



Rio Grande Electric Cooperative, Inc.

UP DATE



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A Message From The General Manager/CEO

By Daniel G. Laws

“On the other hand. . .”

As I write this article, I am listening to our linemen dealing with an outage on the western end of our system. Given the weather conditions, it is likely the result of high winds or possibly a bird in the line. Whichever the case, the end result is lots of folks without power. You can trust me when I say Rio Grande employees know how inconvenient being without power can be.

The power being out reminds me of the very narrow tight rope our board of directors and I have to walk when it comes to the issue of system reliability and finances. On the one hand, we would gladly add many miles of additional line to one of the largest member owned systems in the contiguous United States, in order to have loop feeding and double contingency planning capability. In fact, we would be happy to increase the compliment of employees, the number of trucks on the road, and the number of service centers scattered throughout our service territory. The reason we can't however, to borrow some words from Randy Travis, is “on the other hand”.

On the other hand, is paying for all of the above. With only one source of capital—you—it is a difficult proposition at best. How much reliability can you afford? How many additional employees can you afford? How many system improvements will be more of a financial burden than you can bear? How many additional trucks running up and down the road at today's fuel prices will it take to break the bank—you? These are questions we continually have to ask ourselves as we plan for the future.

Well, you say, why don't you just borrow the money? There is no question that borrowing has to be and will likely always be a part of our future, but borrowed money has to be paid back, and guess where that money comes from—that's right—you. And when you borrow money, how much is too much? There is any amount of business rationale available to answer that question, but in the end there is only one thing that matters; what rate do we have to charge in order to maintain the system, repay debt, hold a reserve for emergencies and build new facilities. In short, what can you afford?

There is a strong possibility we will need to raise the amounts we charge for some fees. Most of the fees I am speaking of have not been increased in more than twenty years. Our board has recently approved the most expensive (\$10.5 million) work plan ever undertaken by the Cooperative. It contains projects that are very important to system reliability, as well system capacity, so that we can serve new consumers now and in the future. With these improvements comes the need to pay; as the old expression goes, “there's no free lunch”.

These are weighty issues; please don't ever make the mistake of thinking our board of directors has an easy job. The full burden of these decisions rests squarely on their shoulders. I am proud to tell you that the membership is represented by a very conscientious group of men and women. You can have confidence in their decisions. In fact, the board of directors is another one of your **“Home Team Advantages”**.

By the way, the outage that occurred at the beginning of this article turned out to be our Transmission Service Provider (TSP), AEP. They had a failure in their equipment—it happens to all of us.