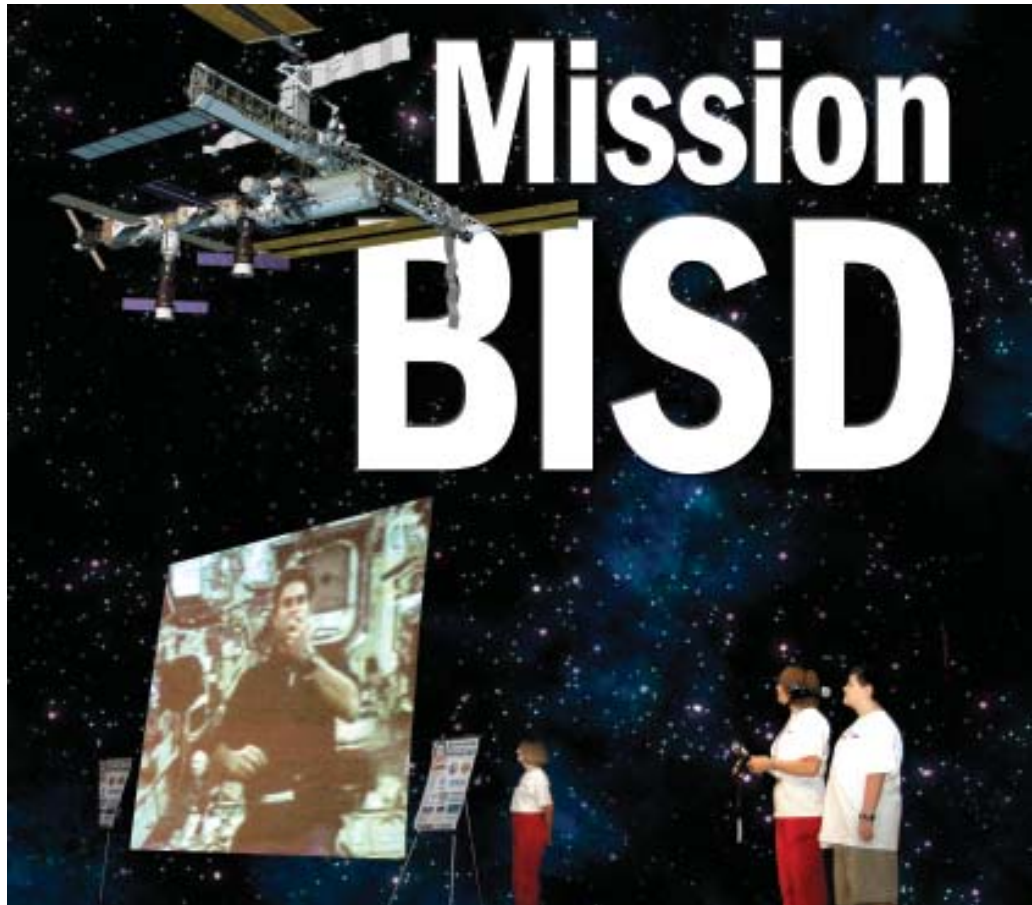




**Power Talk**

**STAR SEARCH 2008**



**REACHING FOR THE STARS**—United member Burleson Independent School District reached new heights in June when science and technology students and teachers won the opportunity to visit with NASA astronaut Greg Chamitoff aboard the International Space Station during an Expedition 17 live in-flight educational downlink. The school district was one of only five groups selected nationally for the downlink, and the only school district and Texas group to receive the educational experience. The photo illustration above was created to depict the actual link between BISD teachers and students during the 20-minute downlink with the space station.

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# United members lead the state in Co-op Connections Card Savings

United Cooperative Services members are fighting back against inflation by flashing a special brand of plastic for their pharmacy and retail purchases—earning valuable discounts while they’re at it.

In this case, members are taking advantage of the Co-op Connections Card—the value added discount card every United member receives as another important perk for belonging to the co-op as a member-owner.

Since January, United members have enjoyed an average savings of more than \$10,000 per month on pharmacy purchases—vaulting United’s Co-op Connections card

usage above all participating Texas cooperatives with nearly \$65,000 in total savings.

