

# Increase your voice as an electric cooperative consumer advocate by joining: ACRE Co-op Owners for Political Action.

## Program of Events

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- 4 p.m. Registration Opens
- 4 p.m. Blast From the Past
- 4:30 p.m. Polls Open for Voting
- 5:15 p.m. The Carolina Boys
- 7 p.m. Business Session
- 7:10 p.m. Polls Close for Voting

### Activities

- Hot dogs, ice cream, chips and soft drinks
- Products and Services Expo
- Healthy Lifestyles Expo/Health Fair
- Bounce activities for kids
- Pony rides
- Clown and balloon artist
- Face painting
- "Big Mo," mascot for The Montgomery Biscuits baseball team
- "Making Accidents Disappear" Magic Show

### Door Prizes

\$500 cash grand prize,  
plus additional giveaways

\$5 bill credit to each member

Two coffee mugs per membership

Members with special needs who plan to attend the Annual Meeting should contact the Cooperative at **334-351-2125** or **800-545-5735 x2125**.



*Blast From the Past from Chilton County High School*



*The Carolina Boys*

# Alabama Living

August 2004



## 2004 Member Appreciation Day and Annual Meeting

Friday, Aug. 13  
Registration 4 p.m.  
Business session 7 p.m.

*Meeting program on back cover*

*This is your official registration card and prize ticket. Please present this ticket at registration.*



Bring this card  
for a \$5.00 credit  
on your Sept. power bill



Central Alabama  
Electric Cooperative

A Touchstone Energy® Cooperative



CAEC Annual Meeting  
Friday, Aug. 13

Cooperative Headquarters  
1802 U.S. Highway 31, North of Prattville  
4 p.m. Registration  
7 p.m. Business Meeting

See proxy information next page

**CAEC BYLAW CHANGES**  
**2004 Annual Members' Meeting**

The following changes are proposed for the 2004 Annual Members' Meeting on August 13<sup>th</sup>. **Underlined Bold** is new language; ~~strike through~~ is deleted language.

**Article III, Section 3: Notice of Members' Meetings**

Written or printed notice stating the place, day and hour of the meeting and, in case of special meeting or an annual meeting at which business other than that listed in Section 7 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. **Any such notice delivered by mail may be included with member service billings or as an integral part of or with any Cooperative periodic newsletter and/or its monthly or periodic insert, if any, in Alabama Living Magazine or any similar magazine then being furnished to the members at the expense of the Cooperative or in any other member mailing.**

**Article IV, Section 3: Nominations**

It shall be the duty of the Board of Trustees to appoint, not less than thirty days nor more than sixty days before the date of a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections of the project area so as to ensure equitable representation. No member of the Board of Trustees, **nor employee, agent, officer of the Cooperative, no known**

**candidate for Trustee and no close relative or member of the same household thereof may serve on such committee.** "Close Relative" means a person who, by blood or in law, **including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the Trustee.** The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the cooperative at least twenty days before the meeting, a list of nominations for trustees, but any fifteen or more members acting together may make other nominations by petition not less than fifteen days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least seven days before the date of the meeting, a statement of the number of trustees to be elected and the names and addresses of the candidates, specifying separately the nominations made by petition, if any. No additional nominations shall be made from the floor at the meeting of members. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of trustees.

**Article V, Section 1: Regular Meeting**

A regular meeting of the Board of Trustees shall be held without notice other than this bylaw, immediately after, and at the same place, as the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place in ~~Autauga County~~, Alabama, as the Board of Trustees may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**Official Notice of Annual Meeting of the Members  
Of Central Alabama Electric Cooperative**

The Annual Meeting of the members of Central Alabama Electric Cooperative will be held at the Cooperative Headquarters, U.S. Highway 31, north of Prattville on Friday, Aug. 13, 2004, at 7 p.m. for the following purpose:

- Presenting reports of trustees, management and auditors
- Installing trustees
- Acting upon such other business as may properly come before the meeting.

Registration will begin at 4 p.m. with the business session beginning at 7 p.m.

