



Rio Grande Electric Cooperative, Inc.

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A Message From The General Manager/CEO

By Daniel G. Laws

“Common Misunderstandings”

With recent conversations fresh on my mind, I want to spend time with you at the beginning of 2004 sharing my feelings about things that are very close to my heart. The following are actual statements that have been made to me in recent days. For the most part, they are well intentioned, but in at least some instances, miss the essential truths of their respective interaction with the Cooperative. Repeating those statements will allow me to explain some important policy issues and perhaps dispel some common beliefs that simply have never been true.

With that said, here are the statements:

“I liked your most recent article in the magazine. I am a member of Rio Grande and I have service with another utility as well—Rio Grande is more expensive—I know its miles of line and few meters, but Rio Grande is higher.”

“I never have liked the fact that I have to pay a meter reading fee and still have to read my own meters.”

“I thought since I have nine meters with the Cooperative I was due some consideration on the new line extension I requested and would not have to pay Contribution-in -Aid of Construction—I guess I am not important to the Cooperative.”

“The electric energy I will be using will allow the Cooperative to recover the \$4,000 it will cost to build my line extension.”

I will take them in order and provide a better understanding of the issues involved. Please understand that my purpose here is not to criticize, but rather to use actual member feedback to facilitate understanding. The statements above represent common misunderstandings, and have been repeated to me many times over during my tenure with Rio Grande ECI.

I always appreciate it when someone takes time to let me know they liked something I wrote in the magazine. Sometimes it is difficult to find the time to write this column, but it's one of those things I am always glad I did, once it is done—if that makes sense. Rio Grande ECI's rates are definitely higher than some other utilities, but they are far from the highest in the state. If you have done some comparison lately, you know that companies traditionally having rates lower than Rio Grande's, are now at or above our rates. Of course, it is always important to look at how much you purchase when comparing rates. The comparison cannot be as simple as looking at the total dollar amount without considering the quantity of energy purchased. The thing I hope every member understands is that our rates are as low as they can be and still maintain the Cooperative's financial health. I come to work every day with only one purpose; to manage this cooperative to the benefit of the membership, so that it is always here providing reliable service in an area that no one else would serve fifty years ago.

The \$13.00 availability charge is often referred to as a meter reading fee. Those who read their own meter feel cheated, accordingly, and will be angry. The truth is, the availability charge is to recover fixed costs that occur whether or not energy is purchased. Such costs as property taxes, generation of monthly bills, transformer costs, and meter costs are just a few of the expenses that fall in this category. It is not a meter reading fee and never has been. I don't know where that idea came from, but it simply is not true.

Every member/consumer is important irrespective of size or number of meters. Our Tariff and Policies are aimed at treating everyone as fairly as possible. Naturally, when you set policy, it is impossible to cover every eventuality, and sometimes members find themselves at extreme ends of the spectrum. In this case, the fact that a person buys more or less than someone else does not impact policy, because our tariff is designed so that every tub sets on its own bottom. In other words, each of the nine meters this member has is charged a rate that allows it to recover the expenses associated with it only. Remember, Rio Grande ECI is a non-profit organization, and as such, our objective is to cover expenses, and any surpluses collected are to meet mortgage requirements and are allocated to the members as their investment in the electric utility they own.

Because rates are aimed at recovering actual expenses, there is not a surplus of significant portion that would provide a return on investment when a line extension is requested. If the rates were designed to recover such investments, they would be much higher. Each year, Rio Grande builds approximately one million dollars in line extensions. To add this amount to the rate base would increase rates to everyone so that the Cooperative could build extensions to the 300 or so folks that request line extensions each year. In other words, it simply would not treat everyone fairly.

From the Board of Directors all the way through the employees, our only interest is what is in your best interest. We are not perfect by any stretch of the imagination, and you may have occasion to question our intellect, but I would hope you never have reason to question our commitment and dedication to serving your best interest. We are your, **"Home Team Advantage"**.