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Cooperatives Operate by Principles

This year has been recognized as the International Year of Cooperatives by the United Nations — an acknowledgement by the international community that cooperatives help drive the economy, respond to social change, and are successful businesses that create jobs in all sectors and look out for those they serve.

From farmers coming together to get a fair price on supplies to credit unions delivering low fees and reasonable rates, co-ops take many forms. This successful business model works for small business owners, financial institutions, grocery stores and electric utilities and abide by a set of “Cooperative Principles” which help dictate how we operate and serve our members. And your electric cooperative is no different.

More than 75 years ago rural residents came together in communities all over the country and utilized the cooperative business model to bring affordable power to their homes, farms and stores. Today, electric co-ops serve 12 percent of American consumers — with power lines covering more than 75 percent of this great nation, delivering power to 42 million Americans in 47 states.

As an electric cooperative, our role is to provide you with the most reliable electric service at the lowest possible cost. Although we face challenges that could increase the cost we all pay for power, we have endeavored to follow Cooperative Principle number five (education, training and information for our members and elected representatives) and keep you informed on legislation, policies and topics that directly impact our industry (you can find a recap of some of these issues on pages 6-7 of this magazine).

On the local level, through Principle number seven (concern for community), we support local youth and young leaders through programs such as Youth Tour, the Bright Ideas Grant Program and scholarship opportunities. As I discussed in June’s magazine, we are committed to helping our communities grow with an economic development plan and partnerships with businesses and local, state and federal government leaders to focus on job creation in the areas we serve.

As an organization that is open to all people who use our services (Co-op Principle number one), I am proud to say that we recently held our Annual Meeting, which features a truly unique part of being a cooperative—democratic member control (Principle number two). We had more than 2,921 members exercise their right to vote during our trustee election which places members from your communities on the Board of Trustees.

Finally, as the world acknowledges the many roles cooperatives play in our society this year, we at CAEC would like to recognize you, the member, and thank you for allowing us to serve you as part of the cooperative family. ■



Tom Stackhouse
President/CEO



Annual Meeting 2012: Fun for All Ages



The humidity was lower, hotdogs were grilled and the bounce-houses were jumping for those who attended this year's Annual Meeting and Member Appreciation Day, held Friday, Aug. 10.

A total of 2,262 members registered and voted by mail, with 659 members present the day of the meeting and an estimated total of 1,600 attending the family-friendly event held at the cooperative's headquarters in Prattville.

Children enjoyed the many activities, including an inflatable dragon and slide, face painting and a dazzling electrical safety magic show during the event. For the adult members, several activities, including free health screenings from Baptist Health Systems (consisting of blood pressure, cholesterol and blood pressure checks); healthy lifestyle information from community and wellness groups; and energy-efficiency products and tips were offered. Live music also filled the air with performances by the Men of Music and country singer Laurel Taylor of Tallassee.



During the business meeting, Wayne Gruenloh, CPA and Owner of Gruenloh and Associates of Robertsedale, 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, incumbents Patsy Holmes, Wetumpka, District 3; Van Smith, Billingsley, District 7; and Chase Riddle, Prattville, District 8, were re-elected to three-year terms.



CAEC President and CEO Tom Stackhouse briefed members about some of the valuable programs the co-op offers, including the Co-op Connections Card, which offers savings on prescriptions and products, and the new iMap weather app for Apple phones. He also praised the employees for their hard work to provide reliable service to members at the lowest possible cost. He discussed how the cost of power could increase with proposed regulatory changes that would affect the industry's ability to utilize lower cost resources for energy production, and may eventually impact the delivery of reliable power.

Door prizes were awarded throughout the afternoon and the meeting concluded with the grand prize drawing of \$500, won by James Scott. ■



Energy Policy — Making an Informed Decision

We're quickly approaching one of the most defining moments of our country—when people make their voices heard by voting for those who will lead our nation. While political outlooks vary, there are some issues – such as our nation's energy supply systems – that need to transcend politics as we determine the future policy for meeting the ever-growing demand for electricity.

During the past year, we've explored many energy-related issues and topics in *Alabama Living*, particularly regarding sources of electricity generation. From renewables, nuclear, fossil fuels and shale gas to the Environmental Protection Agency's (EPA) role and climate change—our nation is at a critical juncture regarding generation resources and the cost of power to the end user. As we approach the November election, we offer this recap of some of the main points from previous articles regarding the pros and cons of various generation sources.

Renewables

When it comes to renewables, there are three things to keep in mind: supply, cost and an adequate delivery system. Excluding hydro-power (which EPA eliminates as a renewable source), renewables currently only constitute about 4 percent of our country's electric generation. In some parts of the country, such as the Southeast, renewables are not cost effective or readily available and therefore cannot help satisfy mandated renewable energy quotas such as those found in the Renewable Energy Standards proposed on federal and state levels.

