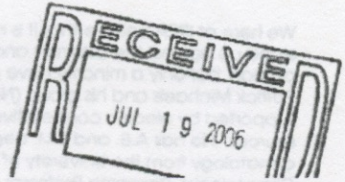




Stanley R. Lewandowski, Jr.
General Manager

July 17, 2006



Most of the electrical power furnished by rural electric cooperatives is produced by coal-fired power plants. That will also be true for the foreseeable future. This then raises a concern about all of the publicity on global warming and costly measures being advocated to control CO2 emissions.

IREA currently purchases 94% of its power from Xcel Energy, of which a significant portion is coal-fired. In addition, we are a 190 MW partner with Xcel in their 750 MW Comanche 3 power plant, which is currently under construction. This plant will allow a considerable shifting from gas-fired generation. We project that when Comanche 3 comes online sometime in 2009, we will be able to implement a rate decrease and then freeze rates for a 10 - 15 year period. A carbon tax or a mandatory market-based greenhouse gas regulatory system would erode most, if not all, of the benefits of the coal-fired generation. The negative impacts of a carbon tax or a mandatory cap and trade program would affect almost all G & T's and distribution cooperatives.

The CO2 global warming issue has three components as we see it: the science, information dissemination, and politics. Al Gore and others state that the scientific community has reached consensus and that the debate is over. That is simply not true. Disputing this contention are climatologists, meteorologists and astrophysicists like Richard Lindzen, William Gray, Fred Singer, Roy Spencer, Patrick Michaels, Robert Balling, and Craig Idso and the 17,000 signatories to Dr. Arthur Robinson's Petition Project who said of the Kyoto Accord, "There is no convincing scientific evidence that human release of carbon dioxide, methane or other greenhouse gases is causing, or will in the foreseeable future, cause catastrophic heating of the earth's atmosphere and disruption of the earth's climate." In an article that was printed by the Canada Free Press on Monday, June 12, 2006, noted scientists from Canada, Australia, Finland, Sweden and the U.K. took issue with the conclusions reached in the film *An Inconvenient Truth*. Vladimir Shaidurov of the Russian Academy of Sciences, and other atmospheric scientists, noted that the effects of atmosphere water vapor on global temperatures overwhelm the impact of carbon dioxide and other gases released by human activity.

INTERMOUNTAIN RURAL ELECTRIC ASSOCIATION
5496 North U.S. Highway 85 / Sedalia, Colorado 86135
Telephone (303) 688-3100

We here at IREA believe that it is necessary to support the scientific community that is willing to stand up against the alarmists and bring a balance to the discussion. Many scientists have an opinion, but only a minority have any involvement in climatology. We decided to support Dr. Patrick Michaels and his group (New Hope Environmental Services, Inc.). Dr. Michaels has been supported by electric cooperatives in the past and also receives financial support from other sources. He has A.B. and S.M. degrees from the University of Chicago and a Ph.D. in ecological climatology from the University of Wisconsin-Madison. Dr. Michaels is the Virginia State Climatologist, Research Professor of Environmental Sciences at the University of Virginia, a Senior Fellow in environmental studies at the CATO Institute, and a Visiting Scientist with the Marshall Institute in Washington DC. In February of this year, IREA alone contributed \$100,000 to Dr. Michaels. In addition, we have contacted all of the G & T's in the United States and as of the writing of this letter, we have obtained additional contributions and pledges for Dr. Michaels group. We will be following up with the remaining G & T's over the next several weeks.

The issue of information dissemination is why I am contacting you. I am enclosing a fact sheet that if you are inclined, you could print copies for your employees and ask them to mail these to friends, relatives and acquaintances. The information could also be used for informing your members, the local media, and local and state elected officials. We plan to contact unions, other social and business groups, as well as industrial corporations served by the investor-owned utilities. We cannot allow the discussion to be monopolized by the alarmists.

There are other groups that are interested in the issue of global warming and the concerns about its costs. Koch Industries is working with other large corporations, including AEP and the Southern Company, on possibly financing a film that would counteract *An Inconvenient Truth*. Koch has also decided to finance a coalition that very likely will be administered through the National Association of Manufacturers. The Competitive Enterprise Institute (CEI) has been running two ads in ten states that were financed by General Motors and the Ford Motor Company. CEI has a director on climate change and other employees working on the issue. We have met with Koch, CEI and Dr. Michaels, and they meet among themselves periodically to discuss their activities.

