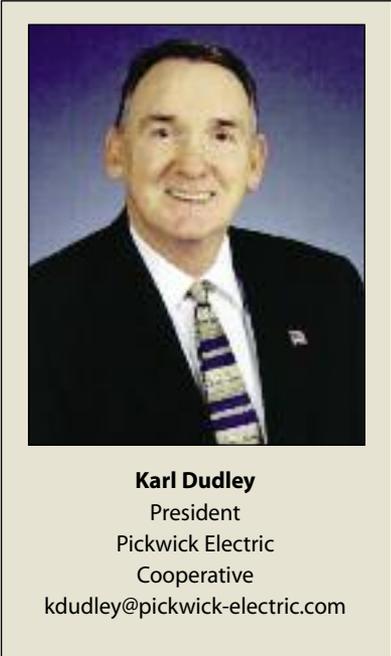




Weathering the ‘perfect storm’

Our nation’s electric utility industry is heading into a “perfect storm.” While the amount of electricity we use every day steadily increases, the capacity to generate and transmit that power is running short. In the past, fossil fuel-fired power plants were the go-to option to meet growing new demand with proven technology, but looming federal



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The endangerment finding puts a foot in the door for EPA to issue sweeping new rules that could impose strict limits on carbon emissions, including those from power plants. The cost of generating electricity would go up, and, in the end, those costs would hit consumer pocket-books.

regulations on carbon dioxide emissions is changing that. The cost of complying with new regulations could make electricity less affordable for everyone — a concern Pickwick Electric Cooperative is fighting to voice.

In December, the U.S. Environmental Protection Agency (EPA), a part of the executive branch, declared that six key greenhouse gases from auto emissions, including carbon dioxide, are “endangering public health and welfare” of current and future generations. Emissions from motor vehicles of four of those greenhouse gases, including carbon dioxide, were also said to contribute to dangerous air pollution.

Congress is mulling over its own set of carbon dioxide regulations, and we must continue to ask that any resulting legislation be fair, affordable and technologically achievable. If passed, congressional legislation should also pre-empt use of any other existing laws, fixing a regulatory disaster that would only add to costs for consumers with a mess of overlapping regulatory red tape.

Whatever the political outcome, the honest truth is the change won’t come overnight. Fossil fuels currently account for more than 70 percent of all electricity generated in the United States. New technology will be key to both keeping these traditional options up-to-date and refining new ways to affordably keep the lights on. Cleaner use of fossil fuels, an

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



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These five pages contain local news and information for members of Pickwick Electric Cooperative.



increased use of renewable energy and a big commitment to energy efficiency will all be necessary.

Electric co-ops have a long history of providing safe, reliable and affordable electricity to their members, and no “perfect storm” is going to keep us from continuing to do our job. Co-op research projects are already under way to expand the current limits of renewable energy, make coal and natural gas-fired power plants cleaner and more efficient and possibly even capture carbon dioxide from plant emissions before they go up a smokestack and store them deep underground to keep them out of the atmosphere.

The Arlington, Va.-based Cooperative Research Network, of which your co-op is a member, was recently awarded a grant from the U.S. Department

of Energy that will support a wide-ranging “smart grid” research project. The effort brings together 27 electric co-ops in 10 states for ground-breaking technology development. With a smarter electric grid, we’ll be able to deliver electricity to our consumers more efficiently — cutting the amount of emissions we’ll need to generate as a result.

Co-ops have stepped up to challenges in the past, and I am absolutely sure that our response to this challenge will be the same. But we need your help in relaying to Congress just how important it is to keep climate change legislation fair, affordable, and technologically achievable. To make your voice heard, join the Our Energy, Our Future grassroots awareness campaign at www.ourenergy.coop.

Pickwick Electric Cooperative pays taxes, too

Like most property owners in Tennessee, Pickwick Electric Cooperative also pays taxes. Since PEC provides electric service to counties and towns within its service area, the cooperative is required to pay ad valorem taxes in each location.

Providing reliable electric service requires large investments in materials and equipment. Although the property on which cooperative poles are located belongs to our members, PEC owns the poles, wires, transformers and other related equipment. This is what our taxes are based on.

