

Capital Credits—A Benefit of Membership



In anticipation of the cooler temperatures, Amy and I recently pulled out our coats to have them cleaned for the coming winter season. In doing so, we went through the pockets and I found a \$5 bill that had been in one of my jackets since last year. While the money had always been mine, it had been put away and forgotten until I discovered it again—an unexpected but welcomed surprise.

Many of you will have (or have had) a similar experience through a member benefit unique to cooperatives—the retirement of margins through capital credits.

So what is a capital credit? In short, it is your portion of the members' equity. Since we are a not-for-profit organization owned by you, our members, all profits over and above the cost of doing business are considered "margins."

Because the electric utility industry is such a capital-intensive business, loans are the primary avenue utilized for the needed operating capital; rates are the other source. It is through rates that member equity is built.

In 2004, the Board of Trustees adopted a member equity management plan. At that time they

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set a goal to maintain a 34 percent equity level. Earlier this year, the Board updated this plan and in March, they approved the goal to maintain a member equity level between 38 and 42 percent and to continue to return capital credits on a 30-year, or less, retirement cycle.

Unlike investor-owned utilities, whose profits benefit shareholders, cooperatives are unique in returning margins to those persons—the members—who actually used the service.

Each year, the equity management plan is reviewed based on CAEC's financial condition and the economic outlook and all financial decisions are made with your best interests at heart (learn more about how CAEC's accounting department assists with this process on the next page). In fact, since 1994, your trustees have authorized the return of nearly \$7 million in retired capital credits to members, and this year, another \$600,000 has been approved for return.

So whether you receive a capital credit check this year or sometime in the future, or should you find your name listed in the middle of this magazine for an unclaimed capital credit check for 2009, just remember: there are unique benefits to cooperative membership. ☰

Tom Stackhouse, President/CEO

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Rockford Office
U.S. Highway 231

Wetumpka Office
637 Coosa River Pkwy.
CAEC Mailing Address:
P.O. Box 681570
Prattville, AL 36068

CAEC Employee Spotlight: Accounting-Balancing Financial Needs

We continue our look at the many jobs it takes to run your cooperative by examining CAEC's Accounting department.

From everyday office expenses to substations, to the cost of power, CAEC's fiscal responsibility to the membership is paramount to its viability and sustainability, and as such, the employees of the accounting department take the lead in managing the financial activities.

When it comes to paying the cooperative's bills, the Accounting Technician is responsible for paying invoices in a timely and accurate manner. However varied the challenges are with this process, one of the main considerations is coding invoices correctly because all divisions are required to maintain their budget targets.

"By breaking out each and every payment to a specific area, we can evaluate where we're spending money and why," said Accounting Technician II Charlotte Mann. "Trends change, and so do each department's monetary needs. With this detailed system we can allocate funds efficiently, and that enables us to manage expenses."

The budget planning process falls under the duties of the Corporate Analyst, who works with department Managers and division Vice Presidents in setting and following their proposed annual budgets. The analyst then conducts

monthly meetings with each division, assesses their budgeted expenses versus actual expenses and reviews projections for the remaining year's budget.

"Reviewing budgets on a monthly basis allows us to monitor where our members' money is spent and enables us to stay within the guidelines established in the annual budget," said Jessica Wessler, corporate analyst.

Another side of the accounting department is handling the money that comes in. Staff Accountant Rebecca Little reconciles all bank accounts, ensures there are sufficient monies in the cooperative's accounts for paying bills and allocates payments to the correct budget accounts. The staff accountant also uses the financial reports to input information into a financial forecasting program that aids management in making short- and long-range decisions.

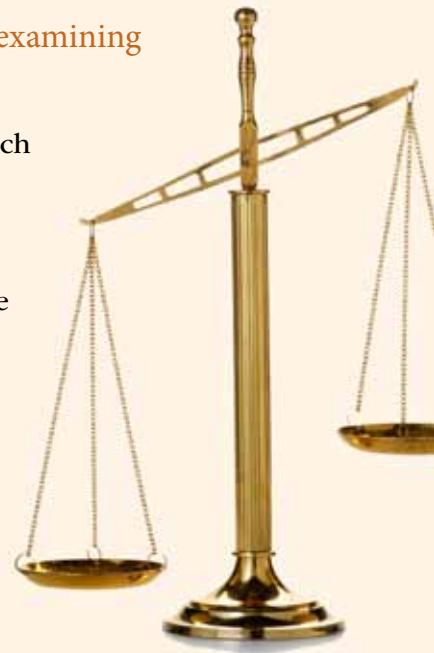
To help coordinate all of these daily tasks, the manager of accounting prepares financial statements, analyzes expenses, keeps track of the operational budget and performs forecasts based on past trends and anticipated peak usage months.

"We work together as a team to make sure we report the most accurate and up-to-date information so that decisions are made that benefit the member," said Lacie Amerson, manager of accounting, "whether it's through the return of capital credits, a Power Cost Adjustment (PCA) or investing in new infrastructure."