Ruby J. Neeley  
Secretary/Treasurer

**Election of Trustees**

The Nominating Committee met July 8, 2004, and approved the following nominees:

District 2	Don Whorton	Wetumpka
District 5	David Kelley, Sr.	Rockford
District 9	Ruby Neeley	Jemison

The following member was nominated by petition:

District 2	Kenny Holt	Titus
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*Proxy Information*

- If you are unable to attend the annual meeting and you would like an official proxy, please call the CAEC proxy line and give your name, address, and member number. The proxy line is **334-351-2294**.
- Each attending member is allowed to bring three proxies.

**On the cover:** (Clockwise) CAEC employees like Lineman Bennie Nunn, Customer Service Representatives Debra Cleckler and Kim Bavar and Field Service Representative Jimmy Sims are dedicated to providing members with reliable, efficient, friendly service. (Photos by Tad Denson, Denson-Reed Marketing, Inc.)

# Central Alabama Electric Cooperative

## Corporate Profile

Central Alabama Electric Cooperative (CAEC) is a not-for-profit, member-owned electric distribution cooperative serving more than 37,000 services in a 10-county area of central Alabama. The cooperative is a \$116.4 million company with 5,206 miles of line serviced by 123 employees.

Organized in November 1938, with lines energized in 1939, CAEC has a headquarters office in Prattville with service centers in Clanton, Rockford and Wetumpka.

Our customers are member-owners of our business, represented by an elected board of trustees. This organizational structure gives our customers a voice in our business decisions and keeps our company responsive to their needs and expectations.

CAEC provides members with affordable, reliable electricity. Additionally, we are committed to providing programs, products and services designed to enhance members' quality of life.

In 2003, CAEC had more than \$52 million in total revenue and \$116.4 million in total assets.

Visit us at [www.caec.coop](http://www.caec.coop).

## Corporate Commitment

### **Vision:**

To become a regional leader exceeding expectations.

### **Mission:**

Working together for a brighter tomorrow.

### **Values:**

- Integrity
- Accountability
- Innovation
- Community Involvement

## Seven Cooperative Principles

(From the International Cooperative Alliance, Manchester, England, September 1795)

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation Among Cooperatives
7. Concern for Community

# Central Alabama Electric Cooperative 2003 Annual Report



Line Clearance Specialist James Hull keeps power lines clear of trees and other debris.

## Setting a Course for Future Success

Driving down the road, you might pass hundreds of electric poles and not give them much thought. They are silent servants, delivering dependable power to homes and businesses all over central Alabama.

They stand there day and night for one or two generations, allowing us to live comfortable lives because of electric service that we take for granted. In fact, the better the service, the less we think about them. It is ironic that, while those power lines serve us for decades and require long-term investments, Central Alabama Electric Cooperative must plan constantly for change.

We must anticipate growth and have electric facilities ready for that growth as it comes. We must adapt to new ways our customers use power. And we must serve a new generation of members who have differing expectations from our founders.

That is why we selected "Setting a Course for Future Success" as our 2003 Annual Report theme. We're making decisions, directing our efforts and preparing the company for a future of growth, service excellence and financial stability.



Journeyman Lineman Wayne Jackson and members of CAEC's underground construction crew dig a trench for a new service.

## Our Vision, Mission and Values

The past several months, CAEC's team of board members, management and employees studied data, customer surveys and best practices in the industry to form a five-year strategic plan.

Those aspirations driving the plan include our:

**Vision:** To become a regional leader exceeding expectations.

**Mission:** Working together for a bright tomorrow.

**Values:** Integrity, accountability, innovation and community involvement.

## Three Focus Areas


Our planning process identified three key focus areas that are essential to our long-term success, and we listed key decisions for each.

**Quality:** We will deliver the highest standards of materials, processes and services. We will:

- Deliver quality power.
- Maximize technology for efficient customer service.
- Emphasize the delivery of quality service through continual training and education of employees and Board of Trustees.



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Working safely is an important part of the job for Lineman Mark Stewart.

