

**RIO GRANDE ELECTRIC COOPERATIVE, INC.
NOTICE TO RATEPAYERS**

Rio Grande Electric Cooperative, Inc. (the Cooperative) intends to change rates for electric service. In accordance with New Mexico Administrative Code § 17.9.540.13, the Cooperative gives notice that it intends to file the proposed rate schedules under Advice Notice No. 33 with the New Mexico Public Regulation Commission (Commission) on or about December 5, 2011. The Cooperative will promptly notify the members on the date on which it actually files the schedule proposing the new rates if the member makes this request.

Advice notice No. 33 will change rates due to increases in operating expenses necessary to serve the customers of the cooperative. The Cooperative's last rate increase was in December of 1997. The 1997 rate design no longer provides adequate revenues to allow the Cooperative to cover the cost to provide electric services to its customers. It is anticipated that the proposed rates will increase the New Mexico total system revenue by \$69,245 or 21.9%. While the overall increase is 21.9%, individual classes as a whole may receive above or below the average increase depending on how much operating margin the class contributes to the margins of the cooperative. The proposed rates will incorporate into base rates the base cost of purchased power of \$0.0828/kwh sold. The adopted rate changes are detailed below.

Rate Class	Present Rates	Proposed Rates	Total Dollar Increase (Decrease)	% Increase	Number of Customers in Class
Residential	\$176,719	\$217,409	\$40,690	23.0%	168
General Service – Single Phase	\$88,621	\$ 110,212	\$21,591	24.4%	101
General Service – Three Phase	\$2,329	\$3,233	\$904	38.8%	4
Recreational	\$6,677	\$10,098	\$3,421	51.2%	17
Irrigation	\$30,970	\$29,290	\$(1,680)	-5.4%	15
Large Power - Secondary	\$7,612	\$11,736	\$4,122	54.1%	1
Lights	\$3,364	\$3,561	\$197	5.8%	25

For residential customers the difference in present rates and proposed rates for various levels of consumption are as follows:

Residential Service (kwh)	Present Rates	Proposed Rates	Increased
0	\$13.00	\$34.25	\$21.25
250	\$45.45	\$66.25	\$20.81
500	\$77.89	\$98.25	\$20.36
750	\$110.34	\$130.25	\$19.92
1000	\$142.78	\$162.25	\$19.47
2000	\$272.56	\$290.25	\$17.69

The proposed rate change will also incorporate changes to various tariffs as follows:

PRESENT RATE	PROPOSED RATE
<p><u>General Service - Single Phase - Rate No. 1</u></p> <p><u>Consumer Charge:</u> \$15.00/meter <u>Energy Charge:</u> \$0.100400 per kWh <u>PCRF:</u> Base Power Cost of \$.04541 <u>Member Read Meters :</u> Estimated readings used when meter reading not received by 16th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>General Service - Single Phase - Rate No. 1</u></p> <p><u>Consumer Charge:</u> \$35.00/meter <u>Energy Charge:</u> \$0.1292 per kWh <u>PCRF:</u> Base Power Cost of \$.08280 <u>Member Read Meters :</u> No longer used <u>Level Payment Plan:</u> Not Available</p>
<p><u>General Service - Three Phase - Rate No. 2</u></p> <p><u>Consumer Charge:</u> \$25.00/meter <u>Energy Charge:</u> \$0.07650 per kWh <u>PCRF:</u> Base Power Cost of \$.04541 <u>Member Read Meters :</u> Estimated readings used when meter reading not received by 16th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>General Service - Three Phase -Rate No. 2</u></p> <p><u>Consumer Charge:</u> \$40.00/meter <u>Energy Charge:</u> \$0.1325 per kWh <u>PCRF:</u> Base Power Cost of \$.08280 <u>Member Read Meters:</u> No longer used <u>Level Payment Plan:</u> Not Available</p>
<p><u>Irrigation and Related Pumping - Rate No. 3</u></p> <p><u>Consumer Charge:</u> \$15.00 plus \$0.75 per hp</p> <p><u>Demand Charge:</u> \$5.00 per kWh (demand metered) \$4.00/hp (non demand metered) <u>Energy Charge:</u> \$0.05887/kWh (first 195 kWh/hp) \$0.04887 (over 195 kWh/hp) <u>PCRF:</u> Base Power Cost of \$.03414 per kWh and \$5.02 per KW <u>Member Read Meters :</u> Estimated readings used when meter reading not received by 16th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>Irrigation and Related Pumping - Rate No. 3</u></p> <p><u>Consumer Charge:</u> \$25.00 (< or = to 195 kWh per hp) \$50.00 (> 195 kWh per hp) <u>Demand Charge:</u> \$10.00/kW (kWh > 195 kWh/hp). \$0.00 per kilowatt (kWh > 195kWh/hp) <u>Energy Charge:</u> \$0.0968/kWh <u>PCRF:</u> Base Power Cost of \$.08280 <u>Member Read Meters:</u> No longer used <u>Level Payment Plan:</u> Not Available</p>
<p><u>Oil Well Pumping and Related Operations-Rate No. 4</u></p> <p><u>Availability:</u> Three-phase or Single-phase <u>Customer Charge:</u> \$40.00/meter <u>Demand Charge:</u> \$5.50/kW of metered demand or HP <u>Energy Charge:</u> \$0.06000 per kWh for all kWh <u>Billing Horsepower:</u> Available <u>PCRF:</u> Base Power Cost of \$.03414 per kWh and \$5.02 per KW <u>Minimum Charges:</u> Non - Demand Metered: Customer Charge plus \$5.50/hp Demand Metered: Customer Charge + Demand Charge <u>Member Read Meters :</u> Estimated readings used when meter reading not received by 16th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>Oil Well Pumping and Related Operations—Rate No. 4</u></p> <p><u>Availability:</u> Three-phase <u>Customer Charge:</u> \$60.00/meter <u>Demand Charge:</u> \$16.50/kW <u>Energy Charge:</u> \$0.0751 per kWh <u>Billing Horsepower:</u> Not Available <u>PCRF:</u> Base Power Cost of \$.08280 <u>Minimum Charges:</u> Customer Charge + Demand Charge <u>Member Read Meters:</u> No longer used <u>Level Payment Plan:</u> Not Available</p>
<p><u>Large Power - Rate No. 5</u></p> <p><u>Customer Charge:</u> \$95.00/meter (availability charge) <u>Demand Charge:</u> \$10.00/kW (secondary voltage) \$9.70/kW (primary voltage) <u>Energy Charge:</u> \$0.04038/kWh (secondary voltage) \$0.03921/kWh (primary voltage) <u>PCRF:</u> Base Power Cost of \$.03414 per kWh and \$5.02 per KW <u>Estimated Meter Reads:</u> Used when meter reading not received by 16th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>Large Power - Rate No. 5</u></p> <p><u>Customer Charge:</u> \$150.00/meter (availability charge) <u>Demand Charge:</u> \$15.50/kW (secondary voltage) \$15.00/kW (primary voltage) <u>Energy Charge:</u> \$0.0696/kWh (secondary voltage) \$0.0697/kWh (primary voltage) <u>PCRF:</u> Base Power Cost of \$.08280 <u>Estimated Meter Reads:</u> No longer used <u>Level Payment Plan:</u> Not Available</p>

