



Power Talk

FOR THE RECORD



SHARING UNITED'S ENERGY EXPERTISE—United Cooperative Services Vice President of Communications Marty Haight, right, was recently interviewed by Scott Gordon of NBC 5 News during a film segment covering the lingering heat wave barraging North Texans this summer, and the profound effect it has been having on the state's electric power grid. The Electric Reliability Council of Texas (ERCOT) had predicted record demand for power on the day of the interview, but Texas dodged that bullet after Hurricane Edouard swept across the Texas Gulf Coast region and cooled the southern part of the state. The interview, which was set in the cooperative's dispatch department, featured comments from Haight and United Senior Vice President of Planning Cameron Smallwood regarding the grid's vitality that particular day, but it also afforded United the opportunity to extend its energy efficiency and conservation message to a larger audience.

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Beavers to Head Statewide Board



RAYBEAVERS

United CEO Ray Beavers last month was elected chairman of the board of directors of Texas Electric Cooperatives (TEC). The

statewide organization serves 73 electric cooperatives in Texas. TEC members voted to elect Beavers on August 6 during TEC's 68th Annual Membership

Meeting in Galveston.

"I am flattered to serve our association in this role, especially at this critical point in our industry," Beavers said. "I've never witnessed during my 31 years in the cooperative network complex challenges like the ones we're faced with today. The incessant surge in electricity demand, uncertainty regarding environmental legislation, and the need to educate member-consumers on ways to waste less energy are only a few of the crucial issues we, as a cooperative group, must address," he said. "How we respond to

these challenges will have a major role in shaping the direction of our industry for many generations and I'm eager to continue the legacy of success our co-op predecessors began more than 70 years ago."

Beavers has been the CEO at United since 1999. He served as CEO of Southwest Rural Electric Association in Tipton, Okla., from 1987 to 1999, and has worked with Cotton Electric Cooperative in Walters, Okla., and the Oklahoma Association of Electric Cooperatives.

Customer Satisfaction Survey Validates United Employee Efforts



American Customer Satisfaction Index™

In its constant pursuit to better understand the relationship United Cooperative Services employees have built with their members and to learn ways to serve them at an even higher level, the co-op conducts an ongoing, quarterly telephone survey. Part of that market research is obtaining a satisfaction quotient from the American Customer Satisfaction Index (ACSI). The 2008 second quarter results are in

■ Third-party review helps co-op meet and exceed members' expectations

and United has fared very well again, scoring an 87.

"The ACSI score serves the cooperative in several ways," said United CEO Ray Beavers. "First, it gives us a barometer in which we can measure how successful we are in meeting the needs of our members. Secondly, when we obtain a great score like we have this quarter, it serves as a morale booster for our 150 employees. They're the ones who put their heart and soul into providing the best possible service at the lowest possible cost and a good score validates their efforts," said Beavers.

United's second quarter ACSI score was higher than the national average for all 650 Touchstone Energy Cooperatives combined (81) and well above the

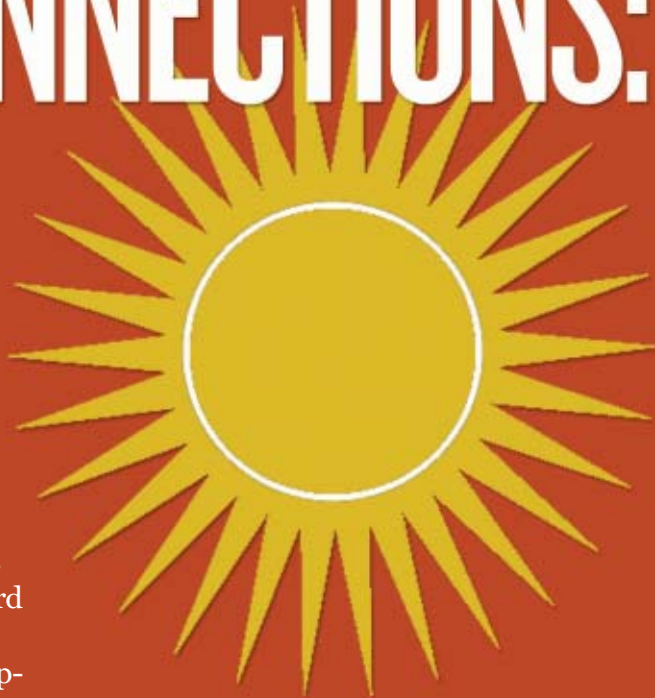
energy utilities average of 72.

