



FOR IMMEDIATE RELEASE
NOVEMBER 19, 2009

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East Texas Electric Cooperative Granted \$65 Million in Clean Renewable Energy Bonds for Hydroelectric, Biomass Power Projects

Co-op Plans to Harness Hydroelectric Power From Lake Livingston to Power 12,000 Homes, and Construct Biomass plant in Woodville, TX

NACOGDOCHES, TX—East Texas Electric Cooperative, Inc. (ETEC) announced today that it will receive \$65 million in Clean Renewable Energy Bonds (CREBs) to help fund construction of the Lake Livingston Hydroelectric Project, and to assist in the construction of a biomass plant in Woodville, Texas.

ETEC, a generation and transmission cooperative headquartered in Nacogdoches, TX, will utilize \$25 million of the total approved funds toward the construction of a hydroelectric power generation facility located on the Polk County side of the Lake Livingston Dam along the Trinity River. Developed in cooperation with the Trinity River Authority of Texas (TRA) and the City of Houston, the new 24-megawatt plant will produce enough electricity to power 12,000 homes. ETEC expects to begin delivering power generated by the Lake Livingston hydroelectric plant in 2013.

\$40 million in approved funds will be used by ETEC toward the construction of a biomass plant in Woodville, Texas, which will generate 50 megawatts of power and will be fueled by wood by-products, which are plentiful in the Forest Country of East Texas.

“ETEC is proud to be developing two significant power plants that will be fueled with clean renewable energy, enabling us to better serve our members throughout East Texas,” said Edd Hargett, ETEC General Manager.

"The Lake Livingston project, as well as the Woodville plant, exemplify ETEC's commitment to providing reliable and affordable electricity to its members for years to come," said Ryan Thomas, Chief Financial Officer, East Texas Electric Cooperative. “These new plants, along with other improvements, will allow ETEC to generate 75 percent of the power it distributes by 2018.”

Electric cooperatives are not-for-profit, member-owned utilities. As part of the Energy Policy Act of 2005, the CREBs program provides electric cooperatives and other not-for-profit utilities a source of funding for renewable generation resources.

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“These funds provided through the U.S. Treasury will help electric co-ops obtain lower cost financing for clean energy development projects,” said Glenn English, CEO of the National Rural Electric Cooperative Association.

“As with past bond issues, ETEC will seek partners to market and issue this bonding authority which has been formally approved by the Internal Revenue Service, under the auspices of Section 54C of the Internal Revenue Code,” said Ryan Thomas, CFO for ETEC.

Completion of the Lake Livingston project is anticipated to be 2013. The Woodville biomass plant should be online and providing power by early 2014.

About East Texas Electric Cooperative

The distribution system members of East Texas Electric Cooperative are Bowie-Cass Electric Cooperative, Cherokee County Electric Cooperative, Deep East Texas Electric Cooperative, Houston County Electric Cooperative, Jasper-Newton Electric Cooperative, Panola-Harrison Electric Cooperative, Rusk County Electric Cooperative Association, Sam Houston Electric Cooperative, Upshur-Rural Electric Cooperative and Wood County Electric Cooperative. Through its member systems, ETEC serves 307,614 member-owners in 46 East Texas counties.