



TALK
POWER

United Launches Classroom Energy Efficiency Program

United Cooperative Services recently launched an education program that encourages elementary school children to become innovative energy users.

Through its involvement with Touchstone Energy Cooperatives (the national brand for electric co-ops), United is donating the Super Energy Saving Kid Classroom Kits to local elementary schools to educate kids about energy efficiency, renewable energy and electric safety.

United recently teamed with Alvarado Elementary School North in launching the educational program. The curriculum was taught by Mrs. Elizabeth Dillard to her 72 second graders during an all-day lesson plan devoted to Super Energy Savers.



The Super Energy Saving Kid Classroom Kits, designed for grades 1 – 5, include materials that teach kids how to become “Super Energy Savers” at home, such as take-home checklists that kids

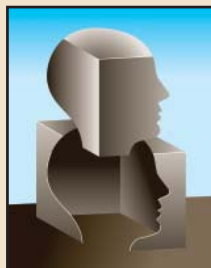
and parents can use to identify energy-saving practices; Super Energy Saver certificates signed by CFL Charlie (the co-ops’ energy efficiency icon); activity sheets and folders, and CFL Charlie

switch plate covers that remind kids to turn off lights when not in use. Each kit contains teacher lesson plans and other materials approved to meet National Science Education Standards.

“United has given Alvarado Elementary North the avenue to instill the

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Energy Innovation Must Become National Focus

United leads national cooperative debate that may one day reshape the electric industry’s conventional marketing and delivery philosophies. Proponents of that paradigm shift say the time has come for the industry and its consumers to find innovative ways to conserve energy...**PAGE 4**

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COMMITMENT TO COMMUNITY



HELPING HANDS

United energy auditors Jake Brooks, left, and Kevin Keesee take some time from their regular work routines and install some significant energy efficiency improvements at a new Habitat for Humanity home in Granbury. United Cooperative Services is one of 32 in-kind donors that supported the Hood County effort in 2008.



United Aids Hood Co. Habitat for Humanity Effort

► Cooperative donates energy efficiency upgrades to service area projects

United Cooperative Services had the opportunity to again demonstrate its lasting commitment to the communities it serves—one of its chief cooperative principles—as well as the co-op’s determined philosophy to help United members manage their energy use more wisely, when it recently helped Hood County Habitat for Humanity upgrade energy efficiency levels in one of the organization’s newest homes.

Funding for the upgrades was derived through escheat funds (unclaimed member dividends that would have otherwise been absorbed

into state coffers), a percentage of which can be reclaimed for energy conservation programs.

The Hood County organization has built 43 homes to date, and 37 of them located in the Rancho Brazos area of Granbury are served by United.

As a part of its pledge toward the latest Hood County Habitat con-

struction effort, the co-op provided the necessary funding to increase attic insulation levels to a R-38 value, provided entry storm doors, donated and installed compact fluorescent light bulbs throughout the home and funded the cost difference for an upgrade in the home’s 15 SEER HVAC unit to a more efficient 17 SEER unit.

CLASSROOM

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importance of energy conservation in our students, paving the way for our students to take energy efficiency ideas home and share them with their families,” said Principal Lori Nunez. “This curriculum gives our students the opportunity to be conscious of their energy usage and enables them to join United’s effort

in educating its members and communities about using energy wisely,” said Nunez.

“These Super Energy Saving Kid Classroom Kits create an even greater sense of membership and reinforces United’s longstanding commitment to the community and our focus on educating the young people of our communities about innovative energy solutions,” said United CEO Ray Beavers.



TOP 10 Winter Conservation Tips

Reducing winter energy costs shouldn't require arctic apparel!
Here are 10 simple ways to maximize your home's energy efficiency and indoor comfort.

1. THERMOSTAT SETTING

In the winter, the recommended setting is 68 degrees Fahrenheit. For each degree above the recommended setting — energy consumption increases by about six to eight percent. Consider a programmable thermostat that raises or lowers the temperature by about five degrees when your home is unoccupied.

2. KEEP AIR FILTERS CLEAN

Check your filters every month. A filter clogged with dust and lint won't operate as efficiently — plus, clogged filters are more likely to promote service problems with the unit.