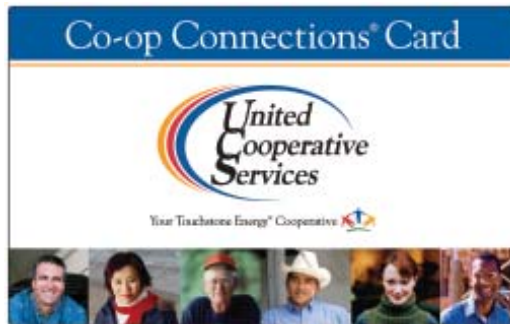
Savings of between 10 to 60-percent are possible with every purchase of a prescription, and additional retail discounts are available with participating local merchants, and national retail outlets. A complete

list of participating merchants may be obtained by visiting United’s Web site at [www.united-cs.com](http://www.united-cs.com)

and clicking on the the familiar Co-op Connection’s Card link.

And as the old truth goes: “No field ever got plowed by turning it over in your head.” Don’t wait to save on the

variety of deep discounts available to you as a Co-op Connections cardholder.



## Energy Grants Earning High Marks From Area Schools

United Vice President of Communications Marty Haight, left, presented Granbury ISD Superintendent William Harris with a check for \$5,000 in June as part of the co-op’s Energy Smarts Grant program. The specially funded program helps eligible schools within United’s 14-county service area target and fund needed energy efficiency improvements. So far, more than \$30,000 has been directed to both private and public schools through the efficiency program, and more schools are in the process of submitting grant applications.



# United Members Have Stake in the Claim

## ■ Your ownership in co-op is all around you.

The electric cooperative business model's most telling attribute is the ownership stake members hold in the business that provides their electric power needs.

During the birth of electric cooperative utilities in the 1930s, small groups of folks from rural America—snubbed by large for-profit utilities uninterested in investing in electric infrastructure for those “out of the way” places—decided they'd take matters into their own hands. Thus, with the help of Franklin D. Roosevelt's Rural Electrification Administration, consumer-owned electric cooperatives were created. Like the electric co-op pioneers of the 1930s, United is focused on providing the best possible electric service at the lowest possible cost for its member-owners.

“Because United is owned by the people it serves, educating and informing our member-owners on what ‘ownership’ means is vitally important for the success of the cooperative business model,” said United CEO Ray Beavers.

Electric cooperatives presently have only one primary source of equity capital, that which is contributed by the members. Member equity is the essential tool for United to build, maintain, and upgrade the facilities necessary in providing the reliable, economical electric service its members have grown accustomed to receiving from their electric cooperative.

Co-op ownership (and the equity a member has within the business) is revealed in several ways. As a not-for-profit cooperative, funds not used to pay operating expenses are invested in United's new plant investment and plant upgrades. This avoids the need to borrow all the money required for upgrades and growth on the co-op's system, thus reducing debt expense. United's board of directors balances debt and equity effectively to meet a variety of financial needs and goals, including the distribution of capital credits (what United refers to as “member dividends”).

“Member dividends signify our members' return on their investment in United,” said Beavers. “However, a member need only look up at the vast array of overhead

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Please see **OWNERSHIP, PAGE 4**

# Member Dividends Represent Equity in the Co-op

## OWNERSHIP

continued from **PAGE 3**

power lines and supporting infrastructure to see the tangible result of their investment in this cooperative,” he added. “The other tangible evidence of member ownership is the distribution of member dividend checks—a commitment United’s board of directors take great pride in every year,” said Beavers.

Each Fall, United distributes member dividend checks, reflecting each member’s portion of the margins made and invested during a specific period. In 2008, more than \$3.2 million will be returned to the members for their investment in the cooperative’s business. Unlike investor-owned utilities that pay dividends to their stockholders (profit-driven) who are often far-removed from the service provided, electric co-ops like United return

their margins to the members – those who used the service and contributed to the reliability of United’s infrastructure (member-driven).

Member dividends accumulate based on the amount of electricity used by each member. Dividend checks are issued when the dividend amount is \$20 or greater. Dividends up to \$19.99 are applied to active accounts as a bill credit. When United distributes member dividends this Fall, the co-op will have

returned—since 2000—more than \$23 million in member dividends to current and former members.

“As a result of their ownership stake in the business, United members share in cooperative margins,” said Beavers. “That’s why this business model has been successful. Ownership has its advantages and our members see it every day in the electric infrastructure that powers our communities and each Fall when we return member dividends,” said Beavers.