The last component is the political arena and that is where this issue will be finally resolved. Although our preference would be for the issue to simply go away, that is not going to happen. There are too many special interest groups involved. Most investor-owned utilities are looking for certainty and will merely pass on the costs of a mandated program. An army of scientists and researchers are determined to make man-made global warming a threat in order to continue obtaining their funding. Federal spending on climate research has increased from a few hundred million dollars prior to 1990 to \$1.7 billion dollars today. Publicity on the issue might resurrect a political career. Legislation concerning major issues like global warming will generate tens of millions of dollars in political contributions. Millions will also be donated to environmental groups. Aaron Wildavsky, Professor of Political Science at Berkeley, stated that "global warming" is the mother of all environmental scares. His view is worth quoting. "Warming (and warming alone) through its primary antidote of withdrawing carbon from production and consumption is capable of realizing the environmentalist's dream of an egalitarian society based on rejection of economic growth in favor of a smaller population, eating lower on the food chain, consuming a lot less, and sharing a much lower level of resources much more equally."

Although Senators McCain, Lieberman, Jeffords, Bingaman, and Domenici propose a carbon tax or a mandatory market based greenhouse gas regulatory system, there are others in opposition to these proposals. Rep. Barton has questioned data presented by some climatologists and Sen. James Inhofe, Chairman of the Senate Environment and Public Works Committee, has referred to

the threat of a catastrophic climate change as "the greatest hoax ever perpetrated on the American people."

Since there are individuals and groups whose true motivation is to stop growth, develop renewable resources, discontinue the use of fossil fuels, especially coal, the issue will not go away. This is even true if it were positively determined that climate change resulted from normal cycles, and CO2 and human contribution was negligible.

It appears that there are "other agendas" driving this issue and that the cost for a negligible reduction in temperature would be tremendous. The Kyoto Accord is used for illustrative purposes because it can be used as a benchmark for costs. Some scientists who favor Kyoto also state that it does not go far enough. A paper titled, Global Warming - A Closer Look At The Numbers, by Monte Kiel states "The Kyoto Protocol calls for mandatory carbon reductions of 30% from developed countries like the U.S. Reducing man-made CO2 emissions this much would have an undetectable effect on climate while having a devastating effect on the U.S. economy. Can you drive your car 30% less? Reduce your water heating 30%? Pay 20 - 50% more for everything from automobiles to zippers? And that is just a down payment with more sacrifices to come later." Tom Wigley, a Senior Scientist at the National Center for Atmospheric Research (NCAR) has calculated that compliance with Kyoto "would have 0.11 - 0.21°C (0.20 - 0.38°F) effect on global average temperatures by 2100." For the record, Wigley favors Kyoto, but believes additional measures are required.

The lobbying effort in the political arena will be done by the professionals like NRECA.

We do not want to do anything that would harm our ability to be able to provide the best possible service at the lowest possible cost to our members.

Realizing that this issue is not going to go away, the next best solution in our opinion is for any carbon reduction to be voluntary and let technological advances solve the issue, if it even exists. The least desirable would be a carbon tax or a mandatory cap and trade program. If this occurs, the following criteria should be used (one that is supported by the Administration and some members of Congress).

1. China and India must be included.
2. All emitters of CO2 must be included in a program (not just power plants).
3. The U.S. economy must not be damaged.

A Russian Scientist (Khabibulo Absudamatov) predicts that a decrease in the sun's radiation beginning in 2012 will cause global temperatures to decline into the middle of the 21st century. We hope that this actually occurs prior to a tremendous impact on our economy.

Sincerely,

Stanley R. Lewandowski, Jr.

Stanley R. Lewandowski, Jr.
General Manager

GLOBAL WARMING

CHARTS AND QUOTES

I. CAUSES OF GLOBAL CLIMATE CHANGE

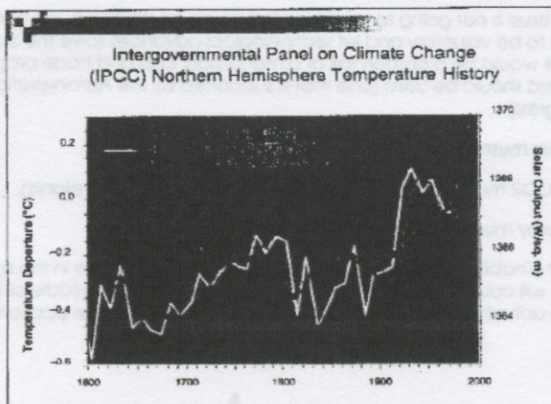
A. PRIMARY

1. Cyclical variation in the sun's energy output.
2. Eccentricities in earth's orbit.
3. The influence of plate tectonics.

