

# Capital Credit Checks on the way

Cooperatives are different from investor-owned utilities. And that difference will be showing up in your mailboxes this month.

We are owned by our members. We also operate as a not-for-profit organization and we return capital patronage to all the members.

Since 1985, South Alabama Electric Cooperative has returned more than \$3 million to our members. The ability to return capital credits each year to our members reflects on your cooperatives overall financial health.

South Alabama Electric Cooperative's Board of Trustees believe this doctrine is an integral part of their fiscal responsibility and declared \$250,000 in capital patronage. As in past years, capital credits will be divided between the years 1977 and 2008. This year, 80 percent of the \$250,000 will go to members who had active accounts in the year 2008. The other 20 percent will be returned to members who had accounts in 1977.

Here are some more tips concerning your capital credits.

1. Your capital credits are reserved for you even if you

move out of the area. We make every effort to return this refund to you. That's why it's important for you to leave an accurate forwarding address with the cooperative if you disconnect your electric service.

2. Your cooperative will periodically print a list of unclaimed capital credits inside the pages of the *Alabama Living* magazine. If you know someone on that list, or if they are related to you, please notify the cooperative if you have a current address for that person.

3. Finally, if you call for new service, tell us if you've been a member of the cooperative before so that we can update your membership information.

If you have any questions concerning your capital credits, please contact your cooperative at 1-800-556-2060. You may also e-mail your questions to [capital.credits@southaec.com](mailto:capital.credits@southaec.com).



**Max Davis** is General Manager of South Alabama Electric Cooperative

South Alabama Electric Monthly Operating Report	
KWH Sold . . . . .	25,533,197
Avg. Utility Bill . . . . .	\$198.27
Average Use . . . . .	1,563
Total Accounts Billed . . . . .	16,332
Total Miles of Line . . . . .	2,600
Consumers per mile of line . . . . .	6.28
Information from September 2009	



## South Alabama Electric Cooperative

A Touchstone Energy® Cooperative

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**Use Our  
TOLL-FREE  
Outage Hotline  
1-800-556-2060**



Visit our web site at [www.southaec.com](http://www.southaec.com)

# Decorate Safely For the Holiday's

**C**olorful, twinkling lights. Brightly lit plastic candy canes and snowmen on the front lawn.

Such decorations help make the holidays a magical time of year, but they must be handled with care. Each year, fires occurring during the holiday season injure 2,600 individuals and cause more than \$930 million in damage, according to the United States Fire Administration, largely due to the misuse of electrical products and decorations.

Here are some tips for using electrical products safely during the holidays:

- Before decorating, read and follow the manufacturers' instructions concerning installation and maintenance of all decorative electrical products.



- Indoors and out, use lights and other electrical decorations certified by a recognized, independent testing firms such as Underwriters Laboratories, Inc. (UL).
- Use lights certified for outdoor use only for outdoor use. The same goes for indoor lights.
- Carefully inspect each light before plugging it into a socket. Cracked, frayed, loose, or bare wires may cause a serious electric shock or start a fire.
- Do not mount or support light strings in any way that might damage the cord's insulation. Never nail or staple light strings or extension cords.
- Always unplug an electrical decoration before replacing light bulbs or fuses.
- Do not connect more than three light string sets together. Light strings with screw-in bulbs should have no more than 50 bulbs connected together.
- Do not overload extension cords.
- Keep all extension cords and light strings clear of snow and standing water.
- Use caution when decorating near power lines.
- Never use electric lights on a metallic tree.
- Do not allow children or pets to play with electrical decorations.
- Always turn off decorations before leaving home or going to bed.
- Plug outdoor lights and decorations into circuits protected by ground fault circuit interrupters (GFCIs). Portable GFCIs for outdoor use can be purchased wherever electrical supplies are sold.

*Sources: Electrical Safety Foundation International; United States Fire Administration*

*Chris Grammes writes on safety issues for the National Rural Electric Cooperative Association, the Arlington, Va.-based service arm of the nation's 900-plus consumer-owned, not-for-profit electric cooperatives.*



Brian Free and Assurance were the featured entertainment

## 2009 Annual Meeting Highlights

**This article contains information provided to SAEC members from General Manager Max Davis at the 2009 Annual Meeting held October 27, 2009.**

On behalf of the trustees, employees and management, we appreciate your being here and allowing me to talk about the cooperative. Your being here today, engaged and participating, is what makes the cooperative form of business unique. You, the members, are our primary focus and it is our desire to provide you with dependable, affordable electricity. Our goal each day is to continually find ways to improve the quality of our service to you.

And we strive to do that by always looking at ways we can improve our business and the programs we offer you. This year, your cooperative completed a Cost of Service Study to help with the cooperative's long-range planning. This study is designed to make sure your cooperative rates are fair to all our consumers – residential, commercial and industrial. And it will make sure your cooperative continues to operate in a financially sound method. The cost of poles, wire and transformers are continuing to climb. Our cost of wholesale power has also risen 10.7 percent. Right now, wholesale power costs makes up 71 percent of SAEC's operating revenue. That means for every dollar collected, 71 cents goes to cover the cost of power. Because of these and other factors, your cooperative

was forced to make changes in our base rate for the first time since 1992. A tremendous amount of time was invested to minimize the effect these increases would have on you. Within South Alabama Electric, we have reduced our contract work force by more than \$364,000. Currently, the number of employees is down by 4 percent due to retirements and that number will increase by the year's end. There are no plans for hiring replacements for these positions in the near future. We have held off making major capital purchases when possible and have delayed investing in system improvements to the electric system until next year.

