

Dear Valued VEC Member,

Now that carbon emissions legislation is set to be seriously considered in Washington, D.C., I feel I would not be fulfilling my obligation to you if I did not ensure that you are informed about how your future electricity costs could be affected by the future legislation.

During the fall campaigns, and in media stories since, I am sure you have heard the topic mentioned regarding the need to address "Carbon Emissions". Carbon is emitted into the environment through the burning of fossil fuels. Coal is the most common and inexpensive fossil fuel used to generate electricity. In fact, approximately 50% of the electricity generated in the United States is generated from coal fired plants.

Here at VEC, we have an all requirements contract with South Texas Electric Cooperative (STEC) to fulfill your electricity needs. In turn, STEC acquires electricity from San Miguel Electric Cooperative (SMEC), a coal fired plant that provides almost 60% of the electricity to the STEC members. This low cost source allows VEC to provide you with some of the most inexpensive electricity in Texas.

Therefore, if legislation to reduce carbon emissions is passed, it will increase the cost of generating electricity at SMEC. This increased cost is passed on through STEC and VEC to you the end user and will be in the form of a carbon tax or a complex emissions trading program called "Cap and Trade". Either way, this is an additional cost or tax that all electricity users will be paying.

Unfortunately, it does not stop there. Although much of the anticipated carbon legislation will be focused on the electric industry, you could also see added costs in the form of transportation taxes resulting in increased fuel prices which would, again, be passed through to you, whether you travel by airplane or automobile.

This is why the "Our Energy, Our Future" campaign is so important. We must make our leaders in Washington D.C. consider the cost to consumers of new programs aimed at curbing carbon emissions. It is imperative that we contact our legislators on this issue. Please join in by going to the website, [www.ourenergy.coop](http://www.ourenergy.coop) and send an email to our Member of Congress. Or if you prefer, simply call our office at 361-573-2428 and inform one of our customer service representatives of your interest. We would be delighted to initiate the contact on your behalf.

Thank you for your membership. As a cooperative membership, we can make a statement and ultimately a difference, but we must have your cooperation to do so. If you have any questions or concerns, please do not hesitate to contact me at 361-573-2428 or [bwarzecha@victoriaelectric.coop](mailto:bwarzecha@victoriaelectric.coop).

Sincerely,

*Blaine B. Warzecha*

Blaine B. Warzecha  
General Manager  
Victoria Electric Cooperative