



SAN MIGUEL  
ELECTRIC COOPERATIVE  
INCORPORATED

## **San Miguel Electric Cooperative Story Deserves Accurate and Complete Information**

In a story published on January 7, After decades of contaminating ranch land, San Miguel Electric buys it in \$38 million deal, the *San Antonio Express-News* shared inaccurate information and, perhaps more importantly, failed to tell the whole story.

The settlement amount reported by the newspaper of \$38 million is incorrect. San Miguel did not pay the Peelers that amount. However, under binding legal agreements between the Peeler family and the San Miguel Electric Cooperative – we are unable to disclose the actual number.

In addition, the newspaper mistakenly says the reason San Miguel sought to use eminent domain during the Peeler dispute was “for producing electricity.”

### **Eminent Domain Was Sought for Reclamation Purposes**

In reality, San Miguel’s need for access to the previously mined property was based on the fact that it has state and federal requirements to conduct reclamation activities there. Reclamation is the process by which land used for mining is restored to its prior or a better state than existed before mining.

San Miguel Electric Cooperative operates a mine mouth lignite-fired power plant to provide secure, reliable and low-cost electricity to more than 290,000 rural Texans living in 47 South Texas counties. The lignite coal used in the power plant comes from a mine made up of several large tracts of land, some owned by San Miguel and some owned by landowners – who are paid for the lignite coal mined from their property.

After mining was completed on one of the neighboring tracts, the Peelers threatened to lock San Miguel out and refuse them entry for any purpose. The threat went so far as telling San Miguel that the Sheriff would be called if Cooperative personnel entered the property.

Because San Miguel would have been in violation of its reclamation obligations if it was denied access to the property, it was forced to invoke the eminent domain process to gain access.

Eminent domain is the right of a government or its agent to expropriate private property for public use, *with* payment of compensation.

Post-mining, San Miguel has the **legal** obligation to restore land affected by operations to a condition that is capable of supporting the uses that it could support before mining, or reasonably likely higher or better uses.

San Miguel is currently in the process of reclaiming the land, which the Railroad Commission of Texas inspects monthly to ensure the progress and quality of our activities.

Once deemed fully reclaimed by regulatory agencies, the land may actually go back to the Peelers. That's because it is public record that the Peelers have negotiated a "right of first refusal" should San Miguel sell the land.

## **The Use of Coal Ash as a Byproduct of Mining**

The *San Antonio Express-News* article also cites an Environmental Integrity Project (EIP) and Earthjustice report that says "San Miguel is not cleaning up its toxic waste properly."

A byproduct of the coal mining process is coal ash, which is commonly used in building and composite materials, including roads, highways, buildings and for the base of wind turbines. Its beneficial use has been studied for decades by state and federal agencies and organizations, such as the National Academy of Sciences.

At its mine site, San Miguel's placement of coal ash was authorized by state agencies after it demonstrated that the activity does not have a significant adverse environmental and health impact.

It must be understood that the EIP report relates to releases from two ash ponds at the San Miguel Power Plant. The management of ash transport water in ponds at the power plant, and ash placement as part of reclamation, are two entirely different activities involving different material and risks. In fact, the activities are so different that they are governed by different laws.

The *San Antonio Express-News* article confuses the two issues and falsely equates the activities, leaving the impression that the mined land is contaminated, when in fact no such evidence exists.

In fact, San Miguel is in full compliance with federal coal ash regulations at its power plant and is proud of the work that we have been doing to protect human health and the environment, which includes monitoring groundwater quality, investigating impacts to groundwater and undertaking risk-based corrective actions deemed necessary to protect human health.

San Miguel shared these clarifications with the *San Antonio Express-News* after it published its article, but the opinion editor declined to print our op ed responding to the article.

## **What is an Electric Cooperative?**

If you live in a large metropolitan area, you may not know what an electric cooperative is. But if you live in a rural area, electric coops are why you have safe, reliable power at the lowest possible cost. It wasn't always that way.

Because of low population density, rural residents and businesses were unable to enjoy the electrification taken for granted in America's cities and suburban towns. In fact, as late as the mid-1930s, nine out of 10 rural homes were without electric service. This kept their economies entirely dependent on agriculture, suppressing wages and increasing the outflow of labor and capital to the cities.

That's why on May 11, 1935, President Franklin Roosevelt signed Executive Order No. 7037, which established the Rural Electrification Administration (REA). It quickly became evident, however, that established investor-owned utilities were not interested in securing federal loans to extend electrification to rural areas.

What did happen was that farmer-based cooperatives began to apply for those loans. In 1937, REA facilitated this movement by drafting the Electric Cooperative Corporation Act, which enabled the formation and operation of not-for-profit, consumer-owned electric cooperatives.

The cooperative model was so successful that by 1953, more than 90 percent of U.S. farms had electricity. Today, about 99 percent of the nation's farms have electric services, most from locally owned electric coop.

Since we began operations in 1977 as an electric cooperative serving rural South Texans, we have committed to our partners, who are Texas landowners and our neighbors, that we will be good stewards of the land.

Working in concert with state and federal regulators and using the electric cooperative model, we believe we are fulfilling our mandate to provide power to South Texans who otherwise would not have access to reliable, affordable electricity.

**Craig Courter, General Manager & CEO,  
San Miguel Electric Cooperative**