



69th Annual Meeting Another Huge Success

BY SHIRLEY DUKES

More than 750 members and their families gathered at Comanche City Park on August 18 for Comanche Electric Cooperative's 69th Annual Membership Meeting. The event kicked off at 8 a.m. with a health fair. Abilene Regional Medical Center offered free cholesterol screening to members, Cross Timbers Community Clinic checked blood sugar levels, and Doctors Medical Center and Comanche County Medical Center performed blood pressure checks. Western Hills Nursing Center set up a booth to offer information. The Air Evac Lifeteam helicopter arrived before the meeting and was on hand to pass out information and give tours to the kids. The kids (and adults) were allowed to sit in the helicopter and wear crew helmets. After the tour, the children were given stickers and a set of junior flight wings. They seemed to enjoy it immensely, and I'm sure it gave them an exciting topic to discuss with their friends as they headed back to school. Thanks to all who helped make this year's health fair a success.

The Buddy and Tina Wright Group started performing at 9 a.m., offering a combination of country and bluegrass music. This family of four did a fantastic job entertaining the membership. The music was exceptional, and those who heard them had nothing but wonderful things to say.

Youth Tour winners Veronica

Hogue and Monique Barrios from Mullin High School gave an enlightening and entertaining account of their trip to Washington, D.C. Their colorful rendition of the trip was complete with many facial expressions and a reverent description of the many places they visited and the lifetime impression those places will leave on their minds and in their hearts. Courtney Patterson from Comanche High School thanked the membership for the \$1,000 college scholarship she received from Comanche Electric Cooperative and told the crowd she plans to attend Tarleton State University and pursue a teaching career.

Elections were held for directors of Districts 3, 5 and 6. Ruby Solomon was re-elected director from District 3; Lewie Newman was re-elected director from District 5; and Loren Stroebel was re-elected director from District 6. They will each serve for a term of three years. The new board officers for 2007-08 are: Lewie Newman, chairman of the board; Phil Taylor, vice chairman; and Ruby Solomon, secretary-treasurer.

The guest speaker for the meeting was Clifton Karnei, executive vice president and general manager of Brazos Electric Power Cooperative, Comanche Electric Cooperative's exclusive power provider. He also serves on the board of the Electric Reliability Council of Texas (ERCOT). Karnei informed the membership of the power needs of Brazos Electric as

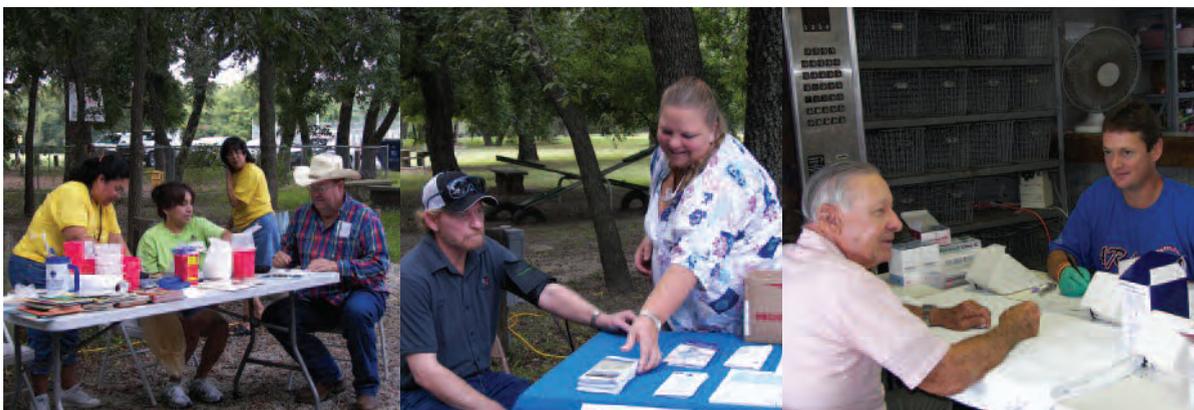
well as the state of the electric industry in Texas. His speech can be read in full on the following pages.

Barbee Word with the accounting firm of Bolinger, Segars, Gilbert and Moss presented the financial report, followed by the presentation of service awards. Those employees receiving recognition were: Greg Beaty, Oracio Lopez and Tommy Patterson, 5 years; Brenda Carroll, 10 years; George Campbell and Shorty Hatley, 20 years; Paul Ausburne and Eddie Strube, 25 years; and Billy Henry and Ronnie Robinson, 30 years.

A drawing was held to award about 100 door prizes provided by Comanche Electric Cooperative and various vendors. Following the drawing, the membership was fed a delicious meal of fried catfish and chicken with all the trimmings by J.C. Cook's Fish Barn.

The skies remained clear and the temperature low with a nice breeze most of the morning, providing a comfortable day beneath the trees in the park. If you were in attendance, we thank you for participating in our democracy. If you were unable to attend for any reason, we encourage you to plan to be with us next year for good entertainment, good prizes, good fellowship and good food.

And as always, "We pledge to provide you with the best dependable service at the lowest possible cost," as stated by Board Chairman Travis Day.



Comanche Electric members were able to get their cholesterol, blood sugar and blood pressure checked at the health fair before the annual meeting.

COMANCHE ELECTRIC COOPERATIVE



The crew of the Air Evac Lifeteam allowed children to see the helicopter ambulance up close.



COMANCHE ELECTRIC COOPERATIVE

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YOUR "LOCAL PAGES"

This section of *Texas Co-op Power* is produced by Comanche EC each month to provide you with information about current events, special programs and other activities of the cooperative. If you have any comments or suggestions, please contact Shirley at the Comanche office or at sdukes@ceca.coop.