**Sustainability:** We will study and utilize planning, processes and programs that ensure the future viability of the Cooperative. We will:

- Develop and implement comprehensive financial plans using appropriate financial modeling tools.
- Develop a highly-trained workforce that will maintain a safe work environment, enhance productivity and work proactively.
- Be a regional leader, enhancing the quality of life for our members and the community partners.

**Value:** We will be good stewards of the members' assets, enhance goodwill and deliver a product worth purchasing. We will:

- Develop a comprehensive facilities and fleet plan to maximize efficiency.
- Improve customer satisfaction and build loyalty through comprehensive products, programs, services and communications.

## Construction Work Plan

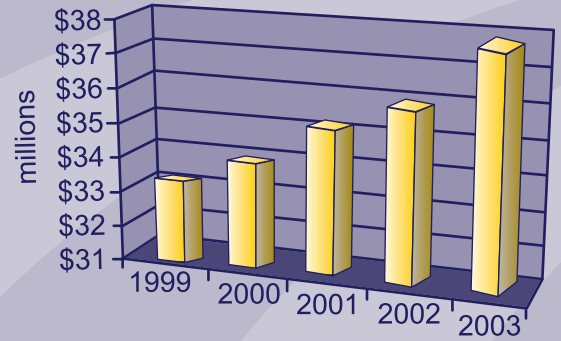
The nuts and bolts of our planning is included in a four-year construction work plan. The work plan includes provisions for new services as well as upgrading or replacing older lines. Engineering conducts extensive research on our growth and current line conditions prior to formulating the plan.

The \$36 million plan includes:

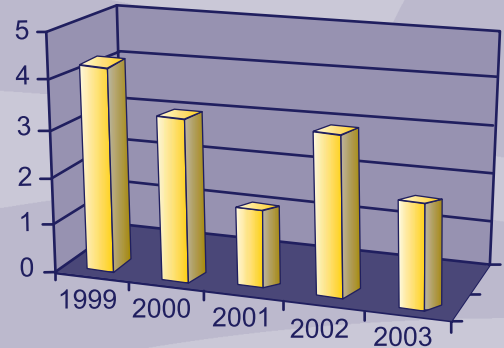
- New services for 6,400 new consumers.
- Increasing the capacity on 19.5 miles of line.
- New wire on 27.2 miles of line.
- Converting 1.2 miles of three-phase to double circuit three-phase.
- Adding three new substations and replacing two substations.

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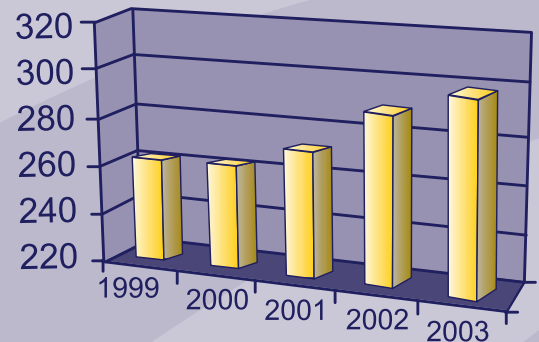
## Member Ownership in CAEC



## Hours of Outage Per Member

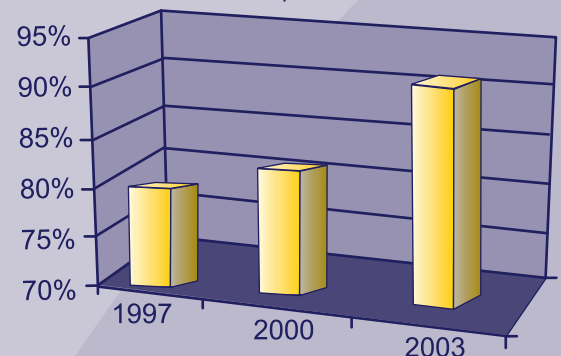


## Members Per Employee



*Serving more members per employee is an indicator of productivity.*

## Customers Satisfied or Very Satisfied



*Customers satisfaction increased from 81 percent to 91 percent from 2000 to 2003, according to a statewide customer satisfaction survey.*

# Central Alabama Electric Cooperative 2003 Annual Report (cont'd)



Customer Service Representatives Nancy Wilson and Nora Kelley are committed to providing members with exceptional customer service.



