

Legislation could have huge impact on co-op members



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Cooperative

Climate change legislation has been on its way for quite some time, and it looks as though it has arrived in the form of the American Clean Energy and Security Act (ACES).

Commonly referred to as the Waxman-Markey bill because it was sponsored by Rep. Henry Waxman (D-Ca.) and Rep. Ed Markey (D-Mass.), ACES has the potential to begin a cycle that will revolutionize the electricity business.

When our business changes, it means big changes for our consumers, as well.

Intended to boost energy efficiency, develop renewable energy sources and curb greenhouse gas emissions, we fear that the cost of ACES will far outweigh the actual benefits.

According to the Heritage Foundation's analysis of Waxman-Markey, by 2035, the bill will raise electricity rates by 90 percent (after adjusting for inflation) – increasing an average family's annual energy bill by \$1,500. They estimate it would raise gasoline prices by 74 percent (after adjusting for inflation), meaning a gallon of gas that cost \$2.43 today would cost \$4.23 in 2035.

To add to the problem, fewer Americans would have a steady paycheck to pay for those cost increases. According to the Heritage Foundation, the bill will destroy 844,000 jobs on average, with peak years seeing unemployment rise by more than

1.9 million jobs. It would also increase federal debt – something we definitely don't need more of – by 29 percent, or \$33,400 additional federal debt per person (after adjusting for inflation).

The bill is designed to cut United States carbon dioxide (CO₂) emissions using a market-based cap-and-trade system for industrial carbon dioxide emitters. Electric utilities, cement and steel plants and others would need one allowance for every ton of CO₂ emitted.

Under cap-and-trade, the government would try to create a market for carbon dioxide by selling credits to companies that emit carbon dioxide. They would set a cap for the maximum amount of carbon dioxide emissions.

Over time, the cap would ratchet down. In theory, this will force companies to invest in lower-carbon technologies, thus reducing emissions to avoid the cost of buying credits from other companies that have already met their emissions goals.

The cost of the credits will ultimately be passed on to consumers.

We don't believe that Waxman-Markey meets the test of keeping electricity affordable for all Americans.

Another key element of ACES is a national renewable energy standard (RES) that would require U.S. electric utilities to produce 20 percent of their power from renewable sources by 2020 while allowing one-quarter to be met with efficiency.

Though we are currently exempt from this particular RES, it opens the door for future regulation.

Renewable options are limited in the Southeast. The region lacks adequate wind and solar

South Alabama Electric Monthly Operating Report

KWH Sold	22,514,375
Avg. Utility Bill	\$175.57
Average Use	1,377
Total Accounts Billed	16,352
Total Miles of Line	2,594
Consumers per mile of line	6.3

Information from May 2009



South Alabama Electric Cooperative

A Touchstone Energy® Cooperative

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resources, and we simply don't have enough biomass to make up the difference.

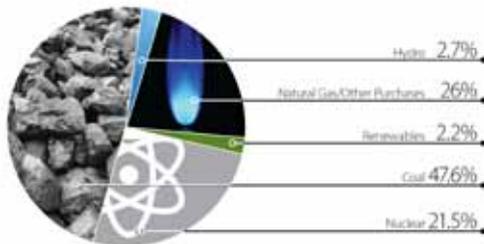
Last year, just 0.3 percent of South Alabama Electric's energy sources came from renewables. Moreover, not all renewables count toward meeting the mandate.

Allowable renewable resources are wind, solar, geothermal, marine, biomass and landfill gas. The RES does not fully recognize hydropower.

Though the ACES bill is ultimately in the hands of lawmakers, SAEC is not sitting idly by waiting for the hit.

During 2008, South Alabama Electric worked with other cooperatives across Alabama and northwest Florida to secure contracts for wind, biomass and nuclear energy, further diversifying our generation portfolio. In anticipation of a federal RES, we are working with our power provider to prepare a request for proposals for more power purchases of renewable energy.

We are actively engaging state and national trade associations and legislative delegations to educate them on the full economic impacts of climate change and RES legislation on consumers. The National Rural



Electric Cooperative Association (NRECA), of which we are a member, joined with other groups in a letter to Chairman Waxman opposing parts of the bill that would hurt electric cooperative consumers.

We are staying abreast of research and develop-

ment of carbon capture and sequestration – the emerging yet immature technology used to remove carbon dioxide from coal emissions during the generating process. We continue to research options for nuclear capacity.

Finally, our power provider is a charter member of the National Renewables Cooperative Organization (NRCO), a group of electric cooperatives from across the country that have banded together to facilitate the development and deployment of renewable resources. Through NRCO, member cooperatives may invest in renewable generation projects, regardless of their location.

Be warned that ACES could have significant impacts on your family budget, but know that your electric cooperative is doing all we can to protect your access to reliable, affordable electricity.

Annual Meeting Notice 2009

South Alabama Electric Cooperative will hold its 2009 Annual Membership Meeting on Tuesday, Oct. 27, at the Pike County Cattlemen's Complex on Highway 231 South in Troy, AL. All cooperative members are reminded of their membership rights and are encouraged to attend this meeting.

The bylaws of the cooperative provide that an annual meeting is to be held on the last Tuesday in October each year at a time and place designated by the trustees. The purpose of this meeting is to elect trustees, to report the cooperative's activities from the previous year and to transact any other business that may properly come before the meeting.