PRESENT RATE	PROPOSED RATE
<p><u>Area Lighting - Rate 6</u></p> <p><u>Non-Standard Installation:</u> Not Available</p> <p><u>Base Rate Per Lamp Per Month:</u> (Mounted on Existing Pole) \$8.95 (175 Watt Mercury Vapor) \$10.96 (250 Watt HPS Roadway) \$15.40 (400 Watt HPS Flood)</p> <p><u>Additional Charge:</u> Each Additional Pole without Light: \$0.55 Separate Transformer: \$1.10</p> <p><u>PCRF:</u> Base Power Cost of \$.04541</p>	<p><u>Area Lighting - Rate 6</u></p> <p><u>Non-Standard Installation:</u> 100% Contribution in Aid of Construction</p> <p><u>Base Rate Per Lamp Per Month:</u> (Mounted on Existing Pole) \$12.25 (100 Watt HPS) \$15.00 (250 Watt HPS Roadway) \$19.50 (400 Watt HPS Flood)</p> <p><u>Additional Charge:</u> Each Additional Pole without Light: \$2.00 Separate Transformer: \$2.00</p> <p><u>PCRF:</u> Base Power Cost of \$.08280</p>
<p><u>Miscellaneous - Rate 7</u></p> <p><u>Returned Check Fee:</u> \$10.00</p> <p><u>Residential Reconnect Trip Fee</u> (Normal Business Hours): \$20.00</p> <p><u>Residential Reconnect Trip Fee</u> (Outside Normal Business Hours): \$40.00</p> <p><u>Non-Residential Reconnect Trip Fee</u> (Normal Business Hours): \$60.00</p> <p><u>Non-Residential Reconnect Trip Fee</u> (Outside Normal Business Hours): \$80.00</p> <p><u>Other Trip Fee</u> (Normal Business Hours): \$20.00</p> <p><u>Other Trip Fee</u> (Outside Normal Business Hours): \$40.00</p> <p><u>Meter Test Fee:</u> 15.00</p>	<p><u>Miscellaneous - Rate 7</u></p> <p><u>Returned Check Fee:</u> \$35.00</p> <p><u>Residential Reconnect Trip Fee:</u> (Normal Business Hours): \$40.00</p> <p><u>Residential Reconnect Trip Fee:</u> (Outside Normal Business Hours): \$60.00</p> <p><u>Non-Residential Reconnect Trip Fee</u> (Normal Business Hours): \$75.00</p> <p><u>Non-Residential Reconnect Trip Fee</u> (Outside Normal Business Hours): \$95.00</p> <p><u>Other Trip Fee:</u> (Normal Business Hours): \$40.00</p> <p><u>Other Trip Fee:</u> (Outside Normal Business Hours): \$60.00</p> <p><u>Meter Test Fee:</u> \$40.00 per Member Request, Actual Cost Not to Exceed \$100.00*</p> <p><u>Three-phase Service Reconnect:</u> \$165.00 per meter</p>
<p><u>Residential Service-Rate No. 14</u></p> <p><u>Consumer Charge:</u> \$13.00/meter</p> <p><u>Energy Charge:</u> \$0.09239 per kWh</p> <p><u>PCRF:</u> Base Power Cost of \$.04541</p> <p><u>Member Read Meters :</u> Estimated readings used when meter reading not received by 16th of the month</p>	<p><u>Residential Service - Rate No. 14</u></p> <p><u>Consumer Charge:</u> \$34.25/meter</p> <p><u>Energy Charge:</u> \$0.1280 per kWh</p> <p><u>PCRF:</u> Base Power Cost of \$0.08280</p> <p><u>Member Read Meters -</u> No longer used</p>
<p><u>Recreational Service - Rate No. 15</u></p> <p><u>Consumer Charge:</u> \$18.75/meter</p> <p><u>Energy Charge:</u> \$0.09239 per kWh</p> <p><u>PCRF:</u> Base Power Cost of \$.04541</p> <p><u>Member Read Meters :</u> Estimated readings used u when meter reading not received by 16th of the month</p> <p><u>Level Payment Plan:</u> Available for Qualifying Consumers</p>	<p><u>Recreational Service -Rate No. 15</u></p> <p><u>Consumer Charge:</u> \$36.00/meter</p> <p><u>Energy Charge:</u> \$0.1285 per kWh</p> <p><u>PCRF:</u> Base Power Cost of \$0.8280</p> <p><u>Estimated Meter Reads:</u> No longer used</p> <p><u>Level Payment Plan:</u> Not Available</p>