# United Youth Tour Delegates See Government at Work

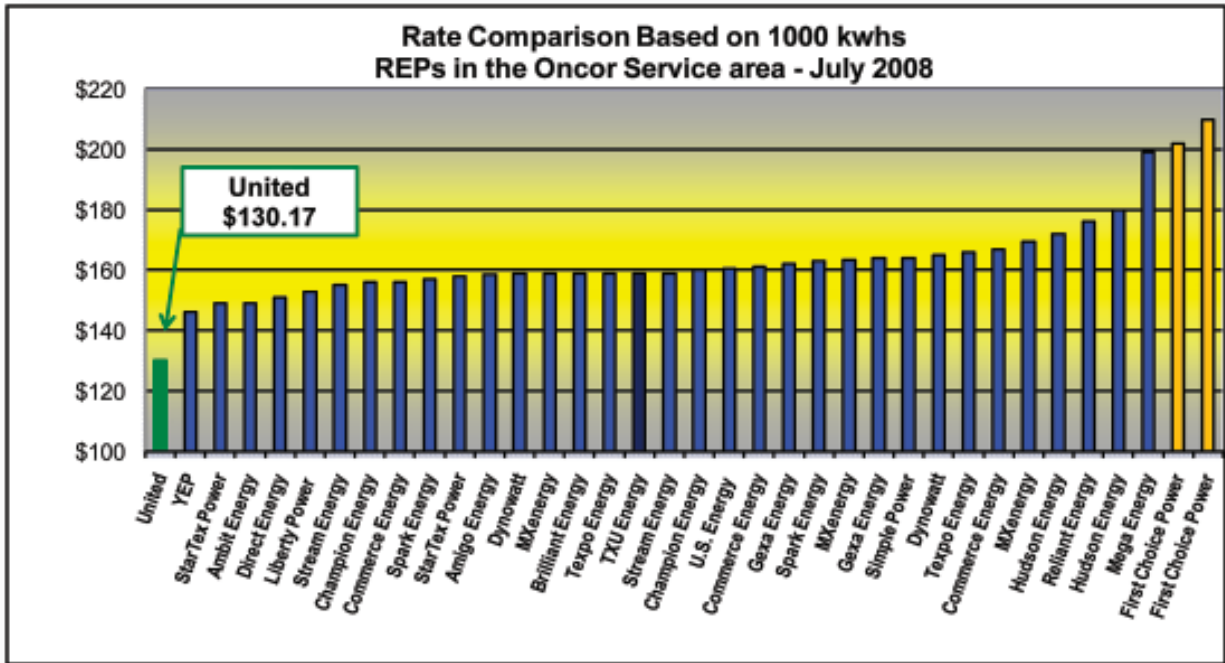
Four students selected to represent United Cooperative Services at the 2008 Government-in-Action Youth Tour received the rare opportunity to see the heart of their nation last month when they visited our nation’s capital.

Morgan Barker (Meridian), Dakota Cox (Alvarado), Leko Murphy (Stephenville) and Ryan Nunley (Joshua) returned from this year’s tour with the same lasting impressions previous United delegates had gained from the experience.

“This trip was definitely a once-in-a-lifetime experience. I met so many friends and we still keep in touch. My experiences in D.C. were so much fun and I learned so much. I want to thank everyone responsible for this exceptional opportunity,” said Morgan Barker.

During the week-long trip, students saw some of the nation’s most treasured monuments, including the Lincoln, Vietnam War Veterans and World War II memorials.

Texas electric cooperatives in 1957 joined other co-ops from across the country in sponsoring trips to the nation’s capital for young students eager to witness government in action. For decades, United Cooperative Services has provided dozens of young people with this opportunity to educate youth on all aspects of rural electrification; to provide an opportunity for youth to visit monuments, government buildings and cooperative-related organizations; and to provide an opportunity for youth to meet elected officials in order to better understand how their federal government works.



**RATE WATCH**—Despite the continuing climb of wholesale power costs for all electric providers, United’s overall electric rate remains significantly lower than the average retail electric provider rates in the North Texas electric utility market, as illustrated in the above July comparison. A complete comparison of rates offered by Texas electric retail providers may be obtained by going to [www.powertochoose.org](http://www.powertochoose.org).

