

Regulations vs. Your Energy Costs



October brings some of the best games of the football season, and like many of you, I enjoy watching them with family and friends. During one pregame program, I heard a quote of Vince Lombardi—who, as many consider, was one of the greatest coaches of all time. *“The measure of who we are is what we do with what we have.”* Lombardi’s belief applies not only to what happens on the football field, but also to situations in our everyday lives. And I couldn’t help but to think of how that one simple sentence was especially pertinent to the challenges we face in the energy industry.

As our country continues the important, and at times controversial, discussion of our nation’s energy policy, we must also remember to work within the boundaries and technologies we currently have. Environmental arguments have been heard, and the power industry has taken heed by investing billions of dollars to utilize technology that generates electricity from fossil fuels through cleaner processes.

“The measure of who we are is what we do with what we have.”

One of the major players in the current energy-related discussions is the Environmental Protection Agency (EPA), which has increased its regulatory power through expanded definitions and self-appointed authority. With a long history of progressively strict and costly regulations, the EPA is artificially driving up electricity costs by attacking the most abundant source of energy production—coal. The latest example can be found in the Utility MACT (Utility Maximum Achievable Control Technology) rules, which govern emissions of hazardous air pollutants (HAPs) from 200,000 boilers nationwide, which burn not only coal, but natural gas, fuel oil, wood and other fuels needed to produce steam to generate electricity or other industrial processes.

The fallout from these rules (learn more via the MACT Facts box on the next page) would include a hike in the average retail electricity prices by 14.5 percent by 2016 to help cover the \$10.9 billion needed for MACT compliance with the country’s power, paper, steel, chemical and petroleum facilities. If adopted, this regulation will be one of the most expensive in history.

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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

As we prepare to spend more dollars becoming compliant with new energy rules, it is important to note that no emerging industrialized countries are regulating fossil fuel generation. In fact, the United States ships our coal, which the EPA has designated as unusable (because it doesn't meet U.S. environmental standards), to China and India for use in their coal generation plants. This begs the question, if we cannot use the resources we currently have to produce low cost power due to environmental concerns, why is it allowable for other countries to use those same resources with little or no regard to our environment?


Not only do stricter regulations prohibit the use of current fossil fuel generation sources, as well as nuclear (for different reasons), but rising costs are also eliminating new plants from coming online. This lack of baseload power generation will soon hinder the U.S. from meeting its future power demand. And while renewable energy

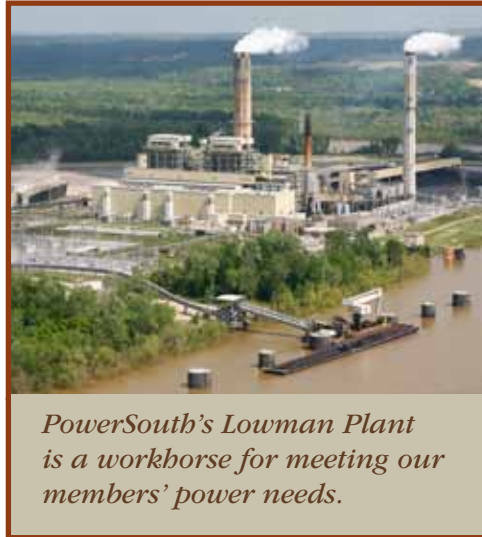
sources might play a part during peak power needs, they do not have the reliability or cost effectiveness to produce the amount of baseload generation needed to supply the electricity we all

utilize today. I can't help but ask - is there an end to the ever increasing regulations?

What can each of us do to ensure that those making regulatory decisions work within reasonable boundaries and keep the cost to the average American in mind? Stay engaged with your co-op, and particularly, with your state and federal elected officials.

If we work as a team, we can find a balanced approach to

our country's energy and environmental issues. As Lombardi also said, "*Individual commitment to a group effort—that is what makes a team work, a company work, a society work, a civilization work.*" 

PowerSouth's Lowman Plant is a workhorse for meeting our members' power needs.

