failures and widespread electric power brownouts and blackouts. As our society grows more dependent on advanced technology systems, we become increasingly more vulnerable to malfunctions in those systems. For example, long-line power networks connecting widely separated geographic areas have increased the probability of power grids absorbing damaging electric currents induced by geomagnetic storms . . ." -- *Office of the Federal Coordinator for Meteorology*

While we can control neither the weather on Earth nor in space, we can control, to some degree, how the weather impacts our electric bills. This is done by making our homes and businesses as energy efficient as possible. The difference between conservation and efficiency is important to note, because "conservation" means "planned management," which generally means doing without. On the other hand, "efficiency" means "being productive without waste". We want to be efficient rather than conservative, because we want to use all the electricity we want and need -- without sacrificing anything.

Because this time of year, the majority of our electric power is used in an attempt to fend off the heat, we can make sure that our homes, and our cooling equipment are operating as efficiently as possibe. Ideally, that means consumers prepared early and had their central or room air conditioner serviced by a licensed professional. Hopefully, that professional checked the refrigerant level, because properly charged units operate more efficiently. If consumers chose to replace an older system, it is hoped they replaced it with a new EnergyStar rated unit, which has been certified as being energy efficient. Those consumers who did purchase an EnergyStar model will be looking forward to a nice tax credit when it comes time to calculate 2009 federal income taxes.

For those who did not prepare early and are now finding themselves in a situation where their air conditioning units are either not cooling properly, or they are using too many kilowatt hours (kWh), there are a few things you can do to get through the rest of the summer. First, remember to clean or change your air conditioner's filter regularly. Secondly, make sure the outside of the unit is clear of lawn debris which might impede the flow of air. Thirdly, use ceiling fans or portable fans to circulate the air within occupied rooms. They will not reduce the air temperature, but will make it feel cooler. Just remember to cut off the power to fans before leaving the room, or they will contribute to kWh usage without providing any benefit of comfort. Remember to keep blinds and drapes drawn during the day to help reduce the effects of solar heat gain through windows, as well.

As we find ourselves in the midst of one of the most severe heat waves on record, it is important to remember that Rio Grande Electric Co-op is always willing to work with members in times of need. Should you find yourself in a situation which prevents you from paying your electric bill on time, please let us know and the Co-op will work with you to prevent disconnection. It is important that you notify us of these conditions prior to the date your bill becomes delinquent.

Sources: Reducing Lightning Damages and Outages, James Mitsche, Electric Power Research Institute, EPRI Journal, 1988; IX International Symposium on Lightning Protection, A New Georeferenced System to Correlate Distribution Fault Location With Lightning Location Data, Gardiman, Pinto Jr., Naccaranto, Martino; Characteristics of Lightning Surges on Distribution Lines: Second Phase Final Report, Electric Power Research Institute (EPRI), 1992; NRECA "Hard To Find Information About Distribution Systems", Burke, 2006; National Space Weather Program Implementation Plan, 1997, Office of the Federal Coordinator for Meteorology

2009 DIRECTOR NOMINEES

Director District 2
Howard Willmon, II

Director District 3A
Harold Glenn White
Cindy Whitehead

Director District 4
Stephen T. Haynes

Director District 7
Mark Daugherty

Director District 9
Frank Archuleta

MEMBER NOMINATION OF RIO GRANDE ELECTRIC COOPERATIVE, INC. DIRECTORS

If members do not agree with the above director nominations, any fifteen (15) or more members acting together, may make other nominations for the Rio Grande Electric Co-op district director position by petition, with the following conditions:

- ➔ **All petitioning members must be a natural person, bona fide resident of that district.**
- ➔ **Nominee must be a natural person, bona fide resident of that district, AND eligible to hold office under Rio Grande Electric Cooperative, Inc. Bylaws.**
- ➔ **Nominee must execute the Affidavit of Eligibility.**
- ➔ **Petition(s) and Affidavit(s) of Eligibility must be filed with the secretary at the Rio Grande Electric Cooperative, Inc. main office in Brackettville no later than 4:00 p.m., August 31, 2009.**

A list of nominations by petition shall be posted with any previous nominations made by the district nominating committees at the Rio Grande Electric Cooperative, Inc. area offices. All additional nominations by petition will be included on the official Director Election Ballot.

For additional information, please contact Theresa Quiroz at (800) 749-1509.

OFFICIAL NOTICE

Rio Grande Electric Cooperative 64th Annual Meeting

Watch for your Reservation Card in the mail next month! Return it to be eligible for a special prize at the Annual Meeting!

Saturday, October 10, 2009
Kinney County Civic Center
Brackettville, Texas

GRAND PRIZE DRAWING: Retired Co-op Vehicle

Registration begins at 8:00 a.m.
Business Meeting begins promptly at 10:00 a.m.
YOU MUST BE PRESENT AND REGISTERED BEFORE 10:00 A.M. TO ENSURE ELIGIBILITY FOR ALL DOOR PRIZES!