# Make Plans to Attend Now!

United Cooperative Services

# 70<sup>th</sup> ANNUAL MEETING

October 2, 2008

Glen Rose High School Auditorium

Watch for future details!

Requests for SPECIAL Sign Language, or Spanish Interpretation Assistance will be arranged if such requests are received by SEPT. 26. Call United’s Human Resources Dept. at 817-556-4034 for such requests.

# RULES ON “COOL”

With the cost of generating electricity rising, it's imperative that we not waste any. So how do we stay cool, save energy and keep a firm grip on the costs? The easiest way is to live in an energy efficient manner. Conserving and learning how to make thoughtful choices in our attempt to use less should become habitual. Once we learn how important it is not to waste energy, we will contribute to the future energy supply of Texas and our nation.

Are you and your family ready to be cool this summer, or are you having your own energy crisis? The following guidelines could help you save money while staying cool during the dog days of a Texas summer.

**Lights** — Change the light; change the world (or at least your part of the world). Changing old inefficient incandescent bulbs with new energy efficient fluorescents actually produce the same light output while using one fourth of the electricity. COOL!

Don't leave lights on when no one is in the room. If you are going to be out of the room for more than 5 minutes, turn OFF the lights. Consider this, you wouldn't leave the water faucet on if you left the room. Think of electricity in the same way.

If there is a particular light that everyone forgets to turn off, make a sign or sticker to hang next to the switch that says: "Lights Out" or "Hey, Don't forget to turn me off."

### Heat producers or Energy Hogs

Turn off TVs, computers, stereos and other electronics when not in use. Using surge strips can make this easy because you can turn the strip off when not using the electronics. Most stereos, computers and some appliances will steal some power continually while you are not even home and that silently adds kilowatt-hour consumption to your power bill. These electronics also produce heat, which can drive up the temperature in

your home and cause your air conditioner to work harder.

### Watch the Degrees and Cool High Bills

Keep the thermostat at the Department of Energy-recommended 78 degrees to maximize your savings. When no one is home, put the thermostat at 85 degrees. This reduces the need for air conditioning and saves your valuable energy dollars.....COOL!

**Cool Breeze ...** turn ceiling fans or other fans on to generate a breeze. The blowing air can make one feel 5 degrees cooler without running costly air conditioning.

### Close the door!

Check all windows and doors for leaky seals.

An easy way to do this is to hold a ribbon up to the edges of the doors and windows. If it moves, you have a leak. Seal the leak with caulk or weather

stripping. Remember: buy a \$2 tube of caulk now and save \$1 a month for the duration of the seal.

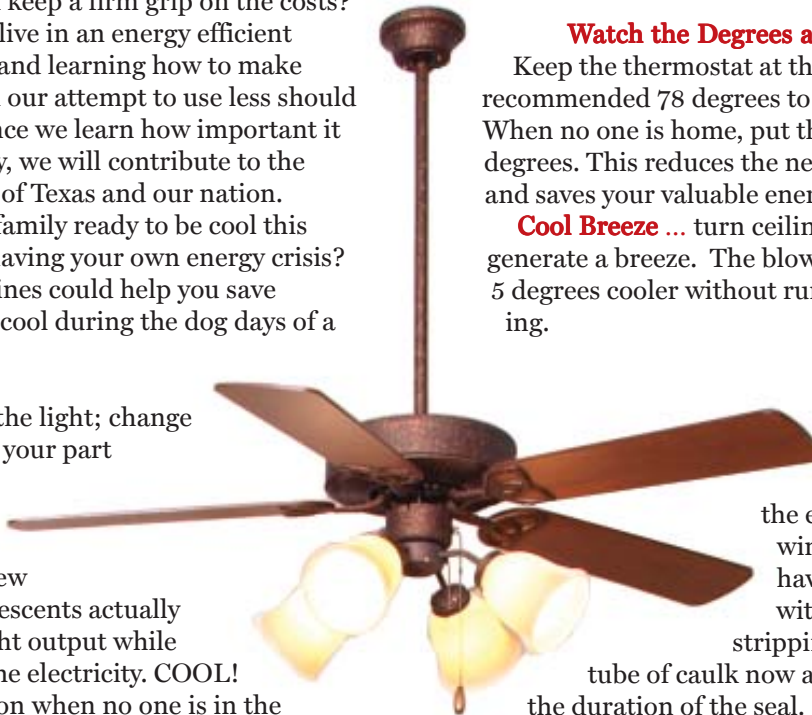
Drapes and Blinds – Keep closed on very hot days to keep the hot air out. Solar film and solar screens – invest in these energy saving coverings to further reduce the heat infiltration through windows and doors. Stop the heat before it gets in.

