

What is a number?

AN ABSTRACT IDEA USED IN COUNTING AND MEASURING?

annual report

CAEC by the *Numbers*

2006

To CAEC, our *2006* numbers represent *people*, benchmarks and accomplishments. They are aimed at measuring the *reliability* and quality of our *service* as well as the financial stability of the cooperative.

one

1 Of all the numbers in our business, keeping each “1” of our members in mind is our foundation as we focus on providing reliable, affordable electric energy.

EXECUTIVE *Report*



Over the years your Cooperative has had many successes, but none has been more rewarding than completing a full calendar year, 2006, without a lost time accident. Working on and around power lines is one of the most hazardous jobs, which is why the employees and trustees of CAEC believe safety is always a top priority and each one should look out for fellow employees. The result is a safer work environment.

Employees have also been successful in improving the quality of service for many of the cooperative members. Although we have not reached optimum delivery levels in every part of the system, our average outage time per consumer has dropped significantly. Even though the hurricanes in 2004 and 2005 caused extensive outages, the system is more reliable today.

While improving service, employees also have made strides in lowering the cost to deliver power. One way has been utilizing technology to gain efficiencies. Technology advancements have allowed your cooperative employees to do more without adding more positions. In fact, the number of personnel has decreased by 15 employees during the past decade. Using proven state-of-the-art technologies and equipment has also helped maintain a high standard of service, from answering the phone, taking payments, reading meters, staking new lines or responding to an outage. All of this has been accomplished during a time of increasing costs, especially fuel and wholesale power.

Even with the challenges of steadily rising fuel costs, tough weather disasters and a shrinking labor market, we are optimistic about the opportunities for our service area because we serve a number of communities that have enjoyed strong economic growth, particularly in the last six years. Although economic expansion is

not always evenly distributed, we recognize our role to provide assistance to each and every community we serve – including those that are not yet experiencing all the benefits as some and making sure those who have been economically successful, continue.

In regard to energy, the electric utility industry, like the country, is at a crossroad. You don't have to look far to see the impact that rising fuel costs have on all we do. It is evident whether cooling and heating your home or buying gasoline for your car. Political leaders in Washington, D.C., and in every state are grappling with environmental concerns as well as rising energy costs – and utilizing the nation's fossil fuel resources.

We are working closely with the electric cooperatives and municipalities in central and south Alabama as well as northwest Florida who make up our power supply cooperative. Our goal continues to be providing cost effective electric power, safeguarding the environment and keeping your lights on.

As we move forward, we ask that you stay informed and let us know your thoughts on how your electric cooperative might approach the future. The challenges we meet may be different than those met by our predecessors, but nonetheless, they are ours to meet and solve.

Thank you for allowing us to serve you. We regard it as an honor.

A handwritten signature in black ink, appearing to read "Tom".

Tom Stackhouse, President/CEO

A handwritten signature in black ink, appearing to read "Chase".

Chase Riddle, Chairman/Board of Trustees

Employees have been successful in improving the quality of service for many cooperative members.

0

During 2006, employees achieved a goal of zero lost time accidents. The accomplished results permitted employees to go home safely to their families and perform their professional responsibilities for CAEC. While minor incidents occur, safety still remains paramount for employees.



99.97

On average, the members' power stayed on 99.97 percent of the time in 2006. Maintaining the vegetation on no less than a five-year planned cycle, including side trimming 789 miles of vegetation in 2006, helps to maintain clear power line corridors. Keeping these corridors clean is critical to reliable service. A new challenge came about with the dry weather as drought stricken trees outside the normal clearance area died and became susceptible to wind. In the past 12 months, more than 900 additional trees have had to be cut so they would not fall onto the lines.

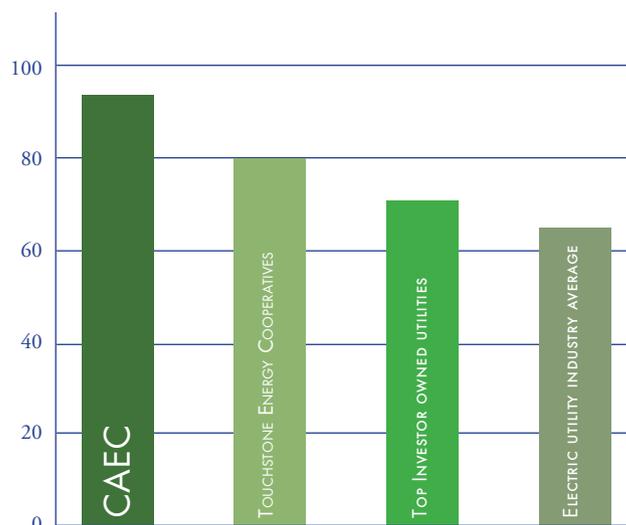


35%

How much of the business is owned by the members? At the end of 2006, CAEC members had 35 percent equity in the cooperative, reflecting an increase from prior years. Members who had service in 1979 and 1980 received their portion of the \$600,000 investment through the return of capital credits even while equity increased. Since 1993, CAEC has returned more than \$5 million in capital credits, a benefit of cooperative membership.

Every quarter, a randomly selected group of members is asked to participate in a survey to determine our American Customer Satisfaction Index (ACSI) score. Knowing the score, as well as your comments, helps us understand how we can serve you better. And even though our score of 85 is higher than the industry average, we will continue to strive for improvement.