3. SEAL LEAKS

One of the least expensive, and most effective, ways you can do to prevent energy waste is to seal cracks around doors and windows. Make sure there is full weather-stripping around doors, windows and the attic stairway opening. Use caulk to seal small cracks around windows.

4. FIREPLACE ENERGY LOSS

A fireplace is an attractive addition to any home, but it can be a real energy waster if you forget to close the damper when it isn't being used. Close your fireplace flue. The hot air emitted from your heating system escapes out of your chimney almost as effectively as heat and smoke from your fireplace do, and keeping the damper open is like keeping a 48-inch window wide open during the winter; it allows warm air to go right up the chimney. A glass door for your fireplace will also help prevent energy loss.

5. CHECK ATTIC VENTILATION AND INSULATION

Proper attic ventilation will help remove unwanted heat in the summer and unwanted moisture all year long. If your home is not insulated — or doesn't have the proper level of insulation for your climate — you can reduce the amount of energy needed to heat and cool your home by adding insulation. Insulation is available in blankets, batts, pouring wool (or blowing wool), fiberglass or cellulose insulation. Make sure you have eave vents used in conjunction with ridge, gable or roof vents. Note: Insulation should be 12-14 inches thick with a recommended insulation value of R38 to R44.

6. OPEN DRAPES AND BLINDS

Leave curtains, drapes and shutters open during the day in winter to allow sunlight to enter your home, which will in turn provide additional heat. Close shades and blinds at night to reduce the chill you may feel from cold windows and the amount of heat lost.

7. CEILING FANS

Ceiling fans can effectively distribute heat throughout your home by breaking up the cool and warm layers, making the overall room temperature uniform. By simply flipping a switch to reverse the fan's normal operating direction, warm air is moved across the ceiling and down the walls without creating a cooling draft. Fans cost less to run and use less energy than central air or space heaters. Also, use kitchen, bath and other ventilating fans wisely; in just one hour, these fans can extract a houseful of warmed or cooled air.

8. HOT WATER

Anywhere from 14 to 20 percent of the total energy used in a home is used in heating water. To ensure that energy isn't being wasted, make sure your faucets aren't leaking and take showers instead of baths. Your main unit should be set at 120 to 125 degrees Fahrenheit. If your water heater is located in an unconditioned area, install an insulation blanket around it. These blankets can cut energy for heating water by up to 10 percent.

9. GASKETS

Seal off electric outlets and plates with foam or rubber gaskets or fiberglass insulation on exterior walls. Plug your home's air leaks. Plug gaps around pipes, ducts, fans and vents that go through walls; ceilings and floors from heated to unheated spaces.

10. LIGHTING

Consider using 4-watt mini-fluorescent or electro-luminescent night lights. Both lights are much more efficient than their incandescent counterparts and the luminescent lights are cool to the touch. Compact fluorescent bulbs are four times more energy efficient than incandescent bulbs and provide the same lighting — use them in all the portable table and floor lamps in your home.





Our Future of Energy

United passionately believes all of these components are essential now, and will grow in value in the future. Rather than quibble over the nuances and merit of each component, the cooperative has instead branded them as equals beneath the umbrella of “Energy Innovation.”

ENERGY INNOVATION:

Encourages a shift to more efficient usage, delivery strategies

- **ENERGY CONSERVATION**—changing (consumer) behavior to reduce wasteful energy usage
- **ENERGY EFFICIENCY**—reducing energy use without changing behavior, such as through technological advancements
- **DEMAND RESPONSE**—shifting energy use to different times (or to off-peak periods)
- **DISTRIBUTED RESOURCES**—development of generation on the distribution side (United’s distribution system) rather than from the supply side (conventional power generation plant)

It seems ironic that of all the theories that abound for shoring up the nation’s overburdened electric grids and reigning in power costs, the one “buzz” that is still being viewed with the greatest skepticism is the one that carries the fewest economic risks and the greatest potential for shedding demand, bolstering grid capacity and flattening spiking energy costs. That buzz is energy innovation.

Developing a philosophical consensus—within the industry and among its consumers—that embraces energy efficiency, conservation, demand response and distributed resources is an immediate need. However, many within the industry would rather split hairs over which leg of the Energy Innovation platform is the most important, or, worse, argue over nomenclature instead of innovating solutions that meet the future energy needs of our state and nation.