Last year’s taxes totaled \$619,524.65. These local taxes are based on assessments by the Public Service Commission and are paid to McNairy, Chester, Hardeman and Hardin counties and to the towns of Adamsville, Bethel Springs and Selmer.

Below is the amount of ad valorem taxes paid to each county and town:

Chester County	\$ 7,893.00
Hardeman County	207.00
Hardin County	89,206.00
McNairy County	453,215.00
Adamsville	10,040.33
Bethel Springs	1,387.32
Selmer	<u>57,576.00</u>
Total taxes paid	\$619,524.65



Steve King, right, presents a check in the amount of \$453,215 to Stanley Mitchell, McNairy County trustee, for Pickwick Electric Cooperative’s county ad valorem taxes. PEC is the largest taxpayer in the county.



Do tankless water heaters live up to the hype?

An unlimited supply of hot water definitely sounds like a sweet deal to many homeowners. So do reduced water-heating costs, instantaneous hot water on demand and more space in the utility closet.

These are all promises made by companies selling tankless water heaters. But does the technology really deliver?

Unlike traditional electric resistance or gas-fired water heaters, tankless models do not store hot water — they heat water only as it's consumed. A series of heating elements within a tankless water heater are activated when a hot water faucet or valve is opened. The unit heats water until the faucet or valve gets closed.

'Unlimited' hot water?

An unlimited supply of hot water sounds great but generally doesn't make for responsible water use, particularly in areas of the country suffering from drought or chronic water shortages. Moreover, even the largest whole-house unit may not supply enough hot water for simultaneous, multiple uses.

For example, such a unit may be able to supply only two showers simultaneously or perhaps one shower, a dishwasher and a sink. If users demand too much water, temperatures will drop. As a result, a tankless system probably won't meet the needs of a large family.

In addition, water temperature depends on the volume coming out of a faucet. If you turn on the faucet only a trickle, water runs cold. If you open the faucet further, you will trigger hot water — the hottest possible. If you open the faucet to maximum, the temperature will drop back a bit. If you open more than one faucet, temperatures will drop even more.

Hidden costs

Generally, tankless water heaters do not require a lot of space (a large unit can fit in an area no larger than 24 inches square and extend from the wall about 8 to 10 inches). But they do require an upgrade in electrical service — something most home improvement stores often don't mention and a chief reason electric co-ops generally don't recommend the appliances. This means consumers

who want to replace an existing conventional water heater with a tankless unit or add one as part of a home-remodeling project will incur additional costs.

For example, a traditional tank water heater with 4,500-watt elements operates on No. 10 wire and a 30-amp circuit breaker. One whole-house tankless model boasts four 7,000-watt elements for a total electrical load of 28,000 watts. This requires wire and a circuit breaker that will handle at least 120 amps.

If a tankless water heater is installed in an existing home without upgrading the electrical service, low voltage or sudden voltage drops are likely. This will cause dimming lights, blinking lights and other problems.

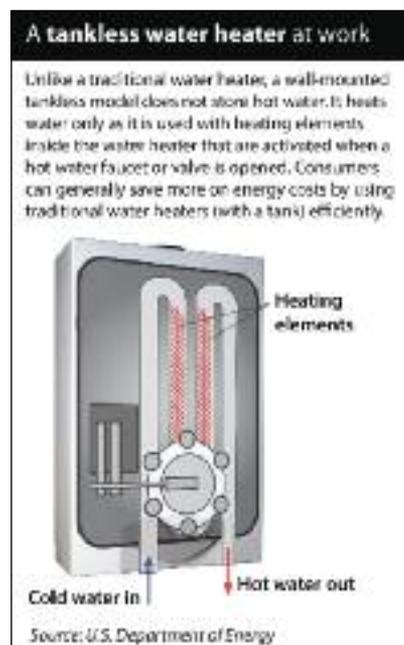
The extra load also necessitates a larger and more expensive meter loop and main breaker panel for the house. In some cases, consumers also must pay for new wiring between the distribution transformer and electric meter. Check with a licensed electrician to determine if you must improve your electric service connections to support a tankless water heater.