MACT FACTS

According to the North American Electric Reliability Council (NERC), Utility MACT regulations could reduce electric generating capacity by 46 to 76 gigawatts, which equals more than 7 percent of our country's total electric generation.

The U.S. Chamber of Commerce and the National Association of Manufacturers made appeals to EPA based on projections that the new boiler regulations could cost as much as \$20 billion and 300,000 jobs.

National Economic Research Associates estimates that the Utility MACT rules would cause average retail electricity prices to increase by 14.5 percent by 2016 – or \$14.50 for every \$100 on your power bill.

A Matter of *Principles...*

As an electric cooperative, CAEC provides unique benefits to our members. But did you know that there are many types of co-ops, offering financial and banking services, housing, health care and food for our tables?

So where did the idea for co-ops come from and what makes them unique? It's all a matter of principles (seven, to be exact). Today's cooperatives trace their roots to a store started by weavers in the town of Rochdale in northern England in 1844, who were guided by a set of principles drawn up by one of its members, Charles

Howarth. When introduced into the U.S. by the National Grange in 1874, these "Rochdale Principles" helped launch cooperatives as we know them today.


Although stated in many ways, the Rochdale Principles require that a cooperative must be open for anyone to join, with every member retaining one voice, one vote. CAEC accomplishes this by holding our annual meeting the second Friday of each August, allowing the membership to elect fellow consumers to govern the co-op and have a say in how their utility is operated.

There also have to be real member benefits, which are often unique to cooperatives and not found in traditional investor owned enterprises. The best example is that members of electric co-ops often receive money back (called capital credits or patronage refunds) that were paid through bills to help cover the costs of the cooperative's infrastructure. After the asset is retired, and if the co-op is in good financial shape, the board of directors/trustees, can allow the return of the members' investment through capital credits — unlike Investor Owned Utilities, which return money to stockholders, not those who pay the bills. Nationwide, more than \$550 million has been returned to members by electric co-ops dur-

ing the past seven decades and CAEC has retired more than \$7.5 million since 1994.

Education remains another big focus and covers many areas. Programs such as Bright Ideas Grants, Youth Tour and scholarships are vital in helping to develop our future leaders. We also share ideas on how to make your home more energy efficient through energy-education and programs such as home energy audits. And when it comes to the information that may affect the power industry itself, we ensure members, elected officials and opinion leaders not only know about

the co-op business model, but also the latest information on the future of energy and proposed legislation — which could affect the cost we all pay for power.

These are just a few of the seven principles that exemplify the cooperative difference. Whether it's concern for community or democratic member control, our unique principles come together to serve you, the member. 



7 Cooperative Principles

- 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*


Don't Fall for These Electrical Hazards

The roar of football fans, cooler temperatures and changing leaves are all signs that the relentless heat of summer is fading and fall is on its way. As the seasons change, so do our outdoor activities and the electrical equipment we use, so keep these safety tips in mind while enjoying autumn's splendor.

Out with the warm and in with the cool. Safely store warm weather tools such as lawnmowers and trimmers so they'll be ready to go in the spring. And as you bring out items like leaf blowers, inspect their cords for wear and tear and repair or replace worn out or damaged tools.

As the leaves fall, keep them swept away from outdoor lighting, outlets or any power cords.

If you're using a ladder (metal, wood or fiberglass) to clean out leaves from your home's gutters, make sure you stay away from power lines, at least 10 feet.

If you're planning to plant a tree, always call before you dig. By simply calling 811 you can have any underground lines located. And of course, remember to look up for any power lines that may become in danger as the tree grows, and plant appropriately. 

Neighbors Helping Neighbors

With fall comes cooler temperatures—which is a welcomed relief after the hot, humid Alabama summer. But for many of our neighbors, the change in temperature also means that the cold of winter is quickly approaching.

