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POWER SOURCE



"Owned By Those We Serve"

May 2012 Vol. 16 No. 05

74th Annual Meeting of Members!



Farmers' Electric Cooperative (FEC) held its 74th annual meeting of members Saturday, April 28, 2012 at the Melrose School, old gym, Melrose, New Mexico with 259 members and their guests



Kid's Grand Prize Winner!

present. These 259 represent a record number of registered members attending an FEC Annual Meeting! Board President, Michael West, called the business meeting to order at 10:30 a.m. William "Billy" Tate, (District 1 - Clovis), George Dodge, Jr., (District 4 - Santa Rosa), and John Pat Woods, (District 6 - Broadview/Grady) were all re-elected by acclamation as they all ran unopposed. Terms



David Hailey, Grand Prize Winner!

for FEC Trustee positions are three years.

Thanks go out to all those in attendance and all the employees who worked to help make the annual meeting a huge success. Employees who worked, (not eligible for annual meeting door prizes), did participate in a separate drawing. The winner, Pam Graf, Billing Clerk, from Clovis, will receive a dinner-for-two certificate to Chili's Restaurant of Clovis, courtesy of Farmers' Electric. Congratulations Pam!



Curbside Service!

Congratulations also go out to David Hailey of Clovis for winning this year's grand prize of \$1,000 in free electricity! Two "first-time" attendee prizes, (\$50 energy certificates), were also awarded. Also, a child's grand prize of a Sylvania portable DVD player with the DVD *War Horse* was awarded to a lucky young man. There were a total of 108 prizes awarded to adults and children.

A special "thank you" goes out to the Coach Allison Draper, the Melrose Lady Buff's coaching staff, and the Melrose Lady Buff's volleyball team

for their help in serving lunch to approximately 450 people. Also, thanks to Fran Littell and the folks at Tin Barn BBQ (Melrose) for an outstanding plate of southwestern barbeque with all the fixins.

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Manager's Message...

Lance Adkins, GM

Where Does FEC Get Our Power?

It has been some time since I wrote about the wholesale electric energy resource mix that makes up the electricity we supply to the members of Farmers' Electric. Wholesale power cost represents roughly sixty-cents of every dollar that members pay to the Cooperative; therefore, a small change in wholesale power costs can have a big impact to each member's monthly electric bill. Farmers' wholesale power is generated from a "fleet" of generation resources including those that burn coal and natural gas, as well as renewable energy resources. In other words, Farmers' supply is not tied to specific generating units, we receive a load-ratio-share or "slice" of

the whole system.

Approximately 45% of the power we purchased last year was generated by coal-fired generators located in the panhandle region of Texas. Generation plants that use natural gas as a fuel source account for another 45% of the power we purchased, generated by plants also located in Texas and a couple of small plants in southeastern New Mexico. Electricity from renewable energy sources rounded out the remaining 10% of our resource mix, approximately 7% wind and 3% hydroelectric. In short, not only does our wholesale supply come from a variety of generators, there is also diversity in the type of fuel they burn. Historically, this diversity has helped to provide system reliability and cost stability for the members of Farmers' Electric.

There are two coal-fired plants in our resource mix, one with two generating units and the other has three units. These plants were built in the late 1970's and early 1980's and utilized the best available technology for reducing emissions available at that time. Over the years, additional emission controls have been added to meet changing, more stringent, federal and state regulations. Keep in mind, any time additional controls are added to a plant those costs are included in rates and are passed on to consumers through their monthly electric bill. Power plants that burn coal have come under increased scrutiny in recent years. Of particular concern is the fact that a coal plant produces more than two-times the level of carbon dioxide (CO₂) in the combustion process than the equivalent size plant that burns natural gas. Due to recent regulations requiring that new coal-fired generation be built with CO₂ capture technology and the fact that technology to capture CO₂ in the power plant combustion process does not exist, only coal plants permitted prior to the new regulations are expected to be built.

Many of the natural gas fueled plants in our region are older than the coal plants just described, and a few are relatively new, having just begun operation in the past few years. Due to political uncertainty regarding national energy policy and ever-increasing regulations from state and federal regulators, almost all-new "dispatchable" generation being built in the United States will be fueled by natural gas. Dispatchable just means the generator will be available to run on an as-needed basis; natural gas, coal and nuclear power are all considered fully dispatchable generation resources. Unlike coal plants, which are similar in design and function, natural gas plants can be designed to operate as a base-load unit, for intermediate use, or built to operate for system peaking needs or in emergency situations. Generally speaking, generating units designed to run for longer periods of time, such as base-load and intermediate units, are also designed to be more efficient in converting fuel

"When I'm speaking with folks, many are surprised to learn that energy from renewable resources provide a significant portion of our wholesale supply."

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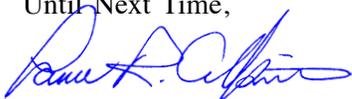
to electricity. Peaking units are less efficient, but have the ability to start and be at full capacity in five to ten minutes, while a base-load unit may take hours to reach full capacity. Intermediate and peaking generation units are also well suited for providing backup reserves for “non-dispatchable” resources, like wind and solar, so that if the wind suddenly becomes unavailable, consumers continue to receive power.

