

Power Lines



MARCH 2009

Haywood EMC negotiates for lower wholesale power costs



Haywood Electric Membership Corporation (HEMC) is a not-for-profit electric utility owned by its consumers, known as members. There are 26 member-owned electric cooperatives in North Carolina and more than 900 nationwide. While HEMC serves around 26,000 members, collectively electric cooperatives serve more than 40 million residential, commercial and industrial members and cover three quarters of the U.S. land mass.

"As a member-owned cooperative, Haywood EMC is committed to providing the best service possible at the least possible cost to all members large and small," said Norman Sloan, HEMC's executive vice president and general manager. "The electric cooperative accomplishes this, in part, through a variety of cost control efforts. As an advocate to our members, we always look out for their best interests."

As a result, HEMC recently successfully negotiated lower wholesale power purchase agreements through different power supply options with Progress Energy, Duke Energy and North Carolina Electric Membership Corporation (NCEMC). Sloan continued: "With power purchases making up approximately 50 percent of every dollar spent, this is the single most expensive cost for the cooperative. It just makes sense to look for cost control options that can save our members money in this area."

How do HEMC members benefit? HEMC has not had a rate increase since October 1, 2007. Since that time, other

utilities in our region have increased electric rates with state regulators approving some increases by as much as 10.2 percent.

With the state of the economy as it is, as well as increased costs in gasoline, copper, steel, energy and other materials, not having a rate increase is unprecedented. Nonetheless, "by expense cutting where possible, careful negotiating with power suppliers and introducing technological advancements, such as automatic meter reading, the cooperative's board of directors saw ways to stabilize rates for our members," explained Sloan.

Sloan cautions cooperative members that while stability in retail rates remain good, it is temporary and for how long is uncertain. "We are sensitive to the fact that pending climate change legislation is on the horizon, at the federal level, and while no one knows for sure what effects this will have on electric rates, all indications are pointing to major increases nationwide. This, coupled with a poor economy, costs associated with a state mandate to implement energy efficiency and increased use of renewable energy, makes it difficult to know how soon and how much a future rate increase will be."

Right now, members of Congress, as well as state-elected officials, are hearing from many different interest groups who have ideas about how to address climate change. No one is talking to consumers about the effects of climate change legislation on retail electric rates. To avert an energy crisis, the federal government

must exercise true leadership. Without a sound, responsible plan, the government risks not only reliability of our electric system, but literally the ability of many Americans to be able to afford to pay their bill.

"At best, the potential impact of pending climate change legislation on electric rates is bad. However, while there is still time, HEMC members can help us help them attempt to mitigate future rate increases. To make things easy, we have a Web site that will send an e-mail for you. Go to www.ourenergy.coop and plug in your address. There, you can authorize us to ask your legislators in Washington a series of questions on your behalf. Questions that ask what are they doing to make sure we have a balanced solution between cleaning our environment and affordability," pleads Sloan.

"Haywood EMC is committed to our membership and the communities we serve. Being accountable and good stewards has brought us to where we are today and we will always serve with integrity as our leading core value. We are our members' advocate and continue to look out for their best interests."

HEMC offers basketball camp opportunities for local students

Haywood EMC will sponsor two local students to attend the N.C. State Women's Basketball Camp and Roy Williams Basketball Camp this summer. To be eligible, applicants must be rising sixth, seventh or eighth grade students.

One female student will be selected to attend the women's camp at N.C. State University, and one male student will be selected to attend the men's camp at UNC-Chapel Hill. The Roy Williams camp will be held the week of June 21–25, 2009. The date for the N.C. State Women's camp had not been determined at press time due to Coach Kay Yow's death in late January.

Applications must be turned in to either of Haywood EMC's offices by

March 27, 2009. Applicants will be judged on their academics, extra-curricular activities and accompanying essay.

Students can obtain applications from their principals or P.E. teachers, from the HEMC Web site, www.haywoodemc.com, or from our offices. For more information, call Ken Thomas or Stacey Messer at (828) 452-2281.