Through additional fiscal planning, the cooperative has reduced our controllable expenses – like operations and maintenance – and our fixed expenses – like taxes and depreciation – by 7.79 percent since the end of 2007. Even with the reductions, we were not able to keep from passing along some of these increases to you. That's why, earlier this year, the average member saw an increase of about 4.7 percent based on 1200 kWh.

We know an increase is never easy, especially in these hard economic times. That's one reason we are attempting to provide you with the information you need to actively take control of your electric usage. Your cooperative has increased the amount of information available on our Web site – *southaec.com*. There are a number of online calculators you can input your home usage and information into and

receive recommendations on how to manage your electric usage better. We are also participating in the Conserve 101 program provided by Power South Energy Cooperative – our generation and transmission organization. The brochures you received today are part of that program. Continue to look in your *Alabama Living* magazine as well for more information throughout the year. While your cooperative is striving to control costs, ultimately you have the control when it comes to the amount of electricity you use at your home and businesses. We are not asking you to stop using electricity; rather we are asking you to use electricity in a wise and efficient manner. Wise choices will benefit us all.

We need your help to make sure these wise choices you make carry over to our Congressmen who will be making decisions which will affect your power bills for years to come. This is where you, the grassroots supporters and member-owners play a major role in the electric cooperative. In your bags you received a postcard for the Our Energy, Our Future program. We are asking you to take the time to fill out these cards so they can be delivered to our national leaders, along with cards from across the country. These cards will be used to show those in Washington that our members do have a voice and a desire to see that climate change legislation and the cap and trade program do not have a detrimental effect on them. We must speak up with one voice and let these leaders know that we hold them accountable for the effects their decisions will have on us. Delegates from electric cooperatives have made one trip and converged on Washington to hand deliver more than 500,000 signed postcards. We need many more trips.

The U.S. House of Representatives passed a version of the cap and trade bill this summer. The Senate now has the legislation and is working on its version as we speak. Cap and Trade legislation is essentially a proposal that will limit the amount of carbon dioxide or Green House Gas emissions from power plants and other sources. The government wants to set limits for these emissions and have an allowance system in place where business can buy, trade or sell these credits. That's where we need your help. Right now we are concerned with how the version of the bill deals



**(ABOVE) Cooperative Propane showcased Energy Star rated appliances.**

**(RIGHT) Glenn Reeder, Delaney Kervin and Douglas Green were re-elected as Trustees by the members.**



with the distribution of these carbon credits. We want to make sure that congress comes up with a fair way to distribute these credits. That's where the Our Energy, Our Future campaign comes in. We need a guarantee from Congress that electricity prices won't rise beyond the reach of average American households.

It is important for all of us to remember, that the majority of the GHG in the electric utility business are produced east of the Mississippi, with the majority of coal being mined in what is generally referred to as Southern States. Since we use a lot of coal, that means we will get the brunt of the cap and trade tax proposal because we emit more of the GHG than any where else in the U.S. Also, in the South, we have a lot of cloudy days and the wind does not blow tremendously in our states and that means that renewable power is not readily available for us. That leaves us biomass as a



Troy University Gospel choir performed for the crowd

renewable source of energy or coal, natural gas and nuclear as the base for energy production as part of our future.

A part of the Our Energy, Our Future campaign and those cards you are considering signing, we need to make sure Congress remembers to take into account the regional difference, just mentioned, of how electricity is produced, our access to renewable energy and the grid and to make sure that they come up with an equitable way to distribute the credits. The cooperatives across the country are working together to make sure that Congress keeps you – the members – in mind and that whatever legislation passes that they make it an affordable, fair solution.

Your cooperative is participating in a Department of Energy Smart Grid program which will allow us to begin to implement an automated meter system. By participating in this program, SAEC will receive partial funding through the DOE. The system we will deploy is known as the Landis & Gyr TS2 (Turtle) system. This system will allow us to be able to read meters over the power lines as well as provide us with a very powerful diagnostic tool. We will be able to identify problems on our system and locate voltage issues. In outage situations, the new system will allow us to identify areas where power is restored without having to call you on the phone. The reporting feature will allow us to offer you more information about your usage patterns and enable us to help you identify ways you can manage your energy consumption. During the first part of 2010, we will be installing new electric meters. You will receive notification from the cooperative when work is being done in your area to

complete this process. Once this system is fully deployed, we will not be sending someone to your home each month to read the meter, we will be reading your electric meter over our existing power lines.

Just like the Automated Meter program, we are always looking for ways to help you – our members. Through our ERC Loan program we work to help you improve the energy efficiency of your homes. Our Youth Tour program is preparing your children and grandchildren to be the leaders of tomorrow. Through Touchstone Energy, we are researching new products and programs that will help manage your energy usage.

As stated at the beginning of my talk, the cooperative form of business is unique. Another unique characteristic is the return of capital patronage to the members. Your Board of Trustees believe this doctrine is an integral part of their fiscal responsibility and declared \$250,000 in patronage with the checks to be mailed the first week of December.

In closing, we need your help to accomplish all we have discussed today. Please take a moment each month to review the information on your monthly bill statements, articles in the *Alabama Living Magazine* and check out the Web site, [southbaec.com](http://southbaec.com). The cooperative's Annual Report was included with the October issue of the magazine. Information about the organization, operating statements, and financial reports provide a picture about the past year.

Again, thank you for your time, and on behalf of your Trustees and employees, we appreciate your business and appreciate your support of the cooperative.