United measures satisfaction each quarter to ensure members are receiving the high level of service that the co-op is committed to providing. By comparison, the neighboring for-profit utilities didn't fare nearly as well as United. For instance, Energy Future Holdings (formerly known as TXU Corp.) received an ACSI score of 69 and Reliant Energy received a 75 for the second quarter of 2008, both well below United's satisfaction score of 87.

The ACSI, sponsored by the American Society for Quality and administered by the business school at the University of Michigan, tracks consumer satisfaction levels across 16 industries and 190 corporations.

CO-OP CONNECTIONS:

NEW National Deals Offer Savings to Co-op Members



Members of United Cooperative Services have learned that the Co-op Connections Card brings valuable savings as evidenced by the more than **\$84,000** they've saved on prescriptions using the card. Members have also kept a little change in their pockets by using the card at local businesses to capture additional savings on goods and services. However, if members can't find what they're looking for locally, they can use the card to search a range of national businesses by visiting United's Web site (www.united-cs.com).

The power of the sun now combines with a bright new offer from United's Co-op Connections program. Solar Direct is participating in the member-benefit program by offering a variety of homeowner savings that include:

- **\$50 savings on Vortex Solar Pool Heating Kits to keep pools warm during winter months.**
- **5 percent savings on Solar Domestic Hot Water System Kits**

"We're pleased to add another national company like Solar Direct in offering Co-op Connections members an exclusive deal,"

said United Vice President of Communications Marty Haught. "We think Solar Direct is a nice fit for our program since it could help United members offset the rising cost of electricity with a renewable source of energy for some of their swimming pool and hot water needs," he added.

The Co-op Connections program has also welcomed new national participant Original Rug Company, which designs, manufactures, imports and distributes accent and area rugs in natural fibers. Co-op Connections members can accent or define a room design with a special 10 percent savings on all area rugs. The extensive Original Rug Company collection includes traditional designs based on ancient patterns, plus modern rug designs in a range of colors and unique fibers.

To access these and dozens of other national deals and more than 130 local deals, go to www.united-cs.com.

Granting a Path To Energy Efficiency

COMMUNITY STEWARDSHIP

■ Energy grants assist school districts in meeting legislative mandate to reduce energy consumption.



United Board of Directors President Jack McCaslin, right, presents EnergySmarts grant check to Joshua Independent School District Superintendent Ray Dane.

“If the co-op is serious enough about energy efficiency to provide this type of financial assistance, then we need to be vigilant about how we use energy.”

MARK JACKSON

Superintendent, Burleson ISD

Seven months into a progressive approach to helping local schools achieve energy conservation objectives, United Cooperative Services has demonstrated that its commitment to helping members manage energy use isn't just baseless propaganda. No, the electric cooperative has actually put money—a significant sum—in the hands of some of the schools it serves to help them use less of the resource United sells. Through the EnergySmarts Grant Program, the electric co-op has provided nearly \$40,000 in essential grant funding to eligible schools and/or independent school districts served by the electric cooperative for the installation and implementation of energy efficiency measures.

Because the Texas Legislature in 2007 mandated (H.B. 3693) that Texas schools reduce energy consumption by 5 percent each year for the next six years, United's leadership deemed it important that the cooperative step forward and assist with the efforts.

“The legislation has left many across the state in a



United Director Patsy Dumas presents EnergySmarts grant check to Mark Jackson, Burleson ISD Superintendent.

tough position to meet such an objective,” said United Board President Jack McCaslin. “Through these grants, United Cooperative Services is helping by demonstrating its commitment to energy conservation and to the communities it serves,” he said.

In addition to the energy conservation mandate, the Legislature also gave co-ops the opportunity to invest unclaimed capital credits (also referred to as “member dividends”) in their members’ energy efficiency efforts and scholarship awards. These unclaimed dividends—distributed annually to members of the co-op—would otherwise go to the state. The EnergySmarts grants are funded 100 percent by the unclaimed member dividends.

The most recent recipient was Burleson ISD, which received a \$5,000 grant from United Board Secretary Patsy Dumas. The school district is committed to using energy more wisely and is putting the funds toward replacing 400-watt metal halide light fixtures with energy efficient T8 fixtures at one of its elementary schools.

