

Guest Column: *Members Share in the Co-op's Success*



David Loe,
VP of Corp.
& Financial
Services

As a tennis player for a number of years now, playing doubles is my favorite game because both partners work as a team in order to win a match—and share in the victory. Such is the relationship between CAEC and its members when it comes to capital credits.

Your co-op, as a not-for-profit organization, operates at cost, receiving only enough revenue to run and expand the business—with no need to raise rates for the purpose of generating profits. Unique to our business model are capital credits, which are based on the member's usage of service, and are paid to members on a retirement cycle approved by the board of trustees.

Capital credits, also called patronage refunds, patronage capital or equity capital, are paid from the margins remaining after all expenses have been paid, and after the infrastructure is fully depreciated, or fiscally retired. For example, this year's capital credit allocations will be paid from the margins made during a portion of 1984 and 1985 to those who were members during that time frame.

Because the electric utility industry is such a capital-intensive business, loans (primarily from the Rural Utilities Service) are the principal avenue utilized for operating capital; rates are the other source, and it is through rates that member equity is built. The

bill you pay each month is used for the operation of your co-op. In fact, 70 percent of your payment goes to purchase power from our generation and transmission cooperative, PowerSouth. The remaining 30 percent of your payment is then used to build, operate and maintain the facilities.

As part of our loan agreements, the lenders require us to make a certain amount over our costs, which is our patronage margins. These margins are used to invest in the infrastructure and to offset otherwise required borrowing.

Your board of trustees regularly reviews and authorizes an equity management plan, which defines the required member equity range for satisfying our loan requirements. The current plan, adopted in May 2010, calls for an equity range between 38 and 42 percent. The board also determines whether the co-op's financial position permits the return, or retirement, of capital credits and if so, what amount of capital credits will be retired.

Since 1994, your trustees have authorized the return of nearly \$7.7 million in retired capital credits to members, and this year, another \$850,000 has been approved for return.

With my finance background I am inclined to think about success in terms of fiscal proceeds; however, as an electric utility employee with more than 30 years experience, I also think about success for our cooperative members in terms of receiving safe, reliable and affordable electricity and sharing in the success of CAEC through capital credit refunds.

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LOCATIONS

Prattville Headquarters
1802 U.S. Hwy. 31 North
(334) 365-6762/(800) 545-5735
Outage Hotline: (800) 619-5460

Clanton Office
1601 7th St. North

Rockford Office
U.S. Highway 231

Wetumpka Office
637 Coosa River Pkwy.

CAEC Mailing Address:
P.O. Box 681570
Prattville, AL 36068

HOW TO VIEW YOUR CAPITAL CREDITS ONLINE

A great benefit of being a cooperative member is having access to your capital credits records at any time by visiting our web site, www.caec.coop.

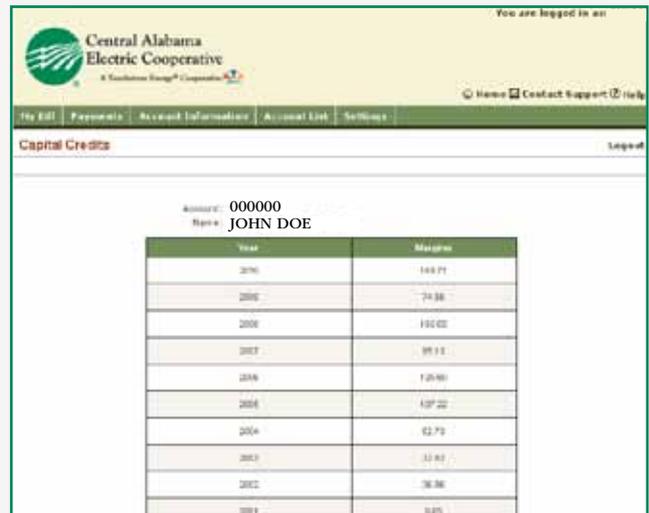
1. Click on the **Pay/View Bill** button on the left side of the screen
2. Click on the **My Account** tab and select **Account Profile**



3. Log in by entering your Account Number or User ID and Password
4. Click on the **Account Information** tab and select **Capital Credits** from the menu



5. A record of your capital credits (margins) will appear



Account: 000000
Name: JOHN DOE

Year	Margins
2010	148.71
2009	74.36
2008	100.00
2007	95.13
2006	120.90
2005	107.22
2004	62.79
2003	33.93
2002	36.36
2001	0.00

Remember, capital credits are **not** dollars in a bank, but instead represent funds that have been invested in the cooperative's utility plant. The board of trustees decides when the co-op is financially able to pay earlier year's capital credit allocations.

