



SIERRA ELECTRIC COOPERATIVE, INC.

MEMBER NEWSLETTER September 2009

<p>Well done is always better than well said. Ben Franklin</p>
--

Lately there have been newspaper articles about Sierra and the NMSA (New Mexico Spaceport Authority) reaching an agreement on providing electric service to Spaceport America. We have indeed come to a conclusion on the many terms and provisions of an agreement where Sierra will be the service provider for the Spaceport. It has taken a long time to reach agreement as the requirements for such service are very complex. At Sierra, we are pleased to have the Spaceport and its affiliates come to our county and are hopeful that they will be a successful venture bringing to this area many rewards and new opportunities.

The concept of renewable energy is growing in its application partially due to tax and other incentives that are available to those who accept the challenge of installing and operating such a resource. These resources are fairly expensive to install. Sierra is obligated to purchase all excessive energy that a qualified facility generator puts back onto the distribution system, “the grid” during a billing period at what is called “avoided cost”. Avoided cost is the energy price Sierra pays its wholesale provider adjusted for line losses. For the year 2009, the value of avoided costs is \$0.02882 per kilo-watt-hour.

Our experiences are that an operating renewable energy generator can provide sufficient energy in kilo-watt-hours to satisfy the needs of the average home and sometime have a surplus of energy that is put back onto the grid. When this occurs, the minimum bill will become applicable and the billing will then be the minimum amount plus tax.

The minimum bill helps to offset portions of the cost of having a reliable distribution system in place capable of delivering electric power at all times including whenever a renewable generator cannot produce any energy (such as at night for a solar system and when the wind doesn't blow for a wind turbine), plus it helps to offset some of the expenses of metering. Other portions of these costs are contained in the kilo-watt-hour rate that is paid for the energy consumed by each member during a billing period.

The rules for the connection and billing of qualified facilities of renewable energy are authorized by the New Mexico Public Regulation Commission. These rules have been revised several times in the past years and will most likely be revised again. Sierra continues to work with our regulatory agencies to provide reliable energy at an affordable and equitable price to all members.