B. SECONDARY

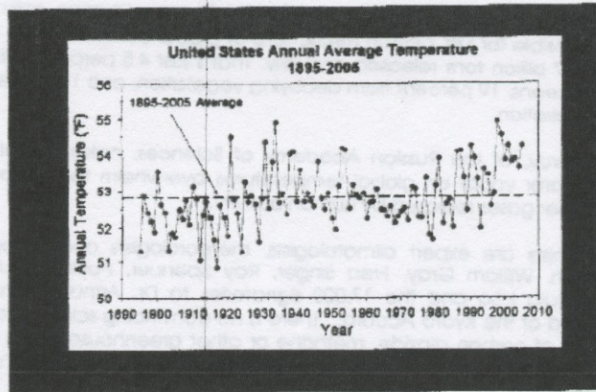
1. The so-called "greenhouse effect" caused by atmospheric gases such as gaseous water vapor, carbon dioxide, methane, and nitrous oxide, which help to trap radiant heat which might otherwise escape into space.

II. RELATIONSHIP OF SOLAR OUTPUT TO TEMPERATURE



A Russian scientist, Kabibulo Absudamatov, predicts that a decrease in the sun's radiation beginning in 2012 will cause temperatures to decline into the middle of the 21st century (based on cycles of solar variability - sunspot activity).

III. CYCLICAL VARIATION OF U.S. TEMPERATURES



Global temperatures increased about a half-degree celcius between 1850 and 1940 and another 0.3 degrees since then.

In the United States, the average temperature from 1890 to the present has stayed the same. Except for the last year, the temperature had been decreasing for a six-year period.

IV. GREENHOUSE GASES

Anthropogenic (man-made) Contribution to the "Greenhouse Effect," expressed as % of Total (including water vapor)

Based on concentrations (ppb) adjusted for heat retention characteristics	% of All Greenhouse Gases	% Natural	% Man-made
Water vapor	95.000%	94.999%	0.001%
Carbon Dioxide (CO ₂)	3.618%	3.502%	0.117%
Methane (CH ₄)	0.360%	0.294%	0.066%
Nitrous Oxide (N ₂ O)	0.950%	0.903%	0.047%
Misc. gases (CFC's, etc.)	0.072%	0.025%	0.047%
Total	100.00%	99.72	0.28%

Global Warming: A closer look at the numbers by Monte Hlieb

The U.N. sponsored Intergovernmental Panel on Climate Change estimates human activity is responsible for just 7 billion metric tons of global carbon dioxide emissions out of a total of 167 billion tons released annually. That's just 4.5 percent, with 57 percent coming from oceans, 19 percent from decaying vegetation, and 19 percent from plant and animal respiration.

Vladimir Shalidurov, of the Russian Academy of Sciences, notes that the effects of atmospheric water vapor on global temperatures overwhelm the impact of carbon dioxide and other gases released by human activity.

Disputing alarmists are expert climatologists, meteorologists and astrophysicists like Richard Lindzen, William Gray, Fred Singer, Roy Spencer, Patrick Michaels, Robert Balling, and Craig Idso and the 17,000 signatories to Dr. Arthur Robinson's Petition Project who said of the Kyoto Accord; "There is no convincing scientific evidence that human release of carbon dioxide, methane or other greenhouse gases is causing, or will in the foreseeable future, cause catastrophic heating of the earth's atmosphere and disruption of the earth's climate."

Trendy global warming theory suffers the great conceit that human activity has a significant impact on climate change.

V. CARBON REDUCTION IMPACTS ON TEMPERATURES

"There is no dispute at all about the fact that even if punctiliously observed, (the Kyoto Protocol) would have an imperceptible effect on future temperatures - one twentieth of a degree by 2050."

- Dr. S. Fred Singer, atmospheric physicist Professor Emeritus of Environmental Sciences at the University of Virginia, and former director of the U.S. Weather Satellite Service.

Appearing before the Canadian Commons Committee on Environment and Sustainable Development last year, Carleton University paleoclimatologist Professor Tim Patterson testified, "There is no meaningful correlation between CO₂ levels and Earth's temperature over this (geologic) time frame. In fact, when CO₂ levels were over ten times higher than they are now, about 450 million years ago, the planet was in the depths of the absolute coldest period in the last half billion years." Patterson asked the committee, "On the basis of this evidence, how could anyone still believe that the recent relatively small increase in CO₂ levels would be the major cause of the past century's modest warming."

Tom Wigley, a senior scientist at the National Center for Atmospheric Research (NCAR) has calculated that compliance with Kyoto "would have 0.11 - 0.21°C (0.20 - 0.38°F) effect on global average temperatures by 2100." For the record, Wigley favors Kyoto, but believes additional measures are required.

VI. THE HIGH COST OF CARBON REDUCTIONS

Costs to comply with the Kyoto Protocol of 1 to 2% of GDP, which translates to \$1,200 - \$2,400 per family, per year, while resulting in a temperature reduction of only 0.07°C were predicted by President Clinton's Energy Information Administrator, the Australian Bureau of Resource and Agricultural Economics, and Warton Associates.

Economist Bjorn Lomborg, author of *"The Skeptical Environmentalist"* concluded that, "implementing Kyoto will cost \$150 billion to \$300 billion globally every year, merely to postpone the temperature rise by six years from 2100 to 2106. It's a very expensive way to achieve very little."