The cost alone—of generating electricity from renewable sources—is more expensive, and trying to achieve imposed standards drives up the cost for the end users even more. On average, new coal and nuclear baseload plants produce electricity for about 7 cents per kilowatt-hour (kWh), while renewables, like solar thermal energy, cost an average 14 cents per kWh and on-shore wind more than 9 cents per kWh based on the Department of Energy's 2010 Annual Energy Outlook.

Once the energy is produced from renewables, there's the issue of transmission. According to a study by Navigant Consulting, the grid currently serving the eastern half of the U.S. is incapable of delivering renewable-derived electricity to the areas that need to utilize it, and the implementation of additional transmission could cost \$80 billion.

Nuclear

Nuclear energy, which currently produces 20 percent of the power in the U.S., is considered a clean energy since it doesn't release carbon emissions. While generation costs have stayed consistent, construction expenses and lengthy permitting processes have become challenges. With the Electric Power Research Institute citing that 64,000 mega-

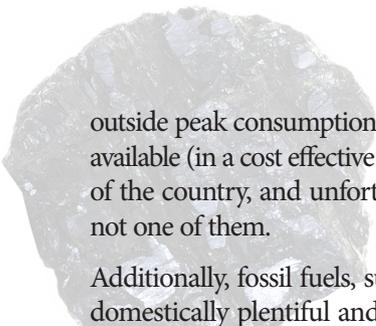
watts of new nuclear power generation (the equivalent of 32 two-unit plants) is needed by 2030 to meet increasing energy requirements, it is important to comprehend the issues that hinder nuclear production.

One of the hindrances is the disposal of nuclear waste – what to do with it. Nuclear waste is frequently misrepresented because the spent nuclear fuel from nuclear power plants is actually a valuable resource. Through reprocessing, about 96 percent of spent nuclear fuel can be recycled into new nuclear fuel and the remaining 4 percent is also usable. No other fuel source can make this claim – wood, coal, oil, or gas. According to the Electric Power Research Institute, almost 100 times more energy remains available in spent fuel rods than is produced during the first cycle of use. Although the U.S. ceased its reprocessing program in the 1970s, other countries, such as France and Japan, reprocess and recycle spent nuclear fuel and are now years ahead of the U.S. on nuclear energy production.

Fossil Fuels

Carbon energy, which comes from fossil fuels, or more specifically, coal, oil and natural gas, supplies 82 percent of the energy demand (including transportation and home heating) in the U.S. according to the Energy Information Administration (EIA). Worldwide, the EIA notes that oil and coal combined account for more than 60 percent of energy consumption.

As a commodity that cannot be stored for later use, electricity is generated at the time it is consumed, and coal and natural gas plants have the capability of running 24/7 – thus the reason for using the term baseload generation. Comparatively, renewables, such as solar and wind, are not around-the-clock operations; they're intermittent. In fact, in a 24-hour timeframe, wind generation is only available 21 percent of the time, and most of that – 19 percent – is



outside peak consumption hours. Wind and solar are only available (in a cost effective way) in certain geographic areas of the country, and unfortunately, the Southeast region is not one of them.

Additionally, fossil fuels, such as coal and natural gas, are domestically plentiful and inexpensive, and can produce huge amounts of electricity in a single location, an advantage in contrast to the space needed for renewable generation. A typical coal-fired generation plant with the capability of producing 500 megawatts of electricity per day may cover approximately 300 acres. Conversely, a solar farm needs 4,000 acres, and a wind farm would require 30,000 acres to produce the same amount of electricity.

Shale Gas



Natural gas, such as shale gas, has become widely recognized as a versatile and valuable energy resource due to its current low cost and distinction as a clean generating source for almost a quarter of our country's electric power. The main issue is the method of extracting this valuable resource from the earth—a process known as hydraulic fracturing, or shale fracking. It is feared that fracking could cause groundwater contamination and air emissions, although currently there are comprehensive state, local and federal laws to address nearly every aspect of exploration and production.

Natural gas plants have the potential to be cleaner, more efficient and cheaper to build than other energy sources, and are projected to account for 46 percent of electric power capacity in the future. But like any commodity, the price can fluctuate quickly, so maintaining fuel diversity is vital.

The EPA

The Environmental Protection Agency (EPA) is an agency of the federal government charged with protecting human health and the environment by writing and enforcing regulations based on laws passed by Congress and is under the direction of the White House.

Given the central role of electric power in our nation's economy, and the importance of coal in power production, there are concerns about the cost and potential impact of regulations under development at EPA that would impose new requirements on coal-fired power plants. For example, on March 27, 2012, the EPA proposed a Carbon Pollution Standard for new power plants. The proposed standards

would require new coal plants to install a technology that is not yet commercially available called 'carbon capture and storage.' This rulemaking would eliminate coal as a fuel source and reduce America's fuel diversity.

CAEC is in agreement with EPA's ambition to defend public health and the environment, but it's imperative that careful evaluation be given to all potential regulations and their impact regarding the reliability and cost of electricity. These regulations could impose excessive costs and lead to plant retirements that could threaten the adequacy and reliability of electricity across the country, especially from now through 2017.