In addition to viewing your capital credits records, we have added a Frequently Asked Questions section (www.caec.coop/ccfaq) for your convenience. This information is located under the Customer Service tab on the homepage.

Included in this issue of *Alabama Living* is a listing of those unclaimed capital credit checks from 2010 (those who were members from 1982 - 1984). If you recognize members on the list, let them know so they may receive their cooperative membership benefit.

CAEC Products and Services

CAEC offers many products and services to help you save money by taking control of your energy use. Listed below are some of the programs and services we offer for your convenience. Visit www.caec.coop or call (800) 545-5735 for more information.

Water Heater Rebate Program

CAEC offers rebates for water heaters. Purchase your new water heater from any retailer and receive a rebate for meeting the following criteria:

- Only electric water heaters (cannot be tankless)
- Minimum energy factor of .92
- Participation in CAEC's Peak Shaving Program

Water heaters will be inspected to verify the following:

- Installation at member's address
- Manufacturer's Information: Name, model and serial #
- Proof of purchase: Copy of receipt, store name and spec information

Rebates are available in the following amounts:

- Under 80 gal: up to \$235
- 80 gal & up: up to \$375

For more information about our rebate program, call (800) 545-5735, ext. 2118 or (334) 351-2118.

Peak Shaving Program

CAEC's wholesale power costs are determined by our members' highest, or peak, electricity usage and can affect your rates for the whole year if that usage is extremely high. But there is something you can do through CAEC's Peak Shaving Program.

This effort targets electric water heaters, which can use approximately 14 percent of your home's annual energy. A peak shaving device for your electric water heater will be installed AT NO

COST to you by a licensed electrician.

While you still have hot water when

you need it, the reheating process is delayed to off peak times.

Peak Shaving Program

By participating in this program you also qualify for an electric water heater rebate; details are listed under "Water Heater Rebate Program."

Prepay Program

CAEC members who are looking for another way to manage and pay for electricity usage have a unique option—prepay. Prepay is just what it sounds like—paying for electricity prior to its consumption.

The prepay program provides a great deal of flexibility. New members have the option to sign up for Prepay instead of paying a deposit, while existing members can use Prepay to efficiently manage their energy consumption.

Prepay participants can make payments at any of CAEC's service centers, by phone or through the Web (www.caec.coop). Payments are automatically applied and notifications for daily balances and low balances can be sent directly to you in a number of ways—through a phone call, text message or e-mail—at the time of day or night that you choose.

Home Energy Audit

When you have a home energy audit conducted by CAEC's Energy Services Representative, a Certified Residential Energy Auditor, you can choose which level works best for you and your budget. The initial cost of either audit is reimbursed when ESR-recommended improvements are made to the home within a 12-month period of time.

Basic Audit for \$75

- General Return of Investment (ROI) Information
- Infrared Camera Evaluation
- Air Infiltration
- Solar Effect
- Heating/Cooling System
- Building Structure
- Insulation
- Lighting
- Appliances

Advanced Audit for \$100

Everything in the basic audit plus:

- Blower Door test-air changes per hour
- Specific ROI information on energy efficient upgrades

Learn how to make your home more energy efficient with an energy audit. For more information, visit www.caec.coop or call (800) 545-5735 ext. 2178 or (334) 351-2178.

Lightning Protection

For just \$5.50 per month added to your CAEC electric bill, you can get exceptional protection from lightning and other electrical disturbances with a meter base unit installed on your home. The unit protects large appliances (stoves, refrigerators, HVAC units, washers and dryers). Mounted between your home and your meter, this unit can help minimize the risk of costly damages from lightning-related occurrences.

Electric Grills and Smokers

We have a selection of electric barbecue grills and smokers that is sure to make your next cookout a success, all with the ease of plug and grill cooking and convenient temperature controls right at your fingertips. No need to worry about starting a fire or running out of fuel.



Starting at \$80, these grills offer portability and affordability with the option to finance over three months on your electric bill.

Co-op Connections Card

Need a reputable auto repair shop for your vehicle or a list of hotels for your traveling plans? The Co-op Connections Card allows you to take advantage of discounts offered on all types of services and products from participating local and national businesses. An updated list with new businesses can be found in next month's *Alabama Living* magazine or visit our website (www.caec.coop) for the most current list.