For this very reason, Project SHARE (Service to Help Alabamians with Relief on Energy) was formed in 1982. Designed to meet the energy needs of qualified, low-income elderly or disabled individuals facing financial and/or medical situations, the program is a joint effort between the American Red Cross and energy providers, such as CAEC.

To qualify for assistance, the family income must be within certain guidelines depending on




PROJECT
SHARE

the size of the household. In addition, the head of the household must be 62 years of age or older, or receive a disability check.

For as little as \$1 a month, CAEC members can make a difference in someone's life through Project SHARE. Participation is easy. You can pledge \$1, \$2, \$5 or any other whole-dollar amount you choose each

month, and it will be automatically added to your utility bill. Simply go to our Web site, www.caec.coop, and click on the Project SHARE link or just give us a call at (800) 545-5735.

Those in need will be grateful for your willingness to SHARE. 

Annual Meeting had Something for Everyone

Whether you enjoyed a hot-off-the grill hot-dog, cold Bluebell ice cream or tapping your foot to live music, the humid 90-degree temperatures didn't put a damper on any of the fun had by all ages at this year's Annual Meeting and Member Appreciation Day, held Friday, Aug. 12.

A total of 2,610 members registered and voted by mail and an additional 525 registered on site the day of the meeting. It is estimated that 1,500 were in attendance at the family-friendly event held at the co-op's headquarters in Prattville.

Children enjoyed bounce-house activities, face painting and exploring nature with wildlife experts Jimmy and Sierra Stiles who gave them hands-on activities with animals, such as newts

and snakes, as they talked about the conservation efforts that utilities, like CAEC, utilize to protect wildlife habitats.

If amphibians and reptiles didn't hold your attention, members were presented with several activities including free health screenings from Baptist Health Systems (96 were performed), healthy lifestyle information from community and wellness groups and energy-efficiency products and

tips. Many also enjoyed performances by the Men of Music and the Tallassee High School Choir.

During the business meeting, Wayne Gruenloh, CPA and Owner of Gruenloh and Associates of Robertsdale, Ala., presented CAEC's audit and gave the Cooperative an unqualified opinion, which is the highest rating that can be given.

In the Board of Trustees election, Board members C. Milton Johnson, Statesville, District 1; Terry Mitchell, Stewartville, District 4; and Jimmie Harrison, Jr., Maplesville, District 6, were re-elected to three-year terms.

CAEC President and CEO Tom Stackhouse briefed members about the importance of embracing technology, which allows the co-op to serve them efficiently, through Advanced Metering Infrastructure (AMI), permitting members to get daily (and soon hourly) data about their energy usage to an Outage Management System (OMS), where outages can be quickly analyzed.

The meeting concluded with the grand-prize drawing of \$500, won by Ruby Cook.





LAST WEEKEND, I SEALED MY MANUFACTURED HOME AND STOPPED MY WALLET FROM LEAKING.

I had no idea how much of my money was leaking out of my manufactured home, until I saw it for myself. After a few things like caulk, insulation and skirting, now my manufactured home is a lot more comfortable. What can you do? Find out how the little changes add up at TogetherWeSave.com.




Central Alabama
Electric Cooperative


A Touchstone Energy® Cooperative 


Portable Electric GENERATORS




To ensure the safety of your family, neighbors and cooperative employees, please follow these guidelines when using electric generators.

 Never connect a generator directly to your home's wiring. This can cause back feeding along power lines and electrocute anyone coming in contact with them, including line workers making repairs.

 Always plug appliances directly into generators. Connecting the generator to your home's circuits or wiring must be done by a qualified, licensed electrician who will install a transfer switch to prevent back feeding.

 Always use heavy-duty, outdoor-rated extension cords.

 NEVER use a generator in enclosed or partially enclosed spaces. Generators can produce high levels of carbon monoxide very quickly.

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