In addition to keeping accurate and timely records of revenue and expenses, the employees of the accounting department play a key role in assisting CAEC's management and Board to study and evaluate reports, comparisons, trends and forecasts in order to make informed decisions on the strategic direction of the cooperative. ☀



The Accounting Department works together to make every member dollar count to its fullest potential.



CAEC Products & Services

Helping You Everyday

From savings at your favorite restaurant to grilling out at home, CAEC has many exclusive products and services just for you—a benefit of cooperative membership! Below are just a few of these programs; visit www.caec.coop or call (800) 545-5735 today for more information.

Electric Grills and Smokers

We have a varied 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. No need to worry about starting a fire or running out of fuel with convenient temperature control right at your fingertips.

Starting at \$80, these grills offer portability and affordability.



Co-op Connections Card

Going out for dinner? Before you go, see if your favorite eatery is one of the hundreds of retailers offering exclusive discounts to CAEC members through the Co-op Connections Card program. From entertainment to eyewear, the Co-op Connections Card offers discounts at many local businesses as well as national companies such as Radio Shack, Motel 6, Barnes & Noble and more. 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.



Your card can also provide a valuable prescription drug discount at participating pharmacies—since the program's inception three years ago,

CAEC members have saved more than \$230,000 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.

MyUsage.Com

Would you like to know how much power you are using before you receive your electric bill or be able to compare your current month's usage to the months prior? You can do just that, any time of day, seven days a week through the MyUsage.com website and monitoring service.

This free program allows you to track your daily power consumption and lets you set e-mail or text alerts when your usage approaches a certain threshold which is determined by you. Knowing how much power you're using and when you're using it can help you better manage your energy choices and be more efficient.



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 “white appliances” such as stoves, refrigerators, air conditioners, washers, dryers and other appliances. Mounted between your home and your meter, this unit can help keep you from costly damages that can result from a lightning strike.

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's something you can do through CAEC's peak shaving device 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.

By participating in this program you also qualify for an electric water heater rebate - see details to the right.

Prepay

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. Payments are automatically applied, and notifications for daily balances and low balances can be sent a number of ways—through a phone call, text message or e-mail—at the time of day or night that you choose.

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:

- 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.



Learn about these products or services and more at
www.caec.coop



Cooking Up Electrical Safety

During the holidays, the kitchen is often abuzz with action and wonderful smells, but it can also house hidden electrical dangers. Electrical appliances within the kitchen make preparing our favorite meals quick and easy; but make sure to follow these tips to ensure you and your family stay safe this holiday season:



- Electrical appliances should not be used around water. Hand mixers and other small appliances should never be used near the sink.
- When carrying appliances, they should be held by the handle, not the cord.
- If an object becomes stuck in a toaster, do not retrieve the object while the appliance is still plugged in; unplug the toaster and safely retrieve the item.

- Appliances that get hot, like toasters, should be kept away from materials that can burn or catch fire, such as towels, paper and cookbooks and also kept out of reach of children.

Small appliances should be turned off or unplugged when not in use. This can also help save you money on your power bill.

- If an appliance repeatedly blows a fuse, trips a circuit breaker or has given you a shock, unplug it and have the appliance repaired or replaced.
- Make sure your hands are dry when you handle any electrical appliance, flip any switches or handle cords being plugged into or removed from outlets.
- Do not let cords hang over counters where they could easily be pulled by a child or accidentally caught on someone passing by—causing the appliance to fall.



Remember, the mixture of water, hot surfaces and electricity can make for a risky venture in the kitchen. While having fun over the holidays, remember to keep safety first. ☺

CAEC Offices will be closed Nov. 25 & 26 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): _____

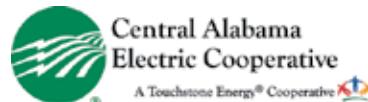
Address: _____ City: _____ St: _____ Zip: _____

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

Window Weather Stripping

How many windows are on your home? Did you know each window can represent a giant hole when it comes to keeping your home efficient? Cracks and spaces in the sash of your windows can allow outside

air into your home, causing you to lose your climate controlled air. Weather stripping your windows is a simple and efficient way to help close this gap.

Utensils (tools):

Scissors
Tape Measure

Soap
Water

Ingredients (supplies):

Self-adhesive foam insulation



1. Clean bottom of the window sash (the part of the window frame with the glass panes) with soap and water and let dry.



2. Measure the length of the sash with the tape measure.



4. Firmly press the adhesive side of the foam weather-stripping to the bottom of the sash.
5. Peel the back from the foam (this backing keeps the foam from sticking to itself while in the package).



3. With the scissors, cut the foam weather-stripping to the same length as the window sash.

6. Close the window and lock it to ensure a tight seal.

By adding extra insulation to your windows with weather-stripping, you can keep cold drafts and hot air from infiltrating the climate controlled air in your home—leading to increased comfort and energy savings.