“If the co-op is serious enough about energy efficiency to provide this type of financial assistance, then we need to be vigilant about how we use energy,” said Burleson

ISD Superintendent Mark Jackson. “It is clearly a team effort between Burleson ISD and United to be responsible energy users. Plus, our students are so savvy these days that if we weren’t addressing energy efficiency, they would certainly question why,” he added.

Part of the grant requirements is for recipients to educate their students about the energy efficiency efforts within each respective school or district. United has always focused on ways to help schools and students, as evidenced by the more than \$700,000 the cooperative has provided in scholarship awards, so it made sense that it carried its commitment to another level, according to Dumas.

“We have a long and storied history of supporting our local schools and we’re proud to be able to help Burleson ISD and all of the other schools and districts implement energy efficiency measures,” said Dumas.

Joshua ISD received a much-needed \$5,000 EnergySmarts Grant. McCaslin presented the grant to Superintendent Ray Dane, who is deeply committed to getting the school district to use energy as efficiently as possible.

“We’re working really hard to conserve electricity,” said Dane. “The Joshua ISD is installing an energy management system throughout the entire district and this EnergySmarts grant will be used to purchase equipment that will help us be wise users of energy,” he added.

Also receiving an EnergySmarts grant was Holy Cross Christian Academy in Burleson. Principal Kristy Werner will use the \$2,000 grant to help finance a transition to more efficient lighting.

“As we adjust to the changing energy landscape, this grant will go a long way toward making necessary changes,” said Werner. “It means a lot to our small school to have this invaluable support from United.”



LIGHTING THE WAY—United Senior Vice President of Planning Cameron Smallwood presents a \$2,000 grant to Holy Cross Christian Academy Principal Kristy Werner to aid the Burleson school’s transition to more efficient lighting.



The backbone of United’s energy conservation program has always been communications—educating our members about ways to manage their energy use more efficiently.

On average, heating and air-conditioning systems generally account for more than 50 percent of every residential member’s monthly electric usage.

In that vein, United has consistently touted the use of heat pumps because they use substantially less electricity than the older “strip heat” electric furnace. However, geothermal (also called “ground source” and “geo-exchange”) heat pumps enjoy even greater efficiency.

A geothermal heat pump is a heating and/or air conditioning system that utilizes the earth’s ability to store heat in the ground, or in water masses.

You may not realize it, but our planet is a huge energy storage device that absorbs 46 percent of the sun’s energy. The constant temperature of the earth acts as an exchange medium instead of the outside air used by traditional air-source heat pumps. Soil temperatures only a few feet below the surface stay at a relatively constant temperature, and the geothermal heat pump uses this temperature constant to both heat and cool the home. Geothermal systems actually use the earth to

dissipate heat during summer, and as a heat source during the winter season. This process is achieved by using a heat exchanger—the geothermal heat pump.

According to the Environmental Protection Agency, geothermal heating and cooling systems can reduce energy consumption by more than 40 percent when compared to air-source heat pumps, and by more than 70 percent when compared to the electric resistance heating found in standard air-conditioning equipment.

A geothermal system is generally made up of three primary components; a piping system, a liquid pump pack and a water source heat pump. The piping system can be installed horizontally as a loop field, or vertically as a series of u-shaped pipes. Since the purpose of the loop is to transfer heat to and from the ground, the proper length of the fields, whether vertical or horizontal, should be determined.

The second component is the liquid pump pack that circulates the water through the tubing and back through the water source heat pump. The water source heat pump replaces the electric resistance heat, or gas heating exchanger. This is where the heat that is exchanged under the ground is transferred into efficient energy to heat the home.

Two common geothermal systems are the closed loop system and the open loop system. The closed loop system

The modern Cadillacs of HVAC systems

utilizes polyethylene pipe and can be installed either vertically, horizontally, in a spiral or pond type. For closed loop systems, water or an antifreeze solution is circulated through plastic pipes buried beneath the earth's surface. During the winter, the fluid collects heat from the earth and carries it through the system and into the building. During the summer, the system reverses itself to cool the building by pulling heat from the building, and dissipating it through cooler ground temperatures.

Horizontal installation is generally most cost-effective for residential installations, particularly for new construction where sufficient land is available, according to the Department of Energy (DOE). It requires trenches at least four feet deep. The most common layouts either use two pipes, one buried at six feet, and the other at four feet, or two pipes placed side-by-side at a depth of five feet, in a two-foot wide trench. The spiral method of looping pipe allows more linear pipe feet in a shorter trench, which cuts down on installation costs and makes horizontal installation possible in areas it would not be with conventional horizontal applications.