CAEC's commitment to education includes "The Cooperative Environment" Program, a hands-on program designed to enhance classroom education about native reptiles and amphibians.



Energy Advisor Terry Mullins provides CAEC member Suzanne Alexander with energy efficiency tips, such as keeping the clothes dryer filter clean.

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About 44 percent of the work plan is for new services for members, which is estimated to cost \$16 million. System improvements, such as line conversions and new wire, add another \$6.5 million.

Substation improvements will cost \$6.1 million. The remainder of the plan includes items such as security lights, service upgrades, pole replacements and other changes to improve service.

## *Financial Strength Required*

It is evident that building and maintaining a growing electrical system requires both planning and financing to ensure that electrical service is adequate when our customers need it. Electric lines take months to plan and build. Substations take years. And to keep the cooperative financially strong, we also must have a plan to finance new construction.

CAEC's financial planning process over the next five years will include projecting our day-to-day expenses, capital expenditures and power costs, plus our anticipated sales and other revenues. We must be sure we have adequate revenue to achieve our goals and maintain the viability of CAEC by meeting financial benchmarks, such as equity.

The Board of Trustees has set a goal of building equity, which is the membership's ownership in the cooperative, during the five-year plan. We increase equity when the co-op generates margins. Margins are the funds remaining at the end of each year. This money is invested in the company and is the members' ownership (equity) in the co-op. It can be expressed as a dollar figure or a percentage. We will continue to increase equity as a percentage of assets.

We record each member's share of the equity as patronage capital. Therefore, patronage capital is what each member has invested in the company through retaining margins. The Board also plans to return patronage capital each year.


## *Economic and Community Development*

CAEC has been active in promoting economic and community development throughout its area. Your co-op is building partnerships with others to sustain quality communities with healthy economies that provide opportunities for our members.

In the new strategic plan, we will continue these efforts, helping our region meet the challenges of growth while maintaining a high quality of life.



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## New Tools for You

The first step in improving customer service is asking customers what they want.

CAEC uses customer attitude surveys to learn more about our members' opinions in the past so that we could improve service. We are developing new tools so customers can give us immediate feedback after they have had contact with CAEC. We want to find out what works and what does not, keeping abreast of our customers' expectations.

It will be through surveys and feedback from our customers that we really measure the success of our strategic planning. With quality, value and sustainability as the focus areas of our plan, we must ensure that our customers are receiving what in their minds eye IS quality service and IS a good value.

If our customer satisfaction continues to improve and we meet your expectations, while keeping the cooperative financially strong, we will know we are "Setting a Course for Future Success."

## Executive Report

### Setting a Course for Future Success

"Planning is bringing the future into the present so that you can do something about it now." -- **Alan Lakein, the inventor of "time management."**

During 2003 we completed the strategic plan the Board adopted in 1998. With this milestone, we began last fall to develop strategy for the next five years. During this process we surveyed the membership, studied the best practices of other cooperatives, pondered ideas from experts across the country, conducted employee focus group discussions and formulated priorities. The end result is a three-fold focused strategy on the **quality** of service we provide, the **value** each member receives and the **sustainability** of our cooperative.

Electric cooperatives are owned by those they serve. That relationship creates a unique responsibility for the business team to the customers. You, our customers, are also our investors. Business is local, personal, and immediate. No other entity, such as third-party stockholders, comes between you and your utility. We are driven by a commitment to provide outstanding service with affordable rates. That promise is our guiding principle of business practices.

Time and again during our planning process, our recurring questions were "What can we do to serve the customer better?" "How can we be more efficient?" "What can we do to leave this company better than we are now?"

The answers resulted in three focus areas for the next five years: **quality, value** and **sustainability**.

Our process and perspective as a cooperative allowed us to look at the long-term and bring the future into our sight, so that we can shape that future, just as Lakein said. Constantly, we listen to you our customers, seek guidance from our Trustees and depend on a crew of excellent employees to keep our course true.

