

You are receiving this special edition of the Newsboy because SLVREC urgently needs your help.

This fall, Congress will be engaging in a debate on carbon reduction legislation. The legislation they choose will impact your monthly electric bill. Cooperatives want to be sure that the debate over carbon emission control includes a discussion of the impacts upon everyday citizens like you and me.

To achieve that goal, we must speak out. Please join me in asking your Representative and your Senator to pass legislation that:

- Preempts any state, regional or other federal laws regarding emissions. We need regulatory certainty. A layering of regulatory programs from various agencies at both state and federal levels makes no sense for anyone.
- Treats all regions of the country fairly and equitably. Currently, the proposed formula, based upon 50 percent emissions and 50 percent sales, creates a windfall potential for some regions of the country and a severe economic shortfall for others.
- Includes a provision for economic protection. Advocates for the proposed legislation tell us the cost of the program will be minimal. The Congressional Budget Office estimates that a cap and trade program will cost the average consumer \$175/year in additional electricity expenses. If that's true, why not put a cap in the legislation to limit increases to this amount?

While cap-and-trade programs have worked to control some air pollutants, the current proposal includes a new twist—allowances. Allowances would be auctioned off at undetermined prices, leading to huge cost burdens for any source of carbon dioxide emissions. In the case of power plants, those costs would ultimately be passed on to consumers. The federal government has said such a system would create a new, substantial source of revenue.

Some have claimed that electric cooperatives, and utility companies in general,

are against carbon dioxide legislation. That's simply not true. However, we believe national energy and climate change policy must focus on reducing emissions, not on "revenue enhancement" for federal government. We believe money generated, through a cap-and-trade program or otherwise, must be used wisely: devoted to developing related technology or returned to those who foot the bill. We believe Congress should take the lead on climate change, not regulators or Wall Street speculators.

Electric cooperatives are asking elected officials to address climate change issues in an affordable and environmentally responsible fashion. We need you to join us.

Ask your U.S. representative and senators to keep electric bills affordable. Get involved in this effort mailing the attached postcards. We need a plan people can live with today while we deal with the climate change problem of tomorrow.



SLVREC CEO, John Villyard

John R. Villyard

Putting a Price on Carbon

All climate change policy proposals seek to reduce emissions of carbon dioxide. While the greenhouse gas can be removed from the air (plants and trees are nature's best example), slashing man-made emissions tops the list of climate change remedies. A carbon tax or cap-and-trade tax are the current options for doing so.

CARBON TAX

Q: What is it?
A: A levy on energy sources emitting carbon dioxide meant to cut consumption of fossil fuels like coal, natural gas, and oil. The tax would most likely be based on the actual carbon content, in tons, found in each fuel type. The effectiveness of such a system depends on the actual price established per ton of carbon.

PROS

- ⊕ Economic certainty: costs are easily tallied up-front
- ⊕ Resulting revenue could be used for research on new energy technologies, create incentives for non-emitting sources such as nuclear power and renewables, or returned to taxpayers via rebates and other assistance

CONS

- ⊖ No specific goal for carbon dioxide reductions set
- ⊖ Sources of emissions could essentially pay to maintain "business as usual"
- ⊖ If the tax is set too high, prices could skyrocket across the board; electricity bills, as well as the price of goods and services dependant on fossil fuels, would increase

Source: National Rural Electric Cooperative Association

CAP & TRADE

Q: What is it?
A: In its most basic form, a cap-and-trade tax uses market forces to curb emissions of greenhouse gases like carbon dioxide. Each source (like a power plant) has a limit, or set number of allowances, placed on the amount of gases it can release—the cap. Those who make investments to curb emissions under the cap can sell any extra allowances to those who can't make reductions as easily—the trade. The cap-and-trade tax being considered by Congress would sell allowances through an auction, essentially making all sources pay for any amount of carbon dioxide emitted.

PROS

- ⊕ If implemented well, provides an opportunity to find the most efficient ways to reduce emissions
- ⊕ Guaranteed environmental benefits

CONS

- ⊖ Financial speculators could ultimately determine the price of carbon, directly impacting electricity bills
- ⊖ Success of reducing emissions relies on technology that is currently limited, largely untested, and expensive
- ⊖ If used to generate additional federal revenue, essentially turns electric co-ops into government tax collectors

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The power of human connections®
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Urgent Update

In this Issue:

Cap & Trade and Carbon Taxes
Contacting Your Representative
and Congressman

**Your help is
urgently
needed!**

**Please take the time to
complete & mail
the enclosed
postcards
today!**

What is your carbon footprint?

