

President's Message

Jimmy Ballew

This is my seventh year as a Rio Grande Electric Co-op board director, and my third year as the board president. It has been as challenging of a year as I have seen since I began my board service in 2004. These tough economic times make it difficult to hold costs down, while providing members with the best possible service, but it is a goal that we as a board strive for with every decision we make. The rate increase that was implemented last year, though it has not been in effect for a full year yet, has accomplished the objective that we set for it. The native system is standing on its own feet, which frees up the profit margins from other entities, like Fort Bliss and Laughlin, to make system improvements on our infrastructure, which will in turn make it more reliable for all members. We also plan to eventually be in a position to retire some long-term debt at a faster pace.

As always, RGEC stays on the cutting edge when it comes to utilizing technology efficiently and effectively. Currently, the TWACS metering system is being put into operation, which will do many things to save money, and down-time during outages, for members. It should be fully implemented by the end of this year.

I never want to miss an opportunity to say that all members of RGEC should be proud of the dedicated employees we have. This is especially true of the linemen who, as you probably know, I consider to be the backbone of this organization. They truly are the ones who keep your lights on in all types of weather conditions. I would also like to take this opportunity to once again commend my fellow directors, and general manager Dan Laws, for endless hours of hard work. Each director is also an RGEC member, so continue to rest assured that every decision made is based on the best interest of the entire membership. I have always had great appreciation for our cooperative utility model, and I am confident that we will continue to weather all storms, both real and economic, through the continued strong leadership of the board directors you elect. This is my final year as your board president, as allowed by our by-laws, and I would like to say that it has been an honor and a privilege to be chosen to serve in this capacity. Thank you.

CEO's Message

Dan Laws

One way RGEC determines the direction in which the Co-op needs to go, is through a process called "strategic planning". The need to grow the core business was recognized as a way to help control rates and replace deteriorating facilities during the process. Why grow the core business instead of adding some other business? It's because our core business is also our core expertise. So, when military utility privatization came along, we went after it. In April 2010, RGEC began operations at Laughlin Air Force Base in Del Rio. The privatization contract was sought to provide an additional revenue stream that would help pay for improvements in the native system (the part excluding the military). It is providing huge benefits to both the membership and the military. Finances are just one piece of the puzzle, though.

They say, "In to each life a little rain must fall," and so it did during the summer of 2010, when wet weather caused members in Brewster County to experience brownouts and outages. In remote portions of the system, where lines are the longest, there is a great deal of exposure to things that can go wrong. There are more opportunities for things to happen, and it takes longer to find and make repairs in these areas. In this case, the problem was in the system of the transmission provider, AEP. Accordingly, RGEC filed a complaint against AEP with the Public Utility Commission of Texas (PUC). To make a long story shorter, the issue was resolved, and members are the beneficiaries. We've come to learn that transmission providers and weather are just two more pieces of the puzzle that make up Rio Grande.

Putting the pieces together logically to complete the big picture is what's really important. It's a picture of which you can be proud, because each piece, no matter how large or how small, contributed to the whole – and that's what cooperatives are all about.

About This Report

It only seemed fitting that the 2010 Annual Report be called "Putting The Pieces Together". The year was one in which we saw the total picture began to come in to view. Like a puzzle, each project, each department, each operations area, and each employee played an important part in the overall outcome. You, the members of RGEC are an important part of the puzzle, as well, because we never forget that we work for you.