While gas-fired tankless water heaters generally do not need basic service upgrades, the same considerations must be made when determining how many hot water faucets will be turned on at any given time and how far away the tankless heater remains from sinks and showers.

Other options

Consumers looking for an efficient water heater should consider a heavily insulated electric resistance unit. These appliances are often the most cost-effective option over the long term. And because of their hot water storage capabilities, many electric co-ops employ electric resistance water heaters as a key component of load management programs that shave power costs during times of peak demand — a proven way to help keep electric bills affordable.

To reduce home water heating costs, the Oak Ridge National Laboratory suggests simple and inexpensive measures such as tank insulation, temperature setback, timers, heat traps and low-flow showerheads. All of these are more practical and provide a greater return on investment than putting in a tankless water heater.



Automated meter project nears completion

Pickwick Electric Cooperative continues to be on the cutting edge of technology as we look toward the future. “Since the summer of 2000, we have installed approximately 19,000 automated/turtle meters on our system and hope to have all of the residential accounts turtled this year,” says Steve King, PEC office manager.

Just what is an automated/turtle meter? As you would expect, the unique unit gets its name because it transmits the reading slowly.

Approximately every 27 hours, information is transmitted to a receiver that is located in a nearby substation. This information can be downloaded in our office as frequently as we choose.

Once the automated/turtle meters are installed, meter readers will make an on-site visit once a year to check for possible safety hazards and physically read the meter to verify the data that the transmitter has sent.

What are the advantages of having an automated/turtle meter? It enables our employees to look closely at daily use and answer any questions a member may have regarding what he or she may consider a “high bill.” Local daily temperature charts can then be compared to these readings to determine if the problem is weather-related. The automated meter reading system also allows PEC to collect more accurate information in a more timely



Morris Carothers installs a turtle meter. It transmits a reading approximately every 27 hours.

manner while reducing payroll and transportation costs.

Further advantages of the automated/turtle meter allow PEC to determine if your power is on or off during a power outage. This is especially helpful after storms in determining how widespread the damages may be.

The automated/turtle meter has the ability to monitor momentary blinks and identify the locations that may experience these blinks. It provides us with information that identifies failing

equipment such as cracked insulators, bad switches, hot-line clamps and bad voltage regulators. In other words, it allows us to pinpoint problem areas.

How can you tell if you have an automated/turtle meter? Look through the glass of your meter, and if you notice a **red light** on the inside, then you have an automated/turtle meter. The red light indicates the meter is working — it uses a beam of light to count the disc revolutions.

Other than the red light, will the meter look different? The appearance of your meter has not changed. You would continue to read the dials on your meter from right to left to determine the meter reading.

Installation of the automated/turtle meters is just one of the many ways PEC is working to provide our members with more efficient, reliable electric service.

Energy-Efficiency Tip of the Month

A big slice of your energy bill pays for heating water. Take five-minute showers instead of baths and make sure your water heater is set no higher than 120 degrees.

Source: U.S. Department of Energy

PEC history — Celebrating 75 years



Selmer High School Band performs at a Pickwick Electric Cooperative annual meeting.



Retired PEC employee Evan Brown Jr.



Deceased PEC employee Elmo Holland in the early 1950s.



In 1956, PEC had 29 employees compared to 62 today. They were, from left, front row, Monroe Glover, Virginia Wilmeth, Harold Melton, Nettie Blasingame, Noel Landreth, Jim Garner, Clayton Ott, Murray Cook, Mary Joe Bingham and Evan Brown Jr. Second row: John Mitchell, Glen Phillips, Elmo Holland, Mary Wood, Tom McCormack, Jamie McCullar, Grady Roten, James Maness, Marvin Wilkes and Luke Mullins. Back row: Fred Prather, Howard Poindexter, Gene Burks, Bunion Foster, Winford Browder, Herman Treece, James Henson, Robert Goad and William Roberts.



Virginia Wilmeth won an air conditioner given away by PEC in September 1959. Mrs. Wilmeth is a former PEC employee.