The Touchstone Energy Sports Camps provide a unique educational and athletic opportunity for outstanding students across our service territory and is yet another way the Haywood EMC demonstrates their commitment to their local communities.



Haywood EMC has procedure to repair certain models of monitor heaters at no cost

Since converting from manual meter reading to automatic meter reading (AMR), some Haywood EMC members have experienced problems with their monitor heaters.

Therefore HEMC has established a method whereby owners of Monitor Products, Inc. M2400 kerosene heaters, manufactured prior to January 1, 2004, may obtain and have installed a modified printed circuit board for these systems that have experienced a thermostat reset occurring in a premise served by Aclara (formerly, Distribution Control Systems, Inc.), TWACS's AMR System.

HEMC members experiencing problems with their monitor heaters mentioned above can call HEMC at 1-800-951-6088 or (828) 452-2281 for procedures to follow for no-cost repairs.

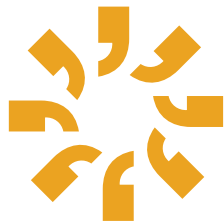
Consumers face daunting new challenge

Haywood Electric Membership Corporation (HEMC), as one of North Carolina's 26 electric cooperatives and provider of safe, affordable and reliable electric service, is fighting to protect our members; fighting to minimize the cost impact of legislation currently being discussed by lawmakers—legislation that could otherwise go wrong for consumers, and go wrong for NC as well as the country.

The economic effect of climate change policy has yet to be seen. HEMC is a champion of the right policy, which meets its climate change goals while keeping electric rates affordable.

Electric cooperatives across the country have launched a grassroots campaign called "Our Energy, Our Future; A Dialogue with America" to ensure your voice gets heard.

Please visit www.ourenergy.coop to join this important conversation. Let lawmakers know that what actions they take regarding our energy challenges will carry enormous consequences for folks back home.



Our Energy, Our Future

A Dialogue With America

Electric cooperative's 'Rounding Up' program worth emulating

The following article was printed in the December 12, 2008, issue of *The Mountaineer*. Reprinted with their permission.

Haywood Electric Membership Corporation (HEMC) is using a novel approach that helps those down on their luck without posing a hardship to any.

When sending out its monthly bills, the electric cooperative has a program where it simply "rounds up" to charge customers an even dollar amount. Customers aren't forced to participate, but 80 percent voluntarily do so.

Some months, customers could pay just a few extra cents. The norm is 50 cents or \$6.00 a year. In no case would a customer ever pay more than 99 cents on a single monthly "rounded-up" bill. In a year's time, a customer could never possibly pay more than \$11.88, and it is highly unlikely the amount would ever reach that point. Yet the few cents contributed monthly by each customer adds up to a sizable sum — nearly \$120,000 annually.

The money is sent to a special fund in Raleigh and is dispersed quarterly to social service agencies within the counties served by HEMC. The funds are earmarked to help pay energy for the electric cooperative's customers in its service district.

Ken Thomas, who handles public relations for HEMC, said the co-op's program is unique in that it is earmarked only for energy assistance, whether it is for power bills, propane, heating oil or even wood. Checks go directly to the energy provider, not the individual in need.

About half the electric cooperatives in North Carolina have implemented the "rounding up" program, but most have committees to decide which charitable purpose will get the funds.



In the 26 months the program has been in operation, 753 families in seven counties have received \$216,048, said Thomas.

"What's so remarkable is, on average, it amounts to \$6 a year per contributor. That's something anybody should be able to do," he said. "Regardless of how you use the funds, if it is for humanitarian aid, most people don't mind helping, especially if it is only 50 cents a month."

We agree. HEMC has implemented a winning program — one that shows both innovation and a desire to help. The beauty of "rounding up" is that if everyone contributes a little and the benefits add up quickly.

It is a program other businesses would do well to investigate. The charitable purposes of the rounding program would be up to the business owner or utility provider. Obviously those with a large and concentrated customer base would be in a better position to act.

The "rounding up" program is one that all municipalities that bill for water, sewer and electric service could undertake. As Thomas points out, with everybody giving a little, it can make a huge difference.

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