



## Rio Grande Electric Cooperative, Inc.

# UP DATE



June, 2007



### A Message From The General Manager/CEO

By Dan Laws

## Future Wholesale Power Supply

Future wholesale power supply continues to be a concern among the electric cooperatives of the state, the legislature, and the Electric Reliability Council of Texas (ERCOT). It is also a concern to our board of directors and me. We are close to the end of our existing power supply contracts and find ourselves in the unenviable position of bidding in supply at a time when supply is expected to be short.

Needless to say, this occupies a significant amount of our time, as we work with bidders, consider your supply needs, and look for ways to reduce the future costs. We have narrowed respondents to our Request for Proposals to a short list of two. Both of these suppliers can adequately meet our needs going forward and both are suppliers with whom we have experience. At the present, we are on track to make a final decision during our June 20<sup>th</sup> board meeting, for the portion of our system in ERCOT.

In addition to renewing our contracted power supply, we are doing a little “outside of the box” thinking. In our sixty-one year history, we have always gone to the wholesale supply market to meet our needs. By doing so, we have no part in planning future power generation in general, and have no input as to the fuel source, the mix of fuel sources, or the sighting of future power generation facilities.

With that in mind, here is where the “out of the box” thinking comes in. We are looking at the possibility of joining a Generation and Transmission Electric Cooperative (G&T). Most of the nation's 850 electric cooperatives are either partial or full requirements members of a G&T. So you may ask, “Dan, where is the out of the box thinking you mentioned?” Well, considering membership in a G&T is out of the box for us. Remember—I said we have always gone to the market for supply. To that end, we have signed a Letter of Intent with South Texas Electric Cooperative, Inc. (STEC) in Nursery, Texas.

Not surprising to us, we have found an organization that shares our values and our corporate culture. Our boards have met and our employees have met. In order for Rio Grande to join STEC, there are a myriad of details to be worked out. If our joining comes to fruition, we will become part of their family and they will become part of ours. STEC would provide Rio Grande's wholesale power. Rio Grande would retain its' corporate identity; our board of directors would continue to manage Rio Grande's affairs, and the same employees would still respond to your needs. No decision has been made, and you will be kept apprised of new developments.

Since I am speaking of the cooperative family, it seems fitting that I mention a loss our local family of Cooperative employees experienced. April 24, 2007, Santos DeHoyos slipped from this life to the next out on the Pandale highway, when he lost control of the Cooperative vehicle he was driving. Santos was a friend to all of us and though he was one of our youngest employees, he taught us all a lot about living. You see, Santos lived full out everyday and everyday he found something to laugh about and something to make others laugh about. He will be missed by us all. Vaya con Dios, friend.

**June is Lightning Awareness Month**

Visit [www.riogrande.coop](http://www.riogrande.coop) for links to important lightning safety information.