You can also receive 10-60 percent off prescription drugs at more than 60,000 independent pharmacies and national

chains. Since this program was introduced four years ago, CAEC members have saved over \$300,000 on prescriptions alone. For pharmacy providers or quotes on prescriptions make sure you have your card handy (you will need the Group # and Member # on the back of the card). To locate providers, you can also call the program's Member Services Department at 1-800-800-7616.

Holiday Electrical Safety

Holiday traditions often revolve around gatherings of family and friends, plenty of cooking, decorating and entertaining. While preparing your home for all the festivities of the season, remember to keep safety in mind by following these important safety tips.

- 🐿 Do not overburden your electrical system by running clothes dryers, space heaters and other high-energy appliances at the same time.
- 🐿 Inspect your electrical products for cracked or frayed appliance cords, exposed wires and loose connections. If they show any of these signs, dispose of them or have them repaired by a qualified electrician.
- 🐿 Test ground fault circuit interrupters (GFCI) and arc fault circuit interrupters (AFCI) to ensure that they are working properly.
- 🐿 Install tamper-resistant receptacles to prevent electrical shocks and burns or use safety covers on all unused outlets that are accessible to children.
- 🐿 Do not place extension cords where they could cause a tripping hazard and never run extension cords under rugs or furniture.
- 🐿 Keep all decorations three feet away from heating sources, including space heaters and fireplaces.
- 🐿 Turn off and unplug all decorations before leaving home or going to sleep.
- 🐿 Outdoor outlets should be protected with GFCI technology to reduce the risk of electric shock and use only weatherproof electric devices for outside activities.
- 🐿 Place electrical cords out of the reach of small children.

A proactive approach to safety will help you give the gift of safety to your family and friends this holiday season! 🐿



CAEC Offices will be closed Nov. 24 & 25 for Thanksgiving

Enjoy a Hot Shower and Help Control Costs at the Same Time



By having a CAEC Peak Shaving Device installed on your electric water heater, you'll still have hot water when you need it, while helping the cooperative reduce its need to pay for peak-time power costs.

If enough people join this effort, we can have a positive effect on our future rates. Will you join us?

The peak shaving device for your electric hot water heater is free, and will be installed by a licensed electrician at no cost to you just by submitting the form below.

To learn more about this program, visit our website, www.caec.coop.

Yes, I agree to do my part by joining CAEC's peak shaving program.

Name: _____ Phone #(s): _____

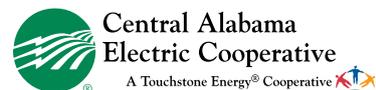
Address: _____ City: _____ St: _____ Zip: _____

Account #: _____

Email: _____

Number & Size(s) of Water Heater(s): _____

Signature: _____



Mail form to: Central Alabama Electric Cooperative, P.O. Box 681570, Prattville, AL 36068



Recipe for *Efficiency* from CAEC

Insulating Foam Sealant

Air leakage through lots of small holes and cracks around the home is a major cause of heating and cooling loss. In fact, adding up all the holes in the average residence is similar to heating and cooling your house year-round with an open window. To reduce energy costs, air-seal

and eliminate drafts, start with an easy fix by applying insulating foam sealant throughout your home. According to the U.S. Environmental Protection Agency, using foam sealant to fill these gaps can typically save up to 20 percent annually on heating and cooling costs.

Utensils (tools):

Gloves (optional)
Eye Protection
Straight Edge or Butter Knife

Ingredients (supplies):

Insulating Foam Sealant

Directions: Insulating foam sealants come in different applications (i.e. windows and doors, gaps and cracks, firelock, aquascape and landscape). Be sure to apply the appropriate foam sealant and read all instructions thoroughly before applying. For this application, we will apply a gaps and cracks sealant.

1. Before you apply the foam, make sure the area is free of dust, dirt and oil.
2. Apply sealant foam on the outer part of the hole.



3. Only fill about a quarter of the hole to allow room for the foam to expand.



4. Use a flat edge tool or butter knife to scrape off excess foam.



Note: Read instructions to determine drying time of the foam; it may take several hours to dry completely.

The cost for a 12-ounce can should be less than \$5 at your local hardware or home improvement store.

Foam sealants expand to form an outer skin containing closed air cells that provide an effective barrier against energy loss. And when dry, most of these sealants can be painted to match trim. Use around windows and doors, plumbing fixtures, electrical outlets, baseboards, sill plates, exhaust vents, siding edges, sky lights, attic fans, garage ceilings, etc. This simple “recipe” can help you conserve energy and reduce heating and cooling bills.