COMANCHE ELECTRIC COOPERATIVE



Your Touchstone Energy® Cooperative



The Buddy and Tina Wright Group's mix of country and bluegrass entertained the crowd.



Future Comanche EC members.

Almost 100 lucky members took home door prizes.

CO-OP LEADER UPDATES MEMBERS ON POWER SUPPLY ISSUES

Here is the text of the speech given by Brazos Electric Power Cooperative Executive Vice President and General Manager Clifton Karnei to

members at Comanche Electric Cooperative's annual meeting.

I want to thank you for the opportunity to talk to you about what Brazos Electric does for Comanche and what we do for you, the member-owners of Comanche. How many of you have ever heard of Brazos Electric Cooperative, headquartered in Waco, Texas? I see it's a very small minority, and we believe at Brazos that is a good thing.

Brazos is owned by 16 electric cooperatives covering 68 counties in Central, North and West Texas. You,

in turn, own one of these 16 electric cooperatives, Comanche.

If you have not heard about what Brazos Electric does for Comanche, that is a good thing. That means we are doing our job behind the scenes and providing you low-cost and reliable service. How do we do that? Brazos owns and operates power plants; Brazos buys power to serve your needs from the market; Brazos owns and operates transmission lines and owns and operates distribution substations.

Let me give you some key statistics about Brazos. Brazos owns 1,700

megawatts of generating plants, enough to serve 340,000 homes. We own over 2,500 miles of transmission lines, and we are the fifth-largest transmission provider in Texas.

Unfortunately, in today's electric business, things are changing rapidly, and it may not be for the best interest of consumers. Today, fewer companies care about low-cost and reliable service. The first of three motivations most companies in the electric business have today is how much profit they can make from their customers. Their second motivation is how much profit they can make from their customers, and their third motivation is how much profit can they make from their customers.

I want to ask all of you to think back to 1999. When deregulation of the electric utility business was being debated and ultimately passed, there were a couple of recurring themes supporting why deregulation should occur. One of those themes was, "Look how well it worked out for the airline industry." What I have seen from the airline industry is multiple bankruptcies and a decline in service.

But the fundamental difference between the electric utility industry and the airline and telephone industries is this: Flying on an airplane is usually not critical. Making a phone call is usually not critical. Providing reliable electricity to consumers in freezing weather, or 100-degree weather, at an affordable cost, is critical.

Many believe electricity should be viewed as a public good that needs to be managed for the benefit of the public. That is not what Texas decided to do. Texas decided to deregulate the electric business and let the market take care of deciding how many power plants would be built, what kinds of power plants would be built and what the prices would be for that power.

So now let's fast-forward eight years later to 2007. You have a proposal by private equity funds to buy the biggest electric company in the state of Texas, TXU, for \$45 billion. Let me share with you some quotes about what different people have said

about this proposed purchase.

■ In the February 27, 2007, *Dallas Morning News*, Mark Williams, an energy expert at the Boston University School of Management, said, "Leveraged buyouts of utilities pile heavy debt loads on them increasing their financial risks. This deal is bad for consumers."

■ The March 13, 2007, *Dallas Morning News* quoted U.S. Rep. Joe Barton, who is one of the authors of the 2005 National Energy Policy Act, as saying, "Under the current structure of the law, there's nobody looking out for the ratepayers."

■ In an editorial by Barton that ran in the *Dallas Morning News* on March 27, he stated, "The buyers plan to acquire TXU at a \$45 billion transaction, and it is important for the ratepayers to understand why. The reason is TXU will become a cash cow."

Most recently, TXU has been accused of manipulating the ERCOT market to raise power prices, and the Public Utility Commission of Texas has assessed TXU a \$210 million penalty. After the penalty, TXU was accused of threatening to shut down power plants, a statement that they later retracted.

Against this backdrop of concerns that nobody is looking out for ratepayers and of alleged market manipulation, a real scary situation is that Texas is facing potential short supplies of generation. Current projections are that the reserve margin in Texas will drop below 12.5 percent, to 10.2 percent in 2009 and will be in single digits—8.2 percent—in 2010. I think this projection should concern every consumer in Texas. The deregulated market does not appear to be providing the generation resources on a timely basis to keep the price of electricity affordable for Texans.

Compare all of these facts to two recent articles about electric cooperatives.

On April 16, the *Dallas Morning News* ran a front-page article titled, "Co-ops Charge Less for Power." Two quotes in this article really hit home with me. Tom Smith, head of Public Citizen in



Clifton Karnei, general manager of Brazos EC, addresses the annual meeting crowd.

Austin, stated, "We believe the comparisons of municipals and cooperatives show what an abysmal failure deregulation has been. It's costing consumers every month more than their neighbors and friends lucky enough to be served by a co-op or muni."

Tim Morstad of AARP stated, "In deregulation, the benefits of cheap generation don't flow to customers. It flows to the owners of cheap generation because they are paid top dollar."

In a cooperative, the benefits of generation do flow to customers, and they flow to the owners, because they are the same people.

The last quote of the day comes from the April 1 article in the *Fort Worth Star-Telegram* that states, "When you deregulate the marketplace, people will charge as much as they can to return dividends to the shareholders. In a cooperative, our motivation is totally different. It's to serve our members. We build, own and operate generating assets and pass that on in lower costs." And that quote was my comment.

All of the quotes, the recent positive articles about cooperatives, the concerns about what the market is doing to consumers, confirm the success of what Brazos has been doing for 65 years. And that is to serve the needs of you, our members.