Carbon dioxide exists everywhere. It's in every breath we take; it keeps trees and plants around us lush and green; it even gives our soft drinks fizz. Because the ever-present gas also helps hold the sun's heat in our atmosphere, it has taken on an edge of notoriety in recent years. Increasing amounts of carbon dioxide emitted from sources like factories, cars, and power plants have been blamed for contributing to climate change (along with a list of other "greenhouse gases," including methane).

Carbon dioxide molecules can last in the atmosphere for a century or more, and many experts see too much of it as a bad thing. The idea of a "carbon footprint" has been developed to tally the amount of carbon dioxide anything emits, directly or indirectly—from a coal-fired power plant to a family of four.

Technically, each of us expands our own carbon footprint every time we exhale, although the amount really adds up when it comes to burning fossil fuels like coal, gasoline, and natural gas. Burning these fuels releases carbon dioxide into the atmosphere, and everyone connected to those emissions (such as a family driving a car or using electricity) boosts their own carbon footprint.

All things considered, the average U.S. household is responsible for 21 tons of carbon dioxide a year, according to the EPA, an amount that would take more than four acres of pine trees to soak up. A family can trim their carbon footprint by trading in larger cars and trucks for more fuel-efficient vehicles, and by making their home more energy efficient to cut back on electricity use. Best of all, these measures not only cut carbon emissions but gasoline and electric bills as well.

To calculate your household carbon footprint, visit http://www.epa.gov/climatechange/emissions/ind_calculator2.html. To calculate your business' carbon footprint, visit <http://www.epa.gov/epawaste/partnerships/wastewise/carboncalc.htm>.

Climate Change Legislation Should Be:

Fair. Affordable. And Achievable.

Senators are drafting climate change legislation NOW, and you can impact the outcome. Go to www.ourenergy.coop to make your voice heard.



Our Energy, Our Future
A Dialogue With America

Please complete the cards with all requested information to ensure that your cards count!

Dear Senator Mark Udall:

I urge you to work with my electric cooperative as you craft climate change and energy legislation. As the U.S. Senate debates this issue, I am asking you to fight for a bill that is:

- FAIR—Climate change legislation needs to recognize regional differences in how electricity is produced. I should not be penalized because of where I live.
- AFFORDABLE—Any climate change plan must keep electric bills affordable for all Americans.
- ACHIEVABLE—Climate change mandates must be realistic to ensure long-term success.

Legislation must be fair and affordable—adopting these goals will help ensure that outcome. Please work with the electric cooperatives to minimize the cost of combating climate change. Given these tough economic times, keeping electric bills affordable must be a priority. Please insist on legislation that’s fair and affordable to the people of our great state.

Name _____ E-mail _____

Home Address _____

City, State, Zip _____

Co-op Name San Luis Valley Rural Electric Cooperative, Monte Vista, CO

Signature _____ Date _____

SLVREC will deliver these postcards to representatives of Colorado Rural Electric Association (CREA).

CREA will hand-carry the cards to Washington D.C. and deliver them directly to your Senators with your message on September 28.

It is urgent that you complete and mail the attached cards today!

Please, complete and mail these postcards today!

Dear Senator Michael Bennet:

I urge you to work with my electric cooperative as you craft climate change and energy legislation. As the U.S. Senate debates this issue, I am asking you to fight for a bill that is:

- FAIR—Climate change legislation needs to recognize regional differences in how electricity is produced. I should not be penalized because of where I live.
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Signature _____ Date _____

SAN LUIS VALLEY
RURAL ELECTRIC CO-OP

P.O. Box 3625
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In unity with 42 million other electric co-op members around the country, ask your U.S. representative and senators to work with electric co-ops to keep electric bills affordable. Get involved in this effort by participating in the Our Energy, Our Future™ grassroots campaign at www.ourenergy.coop and by completing and mailing these postcards.

Please complete and mail the cards as soon as possible so your card can be hand-delivered on September 28 in Washington D.C.

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