We have prepared a robust plan that will allow us to control what we can and influence other items that shape our future. This year's annual report theme, "Setting a Course for Future Success," reflects not only our planning process, but also the member-centered focus of our discussions. As a cooperative, we would not have it any other way.



Chase Riddle  
Chairman, Board of Trustees



Tom Stackhouse  
President and CEO

## Statistics from 2003

- Celebrated 65 years of service with the theme "Lighting the Way With Our Communities For 65 Years."
- A \$116.4 million company.
- 37,022 services in a 10-county area of central Alabama.
- 123 employees.
- Sold 573 million kilowatt hours.
- Earned \$916,659 in margins from operating activities, to bring total member equity to \$37.8 million. Equity is the members' ownership of the cooperative.
- Built 76 miles of new electrical lines.
- Connected 1,467 new services.
- Constructed the new East Operations Center in Titus that allowed for the more efficient use of maintenance and construction crews.
- Maintained the right-of-way on 5,206 miles of line, including trimming vegetation on more than 2,200 miles.
- Customer service handled 72,000 member inquiries by phone.
- Processed 396,000 customer payments (about 50 percent by mail, 41 percent in person, 8.5 percent by automatic bank drafts or internet).
- Assisted members in the installation of 640 heat pumps and 972 electric water heaters through the Touchstone Energy® Home Program. Performed load calculations to help builders and members install the correct size heat pumps.
- Conducted 178 energy audits to help members save money.

\*All current year data effective Dec. 31, 2003.



## Statement of Financial Condition

as of Dec. 31, 2003

Assets	2003
Total utility plant	\$116,418,042
Less accumulated depreciation	22,222,911
Net utility plant book value	\$94,195,131
Equity in associated organizations	12,725,747
Cash	892,833
Accounts receivable	6,836,778
Material in inventory	652,708
Other current and accrued assets	145,977
Deferred charges	963,644
Total Assets	<u>\$116,412,818</u>

## Liabilities and Member Equity

Membership, equities and deposits	\$37,851,803
Long-term debt	66,293,950
Notes and accounts payable	5,176,642
Other current & accrued liabilities	4,570,164
Deferred credits	2,520,259
Total Liabilities and Member Equity	<u>\$116,412,818</u>

## Statement of Operations

### Revenue

Electric revenue	\$50,181,087
Other operating revenue	1,609,781
Total revenue	<u>\$51,790,868</u>

### Expenses

Cost of purchased power	\$31,978,643
Operations and maintenance expense	7,119,999
Consumer accounting, services and sales	2,883,306
Administrative and general	2,404,009
Total operations and maintenance expense	<u>\$44,385,957</u>
Depreciation expense	\$3,235,856
Interest expense	3,237,565
Other deductions	14,831
Total cost of electric service	<u>50,874,209</u>
Interest income	56,365
Capital credits from associated organizations	<u>796,970</u>
Patronage capital	<u>1,769,994</u>

Note: These unaudited figures came from the close of CAEC's 2003 books. The Official Audit Report for fiscal year ending April 30, 2004, was completed August 3, 2004, and is available for review.

## Board of Trustees

Chase Riddle, *Chairman*  
Prattville

Jimmie Harrison, Jr., *Vice Chairman*  
Maplesville

Ruby Neeley, *Secretary-Treasurer*  
Jemison

Patsy Holmes  
Wetumpka

Milton Johnson  
Statesville

David Kelley, Sr.  
Rockford

Terry Mitchell  
Stewartville

Van Smith  
Billingsley

Don Whorton  
Wetumpka

## Management Team

Tom Stackhouse, *President/CEO*

Bill Scanlan, *Vice President*  
*Engineering and Operations*

David Loe, *Vice President*  
*Corporate Services*

Arnelle Adcock, *Vice President*  
*Customer Service and*  
*Business Development*

Julie Young, *Vice President*  
*Administrative Services*

Jimmy Gray, *Manager of Engineering*



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