Future Will Be One Energy Innovation

CHANGE IS NEVER EASY

Many utilities, at least until recently, have been reticent to consider any new delivery strategy that seemed counterintuitive to the traditional primer of success—growing electric load. Thirty years ago, the industry business dynamic encouraged consumers to use power indiscriminately. But mounting economic and environmental pressures within today’s energy sector are forcing the industry to reconsider the conventional operational paradigm that has steered it for decades.

And while the cooperative network has joined the effort to seek solutions to present energy issues, co-ops have to some extent suffered the same crippling paralysis afflicting the bulk of the energy sector; a tendency to hold individual and regional operational bias above a national initiative to make some positive and far-reaching changes in conventional delivery and marketing philosophies.

Among all the other sobering truths facing the nation and Texas today, the harsh reality is there just isn’t enough electric capacity to meet projections for future demand growth.

While supply-side solutions (expansions made at the generation and transmission level) will always play an integral role in the effort to meet future energy needs, energy innovation can ease many of the pressures that are squeezing the nation’s declining electric resources. More importantly, energy innovation can also help diminish the industry’s habitual considerations for building more and more power generation facilities.

Unfortunately, many electric utilities haven’t yet subscribed to a paradigm that suggests energy conservation and efficiency can benefit the industry, nor that a

“ Electric cooperatives can lead the industry and the nation in finding solutions to today’s energy crisis only by first gathering the courage to fail in that effort. Developing a comprehensive national energy efficiency program is the first credible step toward that leadership role—a role that answers our nation’s emerging cry for answers and help, and one that challenges every consumer (not only co-op members) to adopt new philosophies in their energy use. ”

working partnership between the utility industry and consumers is the most expedient way to find innovative solutions to the nation’s energy woes.

The good news is that cooperatives have historically been proactive in overcoming challenges. And to their credit, they have also never hesitated to seek the help of

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ENERGY INNOVATION:

Shifting Philosophies to Meet New Challenges

INNOVATION

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co-op leaders who can marshal solutions to those issues before they confront co-op members.

Early in 2008, United CEO Ray Beavers was tapped earlier this year to chair a national task force that will examine the need to shift electric cooperative philosophy toward an energy innovation paradigm.

“The cooperative network is aware that much can be accomplished in the energy innovation arena by leaning on the creative minds working in this sector of the electric utility industry,” said Beavers. “Because of United’s fervent commitment to energy conservation, we were asked to lead this effort on a national front, to help establish a philosophy that will encourage member-consumers to adopt innovative solutions to offset rising



power costs.” cooperative leaders feel cooperatives are uniquely suited for the job. A consensus for how energy innovation can be incorporated into a national energy efficiency program that benefits every co-op member is already being developed by the cooperative task force.

“Electric cooperatives can lead the industry and the nation in finding solutions to today’s energy crisis only by first developing the courage to fail in that effort,” said Beavers.

“Developing a comprehensive national energy efficiency program is the first credible step toward that leadership role—a role that answers our nation’s emerging cry for answers and help, and one that challenges every consumer (not only co-op members) to adopt new philosophies in their energy use,” said Beavers. Beavers, along with other electric cooperative leaders, has argued that today’s energy challenges aren’t the same as those faced by our nation in the 1970s, and that conventional marketing and delivery strategies applied in the industry then don’t seem plausible now.