The International Council for Capital Formation (ICCF) concluded that Kyoto-like proposal by Sen. John McCain, R-AZ to "cap and trade" U.S. greenhouse-gas emissions would reduce national income by 1.9 percentage points by 2020 and cost 1.3 million jobs; the average household would be \$2,300 poorer each year as a result of higher energy prices and lower productivity.

Dr. Patrick Michaels, Research Professor of Environmental Sciences at the University of Virginia and the Virginia State Climatologist states "that studies show a tremendous expense for absolutely no discernable reduction in planetary warming. Certainly it makes more sense to save our money for investment in future, more efficient technologies rather than squandering it in a futile attempt to stop warming that is demonstrably condemned to failure."

VII. GLOBAL WARMING IMPACTS - FACT OR FICTION

"I believe it is appropriate to have an over-representation of factual presentations on how dangerous it is, as a predicate for opening up the audience."

- Al Gore

"We have to offer up scary scenarios, make simplified, dramatic statements, and make little mention of any doubts we may have. Each of us has to decide what the right balance is between being effective and being honest."

- Stephen Schneider (a leading advocate of the global warming theory)

"Even if the theory of global warming is wrong, we will be doing the right thing - in terms of economic policy and environmental policy."

- Tim Wirth, former U.S. Senator for Colorado and United Nations Under-Secretary for Global Affairs, and current President of the U.N. Foundation, created by Ted Turner

"No matter if the science is all phony, there are collateral environmental benefits ... climate change (provides) the greatest chance to bring about justice and equalities in the world."

- Christine Stewart, Minister of the Environment of Canada

"Scientists who want to attract attention to themselves, who want to attract great funding to themselves, have to (find a) way to scare the public ... and this you can achieve only by making things bigger and more dangerous than they really are"

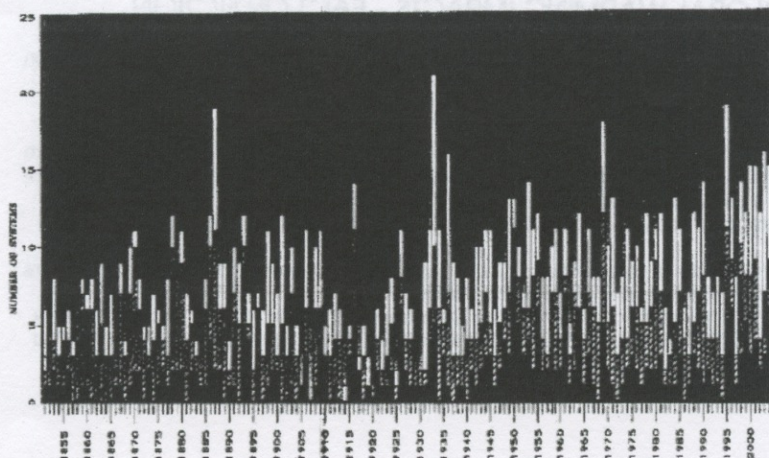
- Petr Chylek, Professor of Physics and Atmospheric Science, Dalhousie University, Halifax, Nova Scotia

"In the long run, the replacement of the precise and disciplined language of science by the misleading language of litigation and advocacy may be one of the more important sources of damage to society incurred in the current debate over global warming."

- Dr. Richard S. Lindzen, Alfred P. Sloan Professor of Atmospheric Science at MIT

VIII. MISLEADING INFORMATION - ONE EXAMPLE

Because of numerous hurricanes in 2005, global warming is labeled as the culprit. We constantly hear that global warming will lead to more storms with higher intensities. While it is clear that the 10 year span from 1995 through 2005 has been active, there are other active periods such as the 30 year span from 1940 through 1970. Ironically, this is a period that had much lower temperatures and CO₂ accumulations.



The yearly number of named storms (yellow bars), hurricanes (green bars) and major hurricanes, Category 3, 4, and 5 (red bars) in the North Atlantic (Source: National Hurricane Center web site; http://www.nhc.noaa.gov/gifs/atlhists_hires.gif).

"If models are correct, global warming reduces the temperature differences between the poles and the equator. When you have less difference in temperature, you have less excitation of extratropical storms, not more. And, in fact, model runs support this conclusion. Alarmists have drawn some support for increased claims of tropical storminess from a casual claim by Sir John Houghton of the U.N.'s Intergovernmental Panel on Climate Change (IPCC) that a warmer world would have more evaporation, with latent heat providing more energy for disturbances. The problem with this is that the ability of evaporation to drive tropical storms relies not only on temperatures, but humidity as well, and calls for drier, less humid air. Claims for starkly higher temperatures are based on there being more humidity, not less - hardly a case for more storminess with global warming."

- Dr. Richard S. Lindzen