Open loop systems operate on the same principle as closed loop systems and can be installed where an

adequate supply of suitable water is available and open discharge is feasible. The open loop system utilizes water directly from a source (well, pond or lake). While these systems exchange heat at a greater efficiency, the possibility of water contamination should be considered.

There are also different types of geothermal heat pumps. There is the water to air, water to water and a hybrid of these two.

Water to air is the most common in that it replaces the old standard furnace and also provides air conditioning. These systems can be split systems, high velocity systems and ductless systems.

Water to water systems are generally designed for heating only. An example of this might be to heat a floor or a swimming pool where the cooling component is not needed.

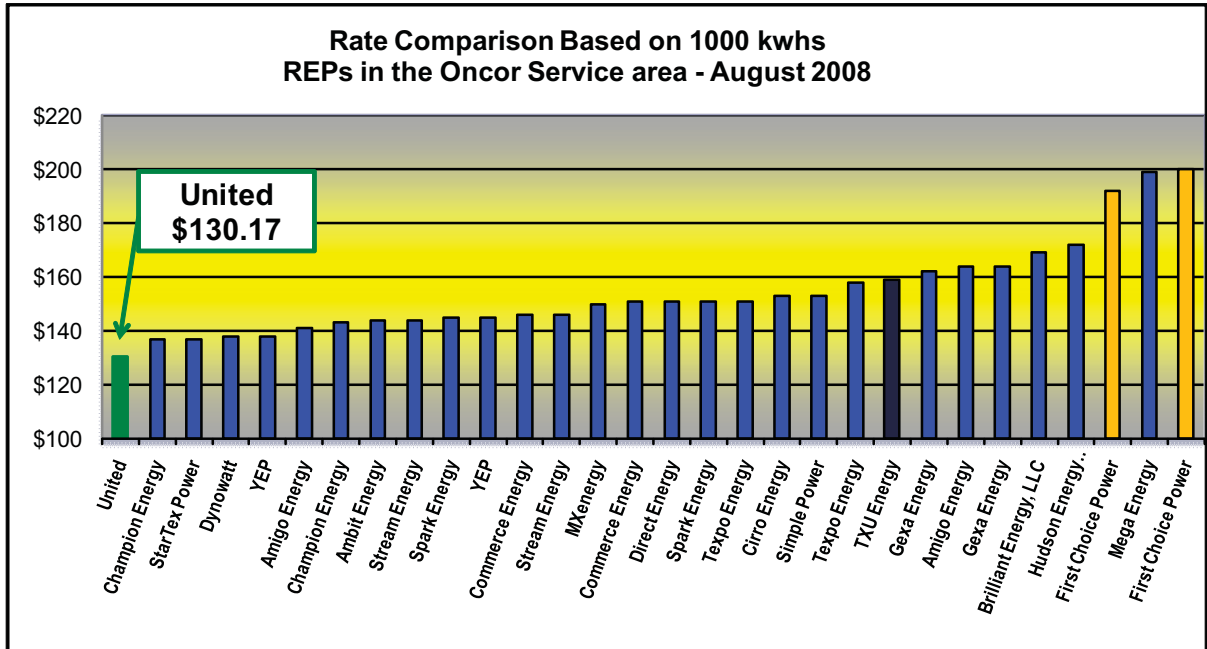
Hybrid systems get the best of both systems and have an added bonus of heating a home's water.

While these heat pumps once were a luxury, they now are becoming more prevalent. More than 1 million geothermal heat pumps are used in America today, according to DOE. This is equal to the elimination of more than 5.8 million tons of CO₂ annually while also reducing electricity demand on utilities—a savings that ultimately benefits member-consumers.

These systems exchange heat at a greater efficiency, the possibility of water contamination should be considered.

Geothermal and air to air heat pumps, which move heat energy rather than create it, can be three times more efficient than gas furnaces.

RATE WATCH



STILL HOLDING OUR OWN—The rate comparisons shown above represent a small portion of all rates offered in the North Texas utility market for the month of August, and do not include new participants who have posted only temporary, or introductory rate offers. A complete comparison may be obtained by going to www.powertochoose.org.

Make Plans to Attend Now!

United Cooperative Services

70th ANNUAL MEETING

October 2, 2008

Glen Rose High School Auditorium