* If a consumer requests a meter test, and the consumer's meter has been tested at the consumer's request in the prior 18 month period, the meter test fee shall be set at an amount to recover actual costs, not to exceed \$100 plus a trip fee. If the meter is found to be in excess of 2% in error, the meter test fee will be refunded to the customer.

PRESENT RATE	PROPOSED RATE
<u>Temporary Service - Rate No. 16</u> <u>Consumer Charge:</u> \$20.00/meter <u>Energy Charge:</u> \$0.14050 per kWh <u>PCRF:</u> Base Power Cost of \$.04541 <u>Estimated Meter Reads:</u> Used when meter reading not received by 16 th of the month <u>Level Payment Plan:</u> Available for Qualifying Consumers	<u>Temporary Service - Rate No. 16</u> <u>Consumer Charge:</u> \$40.00/meter <u>Energy Charge:</u> \$0.1763 per kWh <u>PCRF:</u> Base Power Cost of \$0.8280 <u>Estimated Meter Reads:</u> Not Available <u>Level Payment Plan:</u> Not Available
<u>Standby Service - Rate No. 17</u> <u>PCRF:</u> Base Power Cost of \$.04541 <u>Member Read Meters :</u> Estimated readings used u when meter reading not received by 16 th of the month <u>Condition of Service:</u> Reduced Voltage Starter Required (> 100 hp)	<u>Standby Service - Rate No. 17</u> <u>PCRF:</u> Base Power Cost of \$0.8280 <u>Member Read Meters:</u> No longer used <u>Condition of Service:</u> Start Device that limits motor start current to 300% required (> 100 hp)

In addition, there are also various changes to tariff language that are not expected to impact any existing customer.

The proposed new rates will go into effect automatically and without hearing by the Commission unless one percent or twenty-five (25) members of a customer class, whichever is less, file a protest with the Commission no later than twenty (20) days after the Cooperative has filed the schedule proposing the new rates (on December 5, 2011) and the Commission determines there is just cause for reviewing the proposed rates on one or more of the grounds of the protest.

IF A HEARING IS HELD BY THE PUBLIC REGULATION COMMISSION, ANY COSTS INCURRED BY THE COOPERATIVE MAY BE INCLUDED IN THE COOPERATIVE'S FUTURE RATES, FOLLOWING THE UTILITY'S NEXT RATE CASE.

The procedures for protesting a proposed rate or rates are set forth in New Mexico Public Service Commission Rule 540 (New Mexico Administrative Code Section 17.9.0540), a copy of which can be obtained upon request from or inspected at either the main office of the Cooperative at US Hwy 90 and SH 131, P.O. Box 1509, Brackettville, Texas 78832 (830.563.2444) or the New Mexico Public Regulation Commission, P.E.R.A. Building, 1120 Paseo de Peralta, PO Box 1269, Santa Fe, New Mexico 87504 (telephone 505-827-4500 or 800-947-4722).

Forms for a protest can be obtained by the Commission or the Cooperative. Before filing a protest, a member should attempt to resolve any grievance within the Cooperative by presenting his or her objections to the Cooperative in writing and allowing the Cooperative at least 7 days in which to respond.

Any interested person may examine the rate filings together with any exhibits and related papers that may be filed at any time at the main office of the Cooperative or on or after the date of filing at the offices of the Commission in Santa Fe. Further information concerning this filing or the protest procedure may be obtained by contacting the Cooperative or the New Mexico Public Regulation Commission.