

# TVA and PEC to reduce electric rates

At the July 28 meeting of the Tennessee Valley Authority board, a reduction in electric rates was approved in the amount of \$405 million along with a fuel cost adjustment (FCA) mechanism. The FCA mechanism is designed to allow TVA to automatically adjust rates quarterly up or down as fuel and purchased power costs rise and fall. Many utilities across the United States and most of TVA's neighboring utilities already use similar mechanisms to adjust their rates. TVA last used the FCA adjuster 30 years ago to offset rising coal costs at that time. The rate reduction and fuel cost adjustment mechanism become effective Oct. 1, 2006.

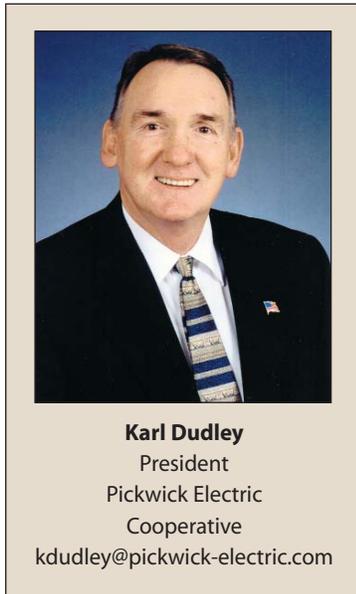
Sharply rising fuel and purchased power costs forced TVA to increase wholesale rates by 9.95 percent in April. The fuel cost adjustment will help TVA reduce the need for large

rate actions in the future by better matching revenues to unpredictable change in the cost of fuel and purchased power.

Pickwick Electric Cooperative (PEC) will pass this rate reduction on to our consumers by decreasing electric rates beginning with meters read on Oct. 1. The rate reduction is expected to save PEC customers more than \$1 million annually. Out of this amount, the average residential customer will realize a savings of about \$40 per year. Approximately 75 cents out of every dollar PEC collects from its customers goes to TVA for payment of the whole-

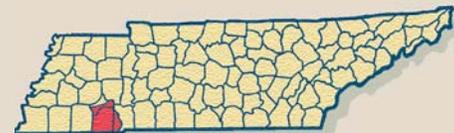
sale power bill, thus leaving the cooperative 25 percent for operating and maintenance expense.

We will continue to operate your cooperative in the most effective way to deliver reliable and affordable electric service to our members who are the owners of PEC.




**Pickwick Electric Cooperative**

**Serving members in all of McNairy County and portions of Chester, Hardeman and Hardin counties in Tennessee and Alcorn and Tishomingo counties in Mississippi**



**530 Mulberry Avenue**

**P.O. Box 49**

**Selmer, TN 38375**

**Phone Numbers:**

**(731) 645-3411**

**(731) 632-3333**

**1-800-372-8258**

**Web site:**

**[www.pickwick-electric.com](http://www.pickwick-electric.com)**

**These five pages contain local**

**news and information**

**for members of Pickwick Elec-**

**tric Cooperative.**

## October is Cooperative Month

This month, the nation's 900 electric cooperatives celebrate National Co-op Month. Cooperatives of all kinds — utilities, housing, agriculture, health care, banking, insurance and childcare — are making a difference in people's lives. Cooperatives service 120 million members, or four in 10 Americans. To Pickwick Electric Cooperative, service means

not only making sure the electricity is flowing but also making sure that the community and its citizens are thriving and prospering. Pickwick Electric Cooperative cares about the people it serves. That service goes a long way beyond keeping the lights on. It's neighbor helping neighbor. That's what it's all about — that's the electric cooperative tradition.



# 2006 district meeting results



**Jimmy Dickey**



**Shawn Smith**



**Jamie McAfee**

Each year Pickwick Electric Cooperative holds meetings in three of its nine districts for the purpose of electing directors to serve three-year terms. Locations of this year's meetings were Selmer (District 5), Ramer (District 7) and Michie (District 9). Mrs. Janice Lawson, the current Director of District 7, chose not to seek re-election.