UNITED RECOGNIZED THE VALUE OF ENERGY INNOVATION AS A STOPGAP MEASURE TO RISING POWER COSTS

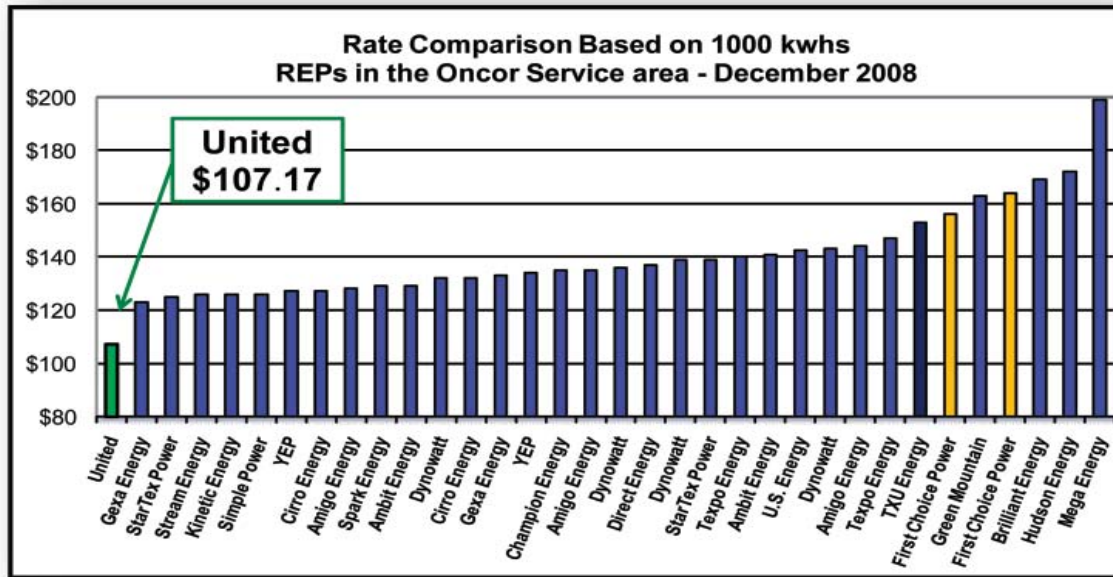
Even though United Cooperative Services has enjoyed the good fortune for consistently offering its members one of the lowest electric rates in the North Texas utility market, the cooperative has never had any control over the costs of the wholesale power it purchases from Brazos Electric Cooperative (costs that are passed through to United members and which constitute 80 percent of every monthly residential electric bill). The co-op had already earned recognition as one of the most efficiently run distribution co-ops in the nation when natural gas prices began to trend upward and push wholesale power costs through the roof in 2003. The co-op had squeezed all the efficiency it could from its operation, so United’s solution then for mitigating member power costs was to help member-consumers learn to better manage their energy use. The launch of the co-op’s energy efficiency program in 2004 has now evolved into the more sweeping philosophy of energy innovation.

Today, United’s effort to promote energy efficiency and conservation has expanded into one of the co-op’s most vibrant and meaningful programs of work—a thriving practice that has served as a model for many cooperatives nationally, and which is strengthening the alliance between United and its member-owners. And still, United has seized every opportunity to broaden the program’s reach.

Included among those energy innovation efforts are; the co-op’s extensive free home energy audit program; providing assistance to members in the planning and interconnection of distributed generation resources (eg. wind/solar/combustible generation); as well as the development and implementation of a demand response program which has, at times, helped reduce peak summer demand at Brazos Electric Power Cooperative (United’s wholesale power supplier). Such reductions in demand benefit United members by miti-

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RATE WATCH



The rate comparisons shown above represent a portion of all rates offered in the North Texas utility market for the month of **DECEMBER 2008** and do not include new participants who have posted only temporary, or introductory rates. Even though they are often lower than the average among all deregulated retail providers, those introductory rates are often short-lived consumer enticements—and historically, they still track higher than United’s rates. A complete comparison of rates offered in Texas electric retail market may be obtained at www.powertochoose.org.

Shifting Philosophies to Meet New Challenges

gating Brazos’ wholesale power purchases. By reaching out to large commercial and industrial members, United was able to commit nearly 23 megawatts of interruptible load, at seven locations, to this effort—a true demonstration of members and their utility seeking, then achieving, energy innovation success.

But of all United’s many successes in energy innovation, the co-op’s sweeping energy audit program has contributed the greatest momentum in shifting member participation in energy innovation.

In the last two years, more than 2,000 United members have invited the co-op’s energy experts into their homes to conduct audits in an effort to be more energy innovative and to control their electric costs. In each audit, United provides a list of effective, innovative measures a member can take that will lead to energy savings. Whether members then decide to act on those suggestions is up to every individual, but rising energy costs are convincing more and more members that the investment

they make today in energy efficiency will provide many years of energy savings in return.

“I think it’s important to be clear about the rising cost of power. We were enjoying a period around Thanksgiving that had gasoline at \$1.68 per gallon and natural gas at \$6.50. It’s not going to stay there, so now, more than ever, is the time to join United in our energy innovation efforts,” said Beavers.