Free Continental Breakfast
Free Lunch
Door Prizes (min. value $100 ea.)
Free Attendance Prize To Each Membership
Entertainment: Dana Daniels Comedy Magicia n
Kids' Korral Activities

BOARD ACTION

RIO GRANDE ELECTRIC COOPERATIVE, INC. Board Summary
June 17, 2009

A meeting of the Rio Grande Electric Cooperative, Inc. Board of Directors was called to order at the headquarters office in Brackettville, Kinney County, Texas at 8:00 a.m., June 17, 2009. The following directors were present for the meeting: Frank Archuleta, Jimmy Ballew, Mark Daugherty, James Evrage, Stephen Haynes, Donald Herschap, Rowdy Holmsley, Kimball Miller, Henry Mills, III, Margarita Nelson, Bill White, and Cindy Whitehead Larry Jones. Also present for the meeting were General Manager/CEO Daniel G. Laws and Executive Secretary Hilda Sowash.

Approved	May 20, 2009 Board Minutes, as Corrected
Heard	Financial Reports
Heard	Legislative Update by Cooperative Lobbyist Mark Schilling
Heard	Construction Work In-Progress Report by Director of Operations Clinton Brown
Approved	Board Policy 1.5.3-Safety
Approved	Board Policy 1.2.1-Allowances and Expenses for Directors, as Amended
Approved	Laughlin AFB Proposal Submittal for a Utility Privatization Contract
Heard	Budget Progress Report by Director of Accounting & Finance Shawn Stanley
Discussed	Wholesale Power Supply Status/Negotiations
Approved	WildBlue Service for Directors
Heard	General Manager/CEO Report
Heard	Committee Reports
Approved	Director Expenses
Approved	April New/Revoked Memberships
Reviewed	Check Register and Arrears Report
Adjourned	3:10 p.m.

Note: The summary above is provided so that members can follow the activities of the board, and is not intended to be exhaustive. Should you wish to know more details on a particular item or items, please contact the director for your district or the General Manager/CEO's office.

Know The Facts: Raise Your AC I.Q.

Central Air Conditioners

Look for the EnergyGuide label with a SEER for central air conditioners. The ENERGY STAR minimum efficiency level is 13 SEER.

Air conditioners that bear the ENERGY STAR label may be 25% more efficient than standard models. Contact a professional for advice on sizing a central air system.

Room Air Conditioners

Look for the EnergyGuide label with an EER (Energy Efficiency Ratio) for room air conditioners. The higher the EER, the more efficient the unit is. ENERGY STAR units are among the most energy-efficient products.

What size to buy?

Area in square feet	Btu/ hour
100 to 150	5,000
150 to 250	6,000
250 to 350	7,000
350 to 450	9,000
400 to 450	10,000
450 to 550	12,000
550 to 700	14,000
700 to 1,000	18,000

Two major factors should guide your purchase: correct size and energy efficiency. If the room is very sunny, increase capacity by 10%. If the unit is for a kitchen, increase the capacity by 4,000 Btu per hour.

BOARD OF DIRECTORS

*Jimmy Ballew, President — District 3
P.O. Box 559
Brackettville, TX 78832 — 830-563-2869 (H)

*William White, Vice Pres. — District 4A
HCR 3, 253 Packsaddle Circle
Del Rio, TX 78840 — 830-775-5053 (H)

*Margarita Nelson, Secretary — District 1
HC2 Box 53
Carrizo Springs, TX 78831 — 830-876-3223 (H)

*Larry W. Jones, Treasurer — District 2
8587 Fm 2691
Carrizo Springs, TX 78834 — 830-374-9774 (H)

*Frank Archuleta — District 9
P.O. Box 221 — 915-964-2464 (H)
Dell City, TX 79737

*Mark Daugherty — District 7
P.O. Box 744
Alpine, TX 79831 — 432-345-2604 (H)

*James Evrage — District 9
P.O. Box 531
Dell City, TX 79837 — 575-963-2340 (H)

*Stephen Haynes — District 4
P.O. Box 1088
Rocksprings, TX 78880 — 830-395-2283 (H)

R. Donald Herschap — District 8
P.O. Box 1751
Fort Stockton, TX 79735 — 432-336-7867 (H)

Rowdy Holmsley — District 6
P.O. Box 221
Sheffield, TX 79781 — 432-836-4350 (H)

*Kimball Miller — District 7
P.O. Box 2153
Fort Davis, TX 79734 — 432-249-0449 (H)

*Henry Mills, III — District 5
406 Canyon Creek Drive
Del Rio, TX 78840 — 830-775-5629 (H)

*Cindy Whitehead — District 3A
P.O. Box 1559
Brackettville, TX 78832 — 830-563-9751 (H)

Dan Laws, General Manager/CEO
P.O. Box 240
Brackettville, TX 78832 — 830-563-2444 (W)
830-563-9717 (H)

* Credentialed Cooperative Director