



SIERRA ELECTRIC COOPERATIVE, INC.

MEMBER NEWSLETTER August 2009

Work is the basis of living.....A man will rust out quicker than he will wear out.

Colonel Harland Sanders
Kentucky Fried Chicken

The increase in our rates that was talked about at the annual meeting and in past newsletters becomes effective with this month's billing. It is a one-cent per kilo-watt-hour increase for all rate classes with the exception of the sale for resale rate with the City or Truth or Consequences.

Sierra is the supplemental power supplier to the City and as such, we have a long-term contract with them to provide for their power requirement that is above the capacity of their primary power provider to deliver. The energy cost per kilo-watt-hour to the City is fixed by contract and is adjusted annually to reflect changes in costs for energy. To that energy cost, Sierra has an adder that contributes in collecting revenue to offset costs just as all other rate payers contribute toward costs reimbursement. As we talked about at the annual meeting and in our publication of the intent to change rates, that adder is what is being increased by this adjustment.

Sierra has seen changes in energy costs in both reductions and increases from its power supplier over the past several years. When the merger of Plains Electric into Tri-State G&T occurred in 2000, we saw reduced energy costs passed on in the form of credits in fuel and purchased power adjustments on the monthly bills. Gradually but slowly and surely, those adjustments were less and less as our costs of energy from our supplier increased. Fuel and purchased power adjustments have consistently been increases rather than credits to the monthly bills for over two years now.

It has been a long time since it has been necessary to have a change in the basic rate. The service charge was adjusted last year but the last base rate change was in 1993. The Board of Trustees deliberated for many months before authorizing an application for the increase in rates and opened discussions on that topic at our last annual meeting.

This rate change is not the only increase that will be forth coming. The cap-and-trade provision, (the Waxman-Mackey Bill) which passed the House of Representatives this spring is scheduled in the Senate when they return this fall. The proposed legislation as we now know it has the probability of a much greater impact on the monthly bill than does our rate increase.

Sierra continue to work with our elected representatives both nationally and locally to ensure that any change made is the most equitable that can be obtained. We request that you keep informed and contact your elected national representatives telling them to remember you when they vote on energy or climate change legislation.