

Home is where our heart is

Directors and employees at Pickwick Electric Cooperative want to see the communities we serve succeed. Why? The answer's simple: We live here, too.

Local people working for local good. That's the essence of the Seventh Cooperative Principle, "Concern for Community," one of seven guidelines that govern electric cooperative operations.

First and foremost, Pickwick Electric Cooperative strengthens our communities by doing what we do best: providing a safe and reliable supply of electricity at an affordable cost. As our service area grows, so does our distribution system. So it's easy to see why strengthening the local economy makes sound business sense. Your board of directors and staff support policies and projects that are good for the communities we serve because what's good for our community is good for the co-op.

We have strong community roots. PEC has been in business for 75 years — we're not going anywhere. Our business was founded here by members just like you, and we are not going to pull up stakes to pursue greener pastures elsewhere.

We pay our employees fair wages because that, in turn, helps strengthen the economy when they spend that money here. And by providing good-paying jobs, we keep our towns healthy because employees

and their families don't have to move away to make a decent living. The more people we retain here who pay taxes and contribute to their communities, the more vibrant they will be.

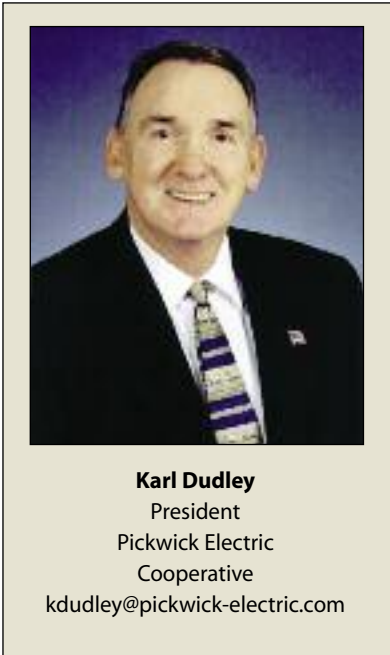
Benefits our communities reap from our presence aren't only financial. We open doors for our young people with scholarship programs and the annual Rural Electric Youth Tour trip to Washington, D.C. We teach children safety through programs in schools and online. We help members identify ways to save money by performing home and business energy audits.

We also strengthen our communities

by supporting local programs such as Imagination Library Books from Birth in McNairy and Hardin counties, McNairy County Foundation for Academic Excellence and Habitat for Humanity, McNairy County Affiliate.

Your co-op was formed locally, and it's still managed by your friends and neighbors. Our employees go out of their way to serve by coaching youth sports teams, volunteering on school committees and participating in church activities and various service groups such as the Rotary Club and the Lions Club. All are co-op members like you, and like you they want to make their communities stronger.

When it comes to PEC, community comes first. That's the cooperative difference.



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.



2010 district meetings results



Harold Finley



John Roberts



Owen Qualls

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 Enville (District 1), Counce (District 3) and Stantonville (District 8).

The District 1 meeting was held on Monday night, Aug. 9, at the Enville Community Center. There were 74 members registered for the meeting with an estimated crowd of 100 in attendance. Harold Finley was re-elected without opposition to serve a three-year term.

The District 3 meeting took place on Tuesday night, Aug. 10, at the District 3 Community Center in Counce. An estimated crowd of 60 attended, including 41 registered members. John Roberts, incumbent director, was re-elected without opposition to serve a three-year term.

The District 8 meeting was held at the Stantonville Community Center on Thursday night, Aug. 12. A crowd of approximately 75 were on hand for this meeting with registration of 50 members. Incumbent director Owen Qualls ran unopposed and was re-elected to serve a three-year term.

PEC offers levelized billing

Pickwick Electric Cooperative offers a program designed to make financial budgeting easier for our members. The program is called levelized billing.

Levelized billing is being offered to our customers as a way to even out their monthly electric payments. By participating in this program, members are able to "smooth out" the high and low seasonal fluctuations in their electric bills. With levelized billing, the monthly bill amount is automatically recomputed each month. A separate calculation is made on each service based on the levelized billing formula. A safety calculation of 120 percent has been implemented to keep a customer's levelized bill from jumping too much from one month to the next. This means a bill is guaranteed not to differ more than 20 percent from the customer's average bill from month to month. It is important to remember there will be months when your overall account balance will be a credit and other periods when this account will show you owe more than your monthly levelized payment. As long as you continue to pay the level payment amount each month, your account will be automatically adjusted to keep it from accumulating

too much of a credit or debit balance. This plan doesn't affect the amount of electricity used or how much is paid for each kilowatt-hour. In order for a customer to be eligible for levelized billing, there must be at least 12 months of continuous service, and the account must be paid in full and have a fair or better pay rating with the cooperative. Once a customer has signed up for levelized billing and decides he or she no longer wants to participate, all the customer has to do is call the PEC office and ask to be removed from the program.