Any person, firm, association, corporation, political body or subdivision thereof may qualify for membership in the following manner:

- A) Written application;
- B) Agree to purchase from the cooperative all electricity on the premises;
- C) Agree to comply with and be bound by the Articles of Conversion, bylaws, rules, and regulations adopted by the Board of Trustees; and

D) Paying the membership fee.

No member may hold more than one membership in the cooperative, and no membership is transferable.

There is a trustee for each of the seven districts and one trustee serves at large. The trustees are elected on an alternate basis for a period of three years. Candidates are selected by a nominating committee and other nominations may be made by petition or from the floor. Election is by written ballot, with one vote allowed per member.

A list of nominations will be posted in the cooperative's office and mailed to the members as provided in the bylaws. Names and addresses of the nomination committee are also available at the cooperative office.

Youth Tour provides local youths unique opportunity

Chelsea Kelly enjoys the view of Washington DC from Arlington House

Each year, South Alabama Electric Cooperative, along with electric cooperatives from around the state, participates in the Alabama Rural Electric Association (AREA) Youth Tour to Montgomery. This year, the event took place in March.

Junior from high schools in Pike, Coffee and Crenshaw counties participated in an application, interview and essay competition to earn the right to attend the annual tour.

Participants in the program learn about electric cooperatives, but they also have a chance to see sights of interest in the capital city as well.

This year's students participated in leadership training, toured the Capitol and State House and visited with local legislators. Students also toured the Rosa Parks Museum and the State Archives. Students topped the last night of the tour off with a little fun at Cosmic Bowling. Before leaving Montgomery, the tour was concluded with a legislative luncheon where students actually talked one-on-one with local leaders.

South Alabama Electric Cooperative was proud to sponsor these students from area high schools: **Samantha Juez** (Highland Home High School), **Keith Paulk** (Highland Home High School), **Colbie Reeder** (Ariton High School),

Genevieve Teel (Pike Liberal Arts School), **Jackson Byars** (Pike Liberal Arts School), **Audrey Barron** (Pike Liberal Arts School), **Katie Wiggins** (Pike Liberal Arts School), **Chelsea Kelly** (Charles Henderson High School), **Candice Dunn** (Crenshaw Christian Academy) and **Kelly Sasser** (Crenshaw Christian Academy).

After completing the state tour and an interview competition, two of these students were selected to represent South Alabama Electric Cooperative at the National Youth Tour held in Washington D.C. **Chelsea Kelly** and **Genevieve Teel** were among the over 1,600 high school students from across the country that participated in the National Rural Electric Cooperative Association's Youth Tour held June 13-18, 2009, in Washington, D.C. Selected on the basis of leadership skills, community involvement and interview skills these two students were chosen to represent South Alabama Electric Cooperative.

Each year in June, an action-filled week provides high school students opportunities to learn first-

hand what it is like to be involved in politics, community service and today's pressing issues. The theme of the 2009 Youth Tour was "Our Energy, Our Future." Highlights included meeting with their elected representatives in the U.S. House and Senate to discuss the process of government and issues of the day, and increasing their knowledge of cooperative electric utilities and American history.

The Electric Cooperative Youth Tour has been a joint effort of local electric co-ops, such as South Alabama Electric, our statewide co-op association - Alabama Rural Electric Association, and the National Rural Electric Cooperative Association, for more than 40 years.



Chelsea Kelly (Left) and Genevieve Teel (Right) enjoy the FDR Monument. FDR's New Deal established the rural electric cooperatives.



Genevieve Teel (pictured in the white shirt) was selected to participate in the wreath laying ceremony at the Tomb of the Unknown Soldier while at Arlington National Cemetery.

Pictured Left: Chelsea Kelly (Left) and Genevieve Teel (Right) meet with Congressman Bobby Bright on the steps of the Capitol.

Olympic champions, and from small gatherings to major conventions.

Since 1964, the nation's cooperative electric utilities have sponsored more than 40,000 high school juniors and seniors for visits to their U.S. congressional delegations, energy and grassroots government education sessions, and sightseeing in Washington. NRECA is the national service organization representing the nation's more than 900 private, not-for-

Chelsea said she had the experience of a lifetime working with peers from other states and the NRECA staff during the Washington stay.

"While in Washington, D.C., I met people from all corners of the country and visited historical monuments, museums and Capitol Hill," she said. "I learned so much about the role of electric cooperatives in the energy industry."

"Youth Tour makes me proud to show that America's young people are involved and care about this country and our communities," she said.

Genevieve echoed her sentiments.

"I made so many friends and learned a great deal," she said. "Our Congressmen took time to meet with us and actually talk about what was on our minds. A lot of adults don't get that opportunity."

In addition to taking in the sights and sounds of the nation's capitol, all the state groups convened for National Youth Day on June 15 to learn from public figures and other inspirational speakers. This year's Youth Day agenda included Mike Schlappi, a four-time Paralympic

Medallist and two-time world Champion Wheelchair Basketball champion. Mr. Schlappi shares his inspiring message for every American, young or old: "Just because you can't stand up, doesn't mean you can't stand out." As president of Mike Schlappi Communications, he spreads that word to audiences ranging from students to chief executive officers, from rookies to

profit consumer-owned electric cooperatives, which provide electric service to 42 million people in 47 states.

If you are interested in learning more about the Youth Tour program visit www.youthtour.coop. Applications for the 2010 program should be available at local high school guidance offices in December 2009.



SAEC Montgomery Youth Tour participants join with the SAEC Board of Trustees to meet with state Sen. Wendell Mitchell while in Montgomery.



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