### Water and Electricity — SAVE BOTH!

Don't leave the faucet or shower running while you run to do something else. It not only wastes water, but runs up your power bill. NOT COOL! Repair leaks since a leaky hot-water faucet could cause your hot water heater to run unnecessarily and drive up your energy costs. Finally, taking shorter showers will use less hot water and save money!

### Kitchens Count too...

Use the dishwasher to save energy, but avoid using the "hot" dry setting. Using the dishwasher is more efficient



# USING ENERGY WISELY

than running a sink full of hot water. Running the dishwasher in the early morning or late at night is also advisable. Use the microwave and save 50 percent over a conventional oven. A microwave produces less ambient heat, saving money on air conditioning.

**Refrigerators** – don't stand there with the door open, staring in the fridge like a cow looking at a new gate. Close the door to keep in the cool air and reduce running times. Test the seal on the door to make sure you are not losing any cooling. An easy way to do this is to close the door on a dollar bill and see how easy it is to pull out. If it is easy, you may need to replace the seal.

Old refrigerators in garages are often referred to as "Energy Hogs." It's time to take those pigs to the market. Remember two refrigerators cost more to operate than one.

Try some of these methods to see how "COOL" you can be this summer!

Ever wonder  
how much energy we  
waste during the year  
because of bad  
habits?



POWER TALK  
Ray Beavers, CEO

If you have read my columns in the past, you probably know by now that I am passionate about the electric cooperative program. I have been working for co-ops since 1977 and because of my longstanding commitment to the cooperative principles, I would never consider working for any other industry. Several factors contribute to why I feel that way, but the foremost reason is the basic value of providing an essential service to the people who own the cooperative business. With that being the case, the business motivation can only be for what is in the best interest of the customer group. I did intern for a large corporation and found out quickly that I could spend my life doing what I didn't believe in. No, that experience taught me that I was going to spend my career always doing the right thing for the right reason.

I'm not saying I haven't experienced a few peaks and valleys during my career. Rather, I mean the basic

making it a key component of United's financial planning, we're able to focus on providing this essential mark of the "co-op ownership" on an annual basis. That is what makes cooperatives different than other businesses; since you have ownership, you should receive part of the equity as a member.

You might ask why we are not paid all of the profit that is made each year. If that were the case, every time a storm blew in and damaged parts of the system, United would have to borrow money to rebuild. Let me give another example: Right now, United serves areas experiencing tremendous growth. If United returned all of its margins, every penny of the cost associated with building for that growth would come from borrowed funds. Complicating matters further, the cooperative would not have equity sufficient enough to go to the capital markets to even borrow money in the first place. What we do is use a combination of internal equity and



# Walking the Talk

purpose of a cooperative always comes back to what is best for the entire membership. Cooperatives are not-for-profit, meaning that money that is made in excess of expenses is allocated back to the membership as patronage capital and comprises the equity of the cooperative. That money is also used for future investment in the capital needs of the cooperative and when finances are good, and the cooperative can afford it, to pay back a portion of that equity to the members in member dividends.

Since 1999, United has paid back more than \$23 million to the members in member dividends, while also keeping the cooperative wires cost the lowest in the state among other distribution cooperatives. This is done through sound financial planning and the board of directors' insistence that the cooperative remain committed to the allocation of member dividends. By

loan funds to ensure that the cooperative remains strong enough to withstand a situation where we need an immense amount of capital, whether it be from bad storm damage or increased growth.

United has been acknowledged by many within the industry and our legislative bodies as a model for how electric cooperatives operate. This co-op, its board and employees are the most committed group of people to the cooperative way of doing business and to providing the members the member dividends on an annual basis. I hope our financial picture will remain healthy enough to continue this membership participation for years to come.

One more thing: the board of directors just voted to pay \$3.2 million in member dividends again this year for your financial patronage in the past (To be distributed in October). Your board at United is **walking the talk** when it comes to being a cooperative.