PEC also offers payment by bank draft, which allows us and your bank to do the work for you. Each month, the amount of your electric bill is transferred automatically from your checking account to PEC by an electronic transaction. The transfer of funds occurs on the due date of your electric bill. Your bank will itemize the automatic debit on your statement each month. PEC will continue to send you a bill each month marked "DO NOT PAY. PAID BY BANK DRAFT." You may pick up an authorization form from the PEC office or visit www.pickwickec.com to download the form.

Home safety checklist for older adults

Last year, more than 1 million people 65 years and older were treated in hospital emergency rooms for injuries associated with accidents at home. Since most of these episodes resulted from a lack of maintenance, walk through your home and use the following checklist to spot possible safety hazards. If you notice a potential problem, arrange for it to be fixed immediately to prevent accident or injury.



- **Kitchen:** Make sure all of your appliances carry an Underwriters Laboratories Inc. (UL) seal, which means the item was tested and found safe to use. Check electrical cords for fraying or cracking, step stools for splitting or cracking and throw rugs for tripping hazards like bumps and turned-up corners.
- **Living room:** Check rugs and runners, electrical cords, lamps and other lighting. Inspect the fireplace and chimney for fire hazards, and make sure all passageways are clear.

- **Bathroom:** Make sure small appliances are marked with a UL seal. Check the bathtub, shower, rugs and mats for slipping hazards, and inspect cabinets for safe storage of medications.
- **Bedrooms:** Examine rugs, runners and electrical and telephone cords, and make sure the area around the bed is clear of items that could cause you to trip.
- **Basement/garage/workshop:** Make sure all power tools bear the UL mark. Check fuse and breaker boxes for possible malfunction and shock and fire hazards. Inspect extension cords and cords on tools and lawn and garden supplies. Check for proper ventilation, and make sure flammable liquids are stored properly.
- **Stairs:** Make sure there's proper lighting on and around stairways. Examine handrails and steps for possible defects or weaknesses, and test stair coverings for possible tripping hazards.

Source: Underwriters Laboratories Inc.

Avoid electrical hazards at Halloween

The decorative lights, fog machines, black lights and animatronics of Halloween make for adventurous, entertaining times for children and adults. With these decorations, though, the risk of fire or electrocution could be lurking around the corner. It is important to check for electrical hazards before accidents happen. Use the following tips to keep electrical hazards from haunting you this Halloween:

- Inspect electrical decorations. Look for cracked or frayed sockets, loose or bare wires and loose connections.
- Read manufacturer's instructions regarding installation and maintenance. Check the instructions to see how many light strings can be connected together.
- Always unplug light strings before replacing any bulbs.
- Fasten outdoor lights securely to trees, walls or other firm supports. Do not use nails or tacks that could puncture light strings or electrical/extension cords.
- Provide well-lit walkways and porch lighting for trick-or-treaters. Make sure the walkways are clear for trick-or-treaters.
- Don't overload extension cords or place them near, or in, snow or water.



- Make sure electrical decorations are approved by a nationally recognized certification organization like UL (Underwriters Laboratories) and marked for outdoor use if you are using them outside. Check www.cpsc.gov or www.ul.com for recalls. Many Halloween toys have been recalled in the past by the Consumer Product Safety Commission.
- Do not overload your circuit breakers or fuses.
- Plug lights and decorations into circuits protected by ground fault circuit interrupters (GFCIs). Portable outdoor GFCIs can be purchased where electrical supplies are sold.
- Make sure decorative lighting is well-ventilated, protected from weather and a safe distance from anything flammable like dry leaves and shrubs. Do not coil power cords or extension cords while in use or tuck them under rugs or drapes.
- Turn out all lights and decorations before leaving or going to bed. Always have at least one fire extinguisher available, and know how to use it.

Sources: Home Safety Council, www.homesafetycouncil.org; Electrical Safety Foundation International, www.electrical-safety.org

Time is running out for claiming energy efficiency tax credits

Only three months remain to tackle home improvement projects if you want to take advantage of energy efficiency tax credits authorized under the federal stimulus bill. Measures that qualify include replacing windows, doors or roofs with materials that reduce your home's heat loss or gain; adding insulation; replacing certain air conditioners; and installing air-source heat pumps, hot-water boilers and biomass stoves.

