



Update



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A Message From The General Manager/CEO

By Dan Laws

“...eventually, we will have to raise rates.”

I recently had a member ask if Rio Grande was going to have to raise rates due to the current economic crisis we are experiencing in America. My short answer was—probably. Think about it...everything we buy has gone up. Milk, gasoline, propane, dinner at a restaurant; you name it and the price has risen. So, it only makes sense that Rio Grande's rates will need to go up at some point. We do not have specific plans to raise rates at this point, but probably somewhere out there in the future we will have to follow suit with everything else that's gone up.

You've heard me say this before, but we have raised rates only two times since 1987. Taken together, the two rate increases totaled less than 10%. I hope you get the significance of that particular statistic. There is nothing you buy, that provides anywhere near the value of electric energy, that hasn't gone up far more than Rio Grande's rates since 1987! You may be saying, "Now, Dan you're not being completely truthful; I know I paid more for electric energy in 2008 than I did in prior years." You, of course, are correct, but not because we raised rates.

You note that your energy bill from Rio Grande includes a Power Cost Adjustment (PCA) that is multiplied times the number of kWhs you consume in a particular month. That factor increases and decreases with the market. If the energy we purchase increases, then the PCA factor increases. If the price of energy we buy goes down, then the PCA goes down. We have no control over the market, but must pass those fees along to our consumers. As you know, there is no mark up in the energy we sell to you; we pass it on at exactly the price we pay for it.

Our track record speaks for itself. We have increased wages to a competitive level. We have increased reliability and improved facilities while holding the line on rates. We have done so by ferreting out inefficiencies and developing economies of scale. We have employed new technology, which allows us to work smarter. And, we have held fast to the notion that we must expand our core business. The driving force behind all we have accomplished has been our commitment to you, the member owner. We are unwavering in our dedication and undaunted in our effort to find new efficiencies.

The Seven Cooperative Principles are not only a lighthouse, but a light of introspection which we turn to with regularity. We search for ways we can accomplish more with less. Even so, eventually, we will have to raise rates. You can rest assured it will not be done until it is absolutely necessary. Our board of directors and staff work tirelessly to insure that you receive electric energy at the lowest possible cost, consistent with sound business principles. That's something we can all live with.