The District 5 meeting was held on Monday night, Aug. 7, at the Selmer Community Center. There were 129 members who registered for the meeting with an estimated crowd of 150 in attendance. Jimmy Dickey, the incumbent director, was seeking re-election, and Selmer native Bobby Kinchen was also a candidate for this office. After votes were cast and counted, Dickey was declared the winner.

The District 7 meeting took place on Tuesday night, Aug. 8, at Ramer Elementary School. Wayne Elam and

Shawn Smith were the candidates for this office. A large crowd of approximately 225 was on hand for this meeting, at which 166 members were registered. After votes were cast and counted, Smith was declared the winner.

Smith is a graduate of McNairy Central High School and Lambuth University. He lives in the Eastview community and is employed as an adjuster for State Farm Insurance. In his spare time, he enjoys hunting and playing golf.

The District 9 meeting was held at Michie Elementary School on Thursday night, Aug. 10. There were approximately 100 members in attendance with a total of 70 members to register. Jamie McAfee, incumbent director, was re-elected to serve a three-year term. He was unopposed in the election.



A large crowd registers at the District 5 meeting held at Selmer Community Center.



PEC employees, from left, Janet Browder, Katie McClain, Pat Moore and Jeanie Montgomery prepare for registration at the District 9 meeting.



## Pickwick Electric Cooperative

Balance Sheet

June 30, 2006

ASSETS		EQUITY AND LIABILITIES	
<b>ELECTRIC PLANT</b>		<b>EQUITY</b>	
In Service — at Cost	\$ 58,758,277	Memberships	\$ 87,315
Construction Work in Progress	<u>2,352,666</u>	Patronage Capital	<u>28,407,049</u>
	<u>\$ 61,110,943</u>	<b>TOTAL EQUITY</b>	<b>\$ 28,494,364</b>
LESS: accumulated provisions for depreciation	<u>14,344,429</u>	<b>LONG TERM DEBT</b>	
<b>NET ELECTRIC PLANT</b>	<b>\$ 46,766,514</b>	Less current portion	<u>20,766,070</u>
		<b>CURRENT LIABILITIES</b>	
<b>OTHER ASSETS AND INVESTMENTS</b>		Current Portion of	
Other Assets	66,901	Long Term Debt	458,425
Notes Receivable — TVA Program	1,423,507	Accounts Payable —	
Other Investments	<u>891,766</u>	Purchased Power	4,198,161
<b>TOTAL OTHER ASSETS AND INVESTMENTS</b>	<b><u>2,382,174</u></b>	Accounts Payable — Other	626,451
		Customer Deposits	860,071
<b>CURRENT ASSETS</b>		State Sales Tax Payable	47,441
Cash and cash equivalents	3,147,143	Accrued Taxes	265,314
Accounts receivable (less allowance for doubtful accounts of \$101,908 in 2006)	2,341,819	Accrued Interest	86,091
Other Receivables	1,120,608	Accrued Payroll	125,556
Materials and Supplies	347,633	Accrued Vacation	216,706
Other Current Assets	<u>77,199</u>	Other Current Liabilities	<u>38,440</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>7,034,402</u></b>	<b>TOTAL CURRENT LIABILITIES</b>	<b><u>6,922,656</u></b>
		<b>TOTAL EQUITY AND</b>	<b>\$ 56,183,090</b>
<b>TOTAL ASSETS</b>	<b>\$ 56,183,090</b>	<b>LIABILITIES</b>	

We have audited the accompanying financial statements of Pickwick Electric Cooperative, Selmer, Tenn., as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Pickwick Electric Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Pickwick Electric Cooperative as of June 30, 2006, and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated Aug. 10, 2006, on our consideration of Pickwick Electric Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Williams, Jerrolds, Godwin, and Nichols, PLLC  
Certified Public Accountants



# Electricity theft and vandalism pose safety concerns

**T**heft involving electricity and related materials is a problem all electric utilities face — and it's a problem for electric customers, too. Since Pickwick Electric Cooperative is member-owned, electricity theft could end up costing you money. Compensating for electricity theft drives up prices for everyone involved.