When I’m speaking with folks, many are surprised to learn that energy from renewable resources provide a significant portion of our wholesale supply. Farmers’ Electric first began receiving a small allocation of federal hydroelectric power in early 1990. While hydro is recognized nationally as a renewable energy resource, the state of New Mexico chose not to recognize our federal hydro allocation as a resource eligible for compliance with the state renewable energy portfolio standard. Over the past several years there have been attempts in congress and at the administrative level to restructure how the federal hydroelectric programs work. Historically, power from federal projects has been reserved for consumer-owned electric systems and other preference-power consumers. Farmers’ Electric continues to work to preserve our federal hydro allocation from proposed changes that would reduce our allocation or artificially increase the cost. Farmers’ federal hydro allocation may be small, roughly 3% of our annual energy needs; however, this small allocation saved the members of the Cooperative over \$400,000 dollars last year.

In addition to federal hydroelectric energy, Farmers’ Electric also receives a portion of energy from wind projects located in New Mexico and Texas. While the Cooperative’s wholesale supply contracts prohibit Farmers’ Electric from negotiating directly with a wind developer, Farmers’ does receive energy from wind resources contracted with our wholesale supplier. Historically, wind resources have provided good value to members of Farmers’ Electric in that each kWh of wind offsets natural gas that would have been burned to supply the energy. In other words, as the cost of natural gas increases, wind provides increased value, including a lower electric bill to the members of the Cooperative.

Beginning in June, our wholesale resource will change somewhat as Western Farmers Electric Cooperative (WFEC) begins to supply a small portion of our resource needs. Over the next 15 years WFEC will be responsible for an increasing amount of our supply until fully replacing our historic supplier, Southwestern Public Service Company, in 2026.

Until Next Time,



Co-op Connections Cards Available Now!

As a member of Farmers’ Electric Cooperative (FEC), you can receive discounts on products and services from participating local, regional, and national businesses. The Co-op Connections member benefits program is absolutely free.

How does it work?

Simply present your Co-op Connections card or key fob at participating businesses, and you receive a special discount predetermined by the businesses. Participating businesses can be identified by the Co-op Connections card sticker on display in the window, door, or cash register of the business.

Local businesses are currently getting involved in this new program. So far there are 126 local deals within the Farmers’ Electric Service area. To find local, participating businesses, simply go to www.connections.coop or go to Farmers’ Electric’s webpage at www.fecnm.org and follow the link. Once there, type in your zip code and set the parameters (radius in miles) and push enter to see what deals are available.

Nationwide Discounts!

Your Co-op Connections card can be used at businesses and pharmacies all across the nation. Participating local businesses will accept a Co-op Connections card from any co-op in the country.

The Co-op Connections card program also offers discounts at many national retail chains and hotels. For a complete list of nationwide discounts, log on to www.connections.coop/nationalDeals.php.

To get your Co-op Connections Card, simply go by one of your offices, (Clovis, Ft. Sumner, or Santa Rosa) and as at the desk. You can also have a card mailed to you by calling our Clovis office at 800-445-8541. Come by or call today and get started on saving your hard-earned money!



Hybrid Water Heater Contest Winner Announced!

Back in February and March of this year, Farmers' Electric sponsored an essay contest entitled, "What Electricity Means to Me and My Family." The winner was to receive a Rheem Hybrid Heat Pump Water Heater. The water heater, underwritten by Gorman Distributing Co., of Albuquerque, has a retail value of \$1750. What is so nice about this water heater is, it combines heat pump condensing technology to electric water heating. It is actually twice as efficient as a standard electric water heater! The Rudd Hybrid water heater can heat a families' water for as little as \$286 per year.

There were a total of 16 entries into the contest. Each and every paper was well-written and a true joy to read. It was extremely difficult for the employee panel to choose the winners. After much thought, consideration, and debate, the winners of the contest were as follows:

- 4th place - \$75 Energy Certificate, Jack Burch of Melrose
- 3rd place - \$125 Energy Certificate, Therese Schleizer of San Jon
- 2nd place - \$200 Energy Certificate, Max Biagini of Clovis
- 1st place - Rhudd Hybrid Water Heater, Shug Block of House



Mrs. Shug Block



We recently contacted Mrs. Block regarding her new water heater. We asked her how she felt about winning. "Wonderful, so excited and happy... I knew my old water heater wasn't going to last much longer, so it was perfect timing!" When asked how she liked the water so far she said this, "I love it so far... I really like the idea of only paying half as much to heat my water now. Also, it is larger than my old one so I feel confident that I won't run out of hot water when my entire family visits." We asked if she had ever won a writing contest before. "No, not a contest. I have written several skits for the United Methodist Church I attend(ed). One was about the *Women at the Well*, another about *Noah and the Ark*, and other various Bible stories. All the skits were done in full dress."

Mrs. Block is really a fun lady to know. If you haven't had the pleasure of meeting her, you are missing out on one very special lady.

Mrs. Block's essay can be found in its entirety on our website at: www.fecnm.org

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