“Arriving at the new paradigm of energy innovation requires a joint effort of the utility industry and the consumers,” said Beavers. “United members are way ahead of the curve in achieving energy innovation objectives. Many of the members I speak with and hear from are taking our advice and employing tactics that will help offset the rising cost of power. That’s very encouraging, and it only reinforces our belief that we are all interested in managing our costs, and that our members are recognizing they, too, have an important role to play in finding innovative energy solutions.”

POWER TALK
Ray Beavers, CEO

United's editorial staff has been kindly reminding me to get my column done before press time. In reality, I've been having a difficult time narrowing down what I would like to convey to you since there is so much going on presently. I thought about writing about the economy's potential effects on your cooperative and its future. Writing to you about the energy picture and how its turbulence is hampering the industry's planning and vision for the future was important, too. And then, as the eternal optimist, I also wanted to share with you why I think we need to first consider making changes in our reasoning before we can deal with the many challenges we, as consumers, are facing. Okay, I will write about all three issues.

The economy is taking its toll on all business, and especially those businesses that are as capital intensive as the electric industry. Like every other business, we have encountered



New Year Brings
New Challenges

unanticipated costs at United that will have major repercussions. Thanks to the wise planning of the board several years ago, United has the financial resources to continue to invest in maintaining and building new lines. Also, due to United's membership in the co-op network, where we are part-owners of a cooperatively-owned lending institution, we should still be able to access the capital markets, but at a higher cost than we have in the past. The short-term financial outlook shows volatility, and the long-term capital markets will be fearful and uncertain as long as borrowing costs continue to shoot sky high.

When United consolidated in 2000, one of our primary goals was to strive for and achieve high productivity. Accomplishment of the endeavor has since helped save our members employee-related costs that have increased significantly every year. And because we are so efficient, our employees don't have to look over their shoulders worrying about layoffs—which have affected morale in many organizations—which ultimately affects and improves productivity and service.

We have also seen a slowdown in new home construction and in building to new services in general. That is an indicator that the recession is starting to inch its way into North Texas. Our challenge is to remain as prudent as we always have been for meeting the needs of our business. We continually monitor the capital markets to take advantage of any

breaks in accessing capital, but we will use our cash reserves as long as possible until the economic conditions improve. We will be good stewards of our members' assets to ensure the stability of this organization for years to come.

The New Year brings great challenges to the electric energy sector. As a nation, we are starting to run short on generation and transmission. Compound that with the climate legislation that probably will become law, and we will still see prices for electric generation rise higher. I have been assured by our power supplier that prices will not escalate as high as they have the last few years, according to market forecasts. However, at the same time it cannot be guaranteed—where the industry goes from here on out largely depends on what type of energy policy the new administration gets adopted. Will natural gas prices stabilize? Will increasing demand for electricity slow down and will the economy turn around soon? All of these factors will affect cost for generating electricity.

What about consumers like you and me? Well, I think we have to be better consumers. We have to get to the point where we realize what our individual cost-saturation point is, and avoid that if we can. Many Americans are learning that lesson the hard way, but hopefully, as a nation, we will all get back to living within our means rather than being lured into areas that will lead to negative consequences. The sub-prime mortgage debacle has demonstrated the same recklessness as jumping into deep waters without a life jacket, and such gambles harm many. I have learned at my age that if it seems too good to be true, don't buy it.

We have to be better consumers of energy. We have seen the power of the consumer when they began to cut back at the gas pump. The gasoline market went down. We have seen the same thing happen to oil prices, and how demand has weakened the dollar. Don't be fooled into the belief that everything is okay now that gasoline is \$1.60 and oil is \$55.

We know what can happen, and it will happen again if we don't become smart consumers.

Folks, we will come to your house and give you ideas that can save energy costs. We will write every month about conservation in this magazine. We will never stop trying to bring you value, nor stop doing the right things for our membership.

I think things will improve, but we will have some scars from all the challenges we are facing as a nation and as individuals. From these scars come life lessons that hopefully will ensure that we avoid making the same mistakes again. I have faith in the American way, especially with our ingenuity and desire to make things better for everyone. I believe that through hard work, faith in each other and meeting our challenges with action that we, as a country and as individuals, can accomplish anything. A new year brings new challenges but at the same time it brings new opportunities and, folks, I am optimistic.

HAPPY NEW YEAR!!