



Rio Grande Electric Cooperative, Inc.

# UP DATE



May, 2005



## A Message From The General Manager/CEO

By Daniel G. Laws

### Natural Gas Prices And Your Electric Bill

***Soaring natural gas prices take their toll on consumers across the nation!*** Sounds a little familiar, doesn't it? In fact, headlines like these have dominated the news for the last several months - but it is not the first time and, more than likely, will not be the last. Natural gas fuels much of the historically available electric generation and all of the currently planned new generation — with the exception of solar and wind generation.

If the trend of constructing generating facilities that use natural gas as their fuel source continues, there is a chance we will see a time when demand for natural gas for summer use exceeds winter demands. This has never happened, but we may not be far from having it happen. This fact, along with a dozen other factors, serve to hold natural gas prices artificially high.

I use the term “artificially high” because it best describes the phenomena we are currently experiencing. Underground storage of natural gas is currently 26% above the five-year average. The northeast, responsible for much of the natural gas that is consumed during winter months, has experienced a very mild winter. And weather overall for the entire country is approximately 30% warmer than normal. The number of drilling rigs in service has set a new record for active units drilling for natural gas, and is currently 17% above the highest previous record.

Each of these facts taken separately would ordinarily drive prices down and collectively would dramatically lower natural gas prices. Never the less, natural gas prices remain 200% above normal levels for this time of year. And, unfortunately, there appears to be no softening on the horizon. I mention this to explain why you are seeing higher than normal electric bills. As we move into the summer months and individual usage increases, the cost of natural gas will have an even greater impact on your bill. For the present, all we can do is conserve as much as possible and hope that prices will soon return to normal.

On a separate note, I feel compelled to offer some comments on a recent tragedy that has touched the Cooperative family of employees. On March 23, 2005, Mike Meyer, son of our Brackettville Line Foreman David Meyer and Josie passed away at the age of 25, as the result of a brain aneurysm. Mike or “Mikey” as he was affectionately referred to, was loved by all who knew him. At his funeral, Mike's younger sister Kristie, gave the eulogy. At the close of her stirring comments, she said, “I don't feel I have done him justice by my comments”. As tears coursed down my cheeks, I could not think of any higher praise than to have a little sister speak with such warmth, tenderness and love of her brother's life.

When David returned to work, he stopped by my office for a few minutes and I once again spoke the words that seem to ring so hollow, “I am so sorry for your loss”. David was patient with my feeble attempt at offering comfort, and made this comment before he left, “Mikey was close to the Lord”. Each of us can consider our lives a success if those who know us best can say the same when it is our turn to cross over into eternity.