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BLUEBONNET BOARD ADOPTS MORE AGGRESSIVE CAPITAL CREDITS POLICY; ESTIMATES RECORD AMOUNT RETURNED TO MEMBERS IN 2009

(BASTROP) – Bluebonnet Electric Cooperative’s board of directors unanimously voted to adopt a new, more aggressive capital credits policy that sets a minimum amount to be returned to members. The new capital credits requirement is equal to 2 percent of the previous year’s equity plus all margins above what was planned for that year.

“I am proud that the directors unanimously approved this policy that will return capital credits to the members on a more aggressive schedule,” said Rick Schmidt, Bluebonnet’s board president. “This policy strikes the right balance between the need to maintain reasonable rates and a healthy equity ratio and our obligation as directors, according to cooperative principles, to return capital credits to the members we represent.”

The revised policy states that Bluebonnet will retire in capital credits no less than an amount equal to 2 percent of the co-op’s total equity at the end of the prior year. Additionally, if Bluebonnet’s margins for a given year exceed what it planned for that year, the excess will be returned to members. The policy does, however, give the directors the flexibility to adjust the amount returned if the 2 percent minimum jeopardizes Bluebonnet’s financial position.

“In the past, Bluebonnet has used excess revenues for capital projects necessary to its operations,” said Mark Rose, Bluebonnet’s general manager. “Although this might be an efficient use of capital, by borrowing less, it does not necessarily return capital credits on an efficient basis. The board’s action today places the emphasis on our members.”

Bluebonnet’s members will benefit from the more aggressive capital credits policy by receiving more on an annual basis of their equity in the cooperative, thereby shortening the number of years it would take to have all their capital credits returned to them. Bluebonnet will benefit from the revised policy through being able to budget more effectively by projecting out its capital credits payments.

Bluebonnet estimates it will retire about \$2.7 million in capital credits, based on the minimum 2 percent of 2008’s year-end equity, which would be the highest amount paid in capital credits in the co-op’s 70-year history. This does not include any margins in excess of what the co-op planned for 2008, which could significantly increase the amount returned to members.

Bluebonnet Electric Cooperative serves nearly 80,000 meters and owns and maintains about 11,000 miles of power lines, located across more than 3,800 square miles within 14 southeastern Texas counties. Bluebonnet’s service area stretches from Travis County to Washington County and from Milam County down to Gonzales County. For more information about Bluebonnet Electric Cooperative go to www.bluebonnetelectric.coop.