Climate Change

When it comes to climate change, there are two schools of thought: One, human activity involving carbon-based energy sources is a significant cause of changes in our Earth's climate and should therefore undergo drastic and expensive carbon reduction measures. And two, that while there are carbon emissions, they are not causing the climate to change and the money and effort used to reduce them will not change the temperature, resulting in unnecessary costs and will burden those that need reliable, low cost energy.

With more than 70 percent of our nation's electricity coming from greenhouse gas-emitting fossil fuels like coal and natural gas, the question becomes: how to reduce emissions while still making enough electricity available? Any climate change strategy should maintain fuel diversity, allowing a variety of fuel sources, including coal and nuclear generation, to meet the energy and economic needs of the country.

The energy policy is determined by federal, state and local entities which address issues of energy production, distribution and consumption. Energy policy may include legislation, incentives for investment and other public policy practices. CAEC, along with other electric co-ops across the country, agree that our industry will need to employ energy efficiency, renewable energy, nuclear power, new coal technology, carbon capture technology and distributed generation to meet our nation's energy challenges. As our commitment to you, we will continue to work to ensure that those in positions of authority understand the electric industry and seek out practical, long-term solutions based on new technology that will allow us to continue providing safe, reliable, and affordable power in an environmentally responsible fashion. ■



Know When to Call a Professional



The phrase, “call a licensed electrician,” is a common expression when discussing home projects that involve wiring and electricity. This is very important advice to follow because electricity can not only seriously injure you or others, it can also cause damage to your home or create a situation where hazards could occur down the road, such as an electrical fire.

We always suggest the use of a professional when it comes to many of your home’s electrical projects, especially exposed wiring and other electrical hazards.

If you’re experiencing the following signs, they could be symptoms of a serious electrical problem and you should contact a qualified, licensed electrician as soon as possible:

- **Insufficient Outlets:** Many homeowners find that their power strips and circuit breakers are always overloaded. This issue may be solved through rewiring or by adding power outlets. Strategic placement of extra outlets can also help homeowners in rooms where power sources always seem out of reach. However, never attempt to install electrical outlets on your own, instead, leave this job to a trained electrician.

And remember, many state and local laws require that a permit be obtained prior to the installation of electrical wiring or devices, and that an inspection be performed to ensure that the work was completed safely and it meets applicable code requirements. If you hire an electrician or contractor to perform work at your home, be sure to confirm that he/she has obtained the appropriate permits, and you should request an inspection once the work is complete.

Safety should always be the foremost concern for anyone who is working on or around electricity. When in doubt, call a professional out. ■

- **Damaged Circuits:** Circuit breakers are integral for managing the safe flow of electricity through your home. These safety measures detect surges in electrical activity and switch off power supplies to protect your appliances. However, circuit breakers can actually deliver harmful shocks to homeowners if they malfunction. If the breakers trip frequently, protect yourself and avoid contact with your circuit breaker. This warning applies for fuse boxes as well.



Darren Maddox is CAEC's Training and Safety Coordinator



...Imagine the Possibilities!

How could \$16,000 help children in the classroom? The Bright Ideas Grant program from Central Alabama Electric Cooperative gives teachers the chance to explore the possibilities.

CAEC has given \$16,000 in grants each year to support innovative, creative and effective initiatives that cannot be covered by traditional funding. Designed for K-12 teachers in public, private and home schools within CAEC's territory, the program has given approximately \$208,000 benefiting more than 83,400 students since its inception in 1998.

Teams of teachers and individual teachers are eligible to apply for the grant monies. Individuals are eligible to apply for grants from \$250 to \$750, while teams are able to apply for up to \$1,500.

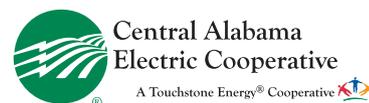
Don't miss this opportunity for your child's classroom. Mention CAEC's Bright Ideas grant program to your child's teacher or cut off the information below and have your child present it to his or her teacher.

Receive up to \$750 for your classroom. Please contact CAEC about their Bright Ideas Grant Program.

CAEC offers teachers up to \$750 for classroom projects. Teams of teachers can receive up to \$1,500. For more information, call (334) 351-2125/(800) 545-5735 ext. 2125 or e-mail communications@coop.caec.com.

Applications available at www.caec.coop

Deadline is Nov. 2, 2012



CALLING FOR NOMINATIONS

PEOPLE WHO MAKE A DIFFERENCE

CAEC is seeking nominations for individuals who are “Making a Difference” in your community. Tell us about individuals who are giving back in your community, people whose unselfishness and personal stories inspire you. If selected, we will feature their story in one of our issues of *Alabama Living* magazine.

Nominees must be a resident of CAEC’s 10-county service area. Visit our website, www.caec.coop for more details and to complete the nomination form, or call (800) 545-5735 ext. 2115. You can enter your answers to the essay questions directly on the form or write them first in a word document and “cut and paste” them into each answer field. **A form must be completed for consideration.**



Reading to children



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