"We want to make sure our members know about these tax credits and can take advantage of them before they expire on Dec. 31, 2010," stresses PEC President Karl Dudley. "This is an incredible opportunity for folks to invest in residential energy efficiency and see energy bill savings right away."

You can recover 30 percent — up to \$1,500 — of costs associated with buying and installing heating, ventilation and air-conditioning systems and biomass stoves. Installation costs are not covered for windows, doors, roofing and insulation.

Energy Star, a joint program of the U.S. Department of Energy (DOE) and the U.S. Environmental Protection Agency, provides guidelines on what qualifies for the tax credit at www.energystar.gov/taxcredits. Tax credits are especially beneficial as they directly reduce, dollar for dollar, any taxes you owe.

"These are tough times, and we know it's important for our members to keep their monthly electric bills as low as possible," explains Dudley. "Making home energy efficiency upgrades offers a great way to save energy and money, and these tax credits can help make that a reality."

If you're interested in renewable energy, the government also offers a renewable energy tax credit that expires Dec. 31, 2016. That credit covers 30 percent of the cost of materials and installation for solar panels, solar water heaters and geothermal heat pumps, for both new and existing homes. But check with Pickwick Electric Cooperative for advice on what system makes sense for your home.

Be sure to keep your receipts and your Manufacturer's Certification Statement (a signed statement from the manufacturer certifying that the product or component qualifies for the tax credit) for your records. Then claim the credit on your 2010 taxes using IRS Form 5695.

Some electric cooperatives and state government offices offer additional subsidies or rebates to consumers who want to make their homes more energy efficient. For a list of state and local energy efficiency assistance available, visit the Database for State Incentives for Renewables & Efficiency, a project funded by DOE, at www.dsireusa.org.

Source: Energy Star, Database for State Incentives for Renewables & Efficiency

Energy-Efficiency Tip of the Month

It may be time to replace your refrigerator. A fridge made before 1993 could cost more than \$100 each year to operate. A new Energy Star-qualified model could cut your related energy costs in half. In addition, newer models keep food fresher longer.

Source: U.S. Department of Energy

Pickwick Electric Cooperative Balance Sheet, June 30, 2010

ASSETS		EQUITY AND LIABILITIES	
ELECTRIC PLANT		EQUITY	
In Service — At Cost	\$ 71,913,740	Memberships	\$ 89,380
Construction Work in Progress	<u>2,793,190</u>	Patronage Capital	<u>34,296,723</u>
	\$ 74,706,930	TOTAL EQUITY	\$ 34,386,103
LESS: Accumulated Provision for Depreciation	<u>15,770,761</u>	LONG-TERM DEBT	
NET ELECTRIC PLANT	\$ 58,936,169	Less Current Portion	<u>26,629,177</u>
 		CURRENT LIABILITIES	
OTHER ASSETS AND INVESTMENTS		Current Portion of Long Term Debt	696,915
Other Assets	62,581	Accounts Payable — Purchased Power	4,428,341
Notes Receivable — TVA Program	2,020,971	Accounts Payable — Other	236,908
Other Investments	<u>917,164</u>	Customer Deposits	1,396,076
TOTAL OTHER ASSETS AND INVESTMENTS	3,000,716	State Sales Tax Payable	55,544
 		Accrued Taxes	315,747
CURRENT ASSETS		Accrued Interest	106,050
Cash and cash equivalents	3,393,171	Accrued Payroll	117,280
Accounts receivable (less allowance for doubtful accounts of \$50,000 in 2010)	2,482,040	Accrued Vacation	465,403
Other Receivables	351,023	Other Current Liabilities	<u>88,351</u>
Materials and Supplies	660,317	TOTAL CURRENT LIABILITIES	7,906,615
Other Current Assets	<u>98,459</u>	 	
TOTAL CURRENT ASSETS	6,985,010	TOTAL EQUITY AND LIABILITIES	\$ 68,921,895
TOTAL ASSETS	\$ 68,921,895		

We have audited the accompanying balance sheet of Pickwick Electric Cooperative, Selmer, as of and for the year ended June 30, 2010, and the related statements of revenue and patronage capital and cash flows for the year then ended. These financial statements are the responsibility of Pickwick Electric Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 presents fairly, in all material respects, the financial position of Pickwick Electric Cooperative as of June 30, 2010, and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

In accordance with "Government Auditing Standards," we have also issued our report dated July 23, 2010, 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 grants. 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