In working with you each month, CAEC employees answer 7,000 phone calls, drive 125,000 miles, create and handle 4,500 service orders and bill as well as process 40,000 accounts. Our goal with each transaction is to be knowledgeable, accurate, timely and friendly in order to give you the best in customer service.



AMERICAN CUSTOMER SATISFACTION SURVEY

660 million

IN 2006, THE COOPERATIVE SOLD MORE THAN 660 MILLION KWH. GROWTH IN SALES FROM HAVING MORE SERVICES AND HIGHER MEMBER USAGE ACCOUNTED FOR A 5.4 PERCENT INCREASE OVER THE PREVIOUS YEAR. CAEC HAS PROMOTED SEVERAL PROGRAMS DESIGNED TO HELP CONSUMERS MANAGE THEIR ENERGY USE. THESE INCLUDE DUAL FUEL HEAT PUMPS, ON-LINE HOME ENERGY AUDITS, COMPACT FLUORESCENT LAMPS (CFLS) AND A TIME OF USE RATE THAT SAVES YOU MONEY WHEN YOU USE ENERGY OFF PEAK.



\$10 million

New and upgraded facilities have amounted to a \$10 million investment. One of the largest projects in 2006 was a new substation located in Millbrook. This substation will serve more than 2,000 consumers, thereby increasing CAECs productivity and reliability to its members.

2,241

The 2006 Annual Meeting was quite eventful, with a record-breaking 2,241 registrations, of which 1,683 were through mail-in ballots. Only 558 members had registered at the Annual Meeting when a horrendous thunderstorm rolled into the area. Since quorum had been met through mail-in ballots, the cooperative and remaining members were able to conduct the business meeting at 7 p.m. as scheduled.



Bright Ideas grants had an impact on more than 7,000 students in 2006. CAEC again awarded \$16,000 to teachers for 26 projects in 16 schools. Since 1998, 53,000 students have benefited from Bright Ideas grants.

7,000

These figures reflect the cooperative's strength and growth, but behind them are people – our members, trustees and employees. As we move toward the close of 2007, numbers will continue to influence our work; however, we will remember that the key to CAEC's success is you.

You

Statement of Financial Condition

AS OF DECEMBER 31, 2006

ASSETS

Total Utility Plant	\$138,865,902
Less Accumulated Depreciation	26,487,942
Net Utility Plant Book Value	\$112,377,960
Equity in Associated Organizations	16,596,604
Cash	2,332,759
Accounts Receivable	9,796,722
Material in Inventory	950,045
Other Current and Accrued Assets	159,907
Deferred Charges	837,037
Total Assets	\$143,051,034

LIABILITIES AND MEMBER EQUITY

Membership, Equities and Deposits	\$50,360,015
Long-term Debt	73,005,612
Notes and Accounts Payable	9,207,691
Other Current & Accrued Liabilities	10,297,819
Deferred Credits	179,897
Total Liabilities and Member Equity	\$143,051,034

Statement of Operations

REVENUE

Electric Revenue	\$68,520,200
Other Operating Revenue	2,254,910
Total Revenue	\$70,775,110

EXPENSES

Cost of Purchased Power	\$45,992,311
Operations and Maintenance Expense	6,889,096
Consumer Accounting, Service and Sales	3,743,192
Administrative & General	3,261,302
Total Operations & Maintenance Expense	\$59,885,901
Depreciation Expense	\$3,792,512
Interest Expense	4,064,981
Other Deductions	14,563
Total Cost of Electric Service	\$67,757,957
Interest Income	134,158
Capital Credits from Associated Organizations	2,103,673
Patronage Capital	5,254,984



2007

BOARD OF TRUSTEES

(Back Row, Left to Right)

Van Smith
Billingsley

C. Milton Johnson
Statesville

David Kelley Sr.
Rockford

Charles Byrd
Deatsville

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Vice Chairman, Maplesville

Chase Riddle
Chairman, Prattville

Don Whorton
Wetumpka

Terry Mitchell
Stewartville

(Front Row, Left to Right)

Ruby Neeley
Secretary/Treasurer, Jemison

Patsy M. Holmes
Wetumpka

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President/CEO

Jimmy Gray
Vice President, Engineering and Operations

David Loe
Vice President, Finance and Corporate Services

Julie Young
Vice President, Customer Service and Business Development



Brighten your world...

...with CFL's now available at CAEC for a limited time!

Compact fluorescent lamps (CFLs) last up to 13 times longer than standard incandescent light bulbs, saving you time buying and replacing bulbs and about \$30 in energy costs during the life of each bulb.

Contact us today at (800) 545-5735 for more details on how these bulbs can make you more energy efficient.

Nine-Year warranty • Sold at cost • Add payments to your bill



**Central Alabama
Electric Cooperative**

A Touchstone Energy® Cooperative 



At CAEC, we're committed to being a responsible corporate citizen. That's why we've partnered with other electric cooperatives to offer Green Power Choice to our members. This program gives you the power to help conserve natural resources while promoting the development of renewable energy sources.

You can participate in the Green Power Choice program by purchasing 100 kilowatt-hour blocks of energy. Each block you purchase will add only \$2 to your monthly power bill, and the green power you pay for will be added to our overall generation mix.

Sign up today - and join with us to preserve the earth for future generations.

COMMITMENT TO COMMUNITY



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Electric Cooperative**

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