Theft of electricity also puts your personal safety at risk. Tampering with an electric meter can make it unsafe and unstable. When people steal electricity, they put themselves and their neighbors, family and pets all at risk for electric shocks, power surges, sparks and fire from exposed voltage. Stealing electrical-related materials can also pose a significant risk to the culprit, resulting in injury or even death from exposure to live electricity.

Electricity theft isn't isolated to rural areas or to big cities. It's a problem utilities encounter from agricultural operations to housing complexes to business offices from coast to coast. Although electricity can be easily acquired through a utility, some people are still willing to risk physical damage or loss of life just for the sake

of some free kilowatt-hours. Others may not realize the serious legal and potential health implications. Stealing electricity is illegal under Tennessee state law and violates electrical codes.

Keeping power safe and affordable is a priority for Pickwick Electric Cooperative. That is why we routinely inspect cooperative meters and equipment to ensure we're doing our best to protect you from the risks of electricity theft. We take a proactive approach to this serious problem, eliminating theft and reducing related costs.

You can also play a role in this process by immediately notifying us if you suspect someone is gaining access to our power supply without paying their fair share of the costs or by tampering with equipment. If you have information related to electricity or materials theft, please call us at (731) 645-3411. Rest assured, we'll keep your name anonymous.

Because you share in the ownership of Pickwick Electric Cooperative, when people steal from the cooperative, they're stealing from you, too!

## Meter reading made simple

### What does my meter measure?

Electricity is measured by kilowatt-hours, known as kwh. For example, a 100-watt light bulb burning for 10 hours uses one kilowatt-hour. There are two different types of electric meters that measure how many kilowatt-hours you use each month — dial and digital.

### How to read your dial meter?

On a dial meter, there are five dials. They're numbered 0 through 9, with the 0 at the top. Notice that numbers go around the face clockwise on some of the dials, but counterclockwise on every other dial.

The hands of the dials move in the same direction as the counting order of the numbers. To read the meter, write down the number that each hand has just passed. Start with the dial on the far left, and proceed to the right.

The meter reads 66649.

If a hand is directly on a number, look at the dial to its immediate right. If that hand has passed zero, write down the number that the lefthand is pointing to. If

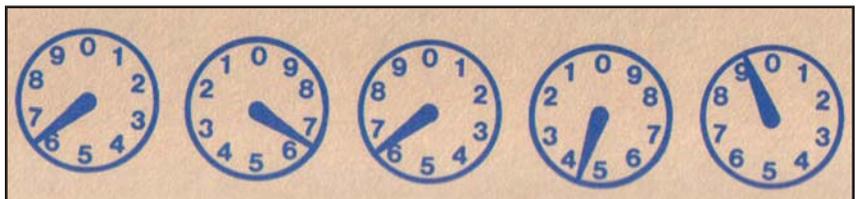
the hand on the right has not passed zero, write down the last number that the left hand has passed.

### The digital meter

Reading a digital meter is similar to reading the numbers on your vehicle's odometer. Every time the number increases, you've used another kilowatt-hour.

### How to calculate your electricity use

In order to find out how much electricity you're using, you need to subtract your previous reading from the current reading. To convert this to dollars and cents, simply multiply your usage (kwh) by your kwh costs. You can determine your kwh costs by looking at your electric bill or by contacting your local power company.





# 0%

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If you'd like to know more, just call Pickwick Electric Cooperative. Or log onto [www.energyright.com](http://www.energyright.com), your information source for energy-efficient living.



Pickwick Electric  
Cooperative