

# Smart solutions for our energy future

The dust has settled from the fall election, and this month we turn our eyes to Washington, D.C., as Barack Obama takes office as the 44th president of the United States. The economic crisis will remain a major focus for elected officials over coming years, and the Obama administration also promises an increased focus on energy policy. As all of us paying electric bills every month can attest, the two go hand-in-hand. It is crucial that any energy policy discussed in Washington comes with a price tag that won't leave consumers in the dark.

Through the nationwide grassroots awareness campaign called Our Energy, Our Future, co-op consumers have contacted their elected officials with three critical energy policy questions focused on capacity, technology and affordability. With a new president and a new Congress taking office, electric cooperatives will need to continue pressing for answers.

These answers won't be clear-cut. Day to day, Holston Electric Cooperative works hard to provide you with safe, affordable and reliable electricity. When you come home at night, you can count on a well-lit house, and, should outages occur, we're on the job to restore power quickly.

Although electricity use across the United States is steadily climbing, relatively high costs for construction materials and uncertainty about climate change goals, which could place strict limits on carbon dioxide emitted by power plants, have stalled development of new baseload generation: the large, efficient stations that provide dependable and affordable electric power year-round.

So here's the important question: How can we keep power flowing and electric

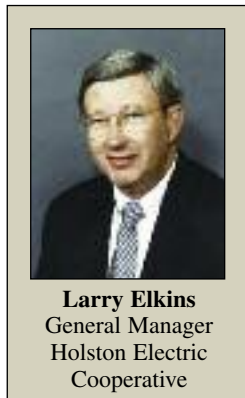
bills affordable? There's simply no single answer, and electric co-ops know from experience that it will take a variety of new generation resources and technologies to ensure reliable and affordable electricity in the coming years. We must invest in renewable energy, clean coal technology, nuclear power, an updated transmission grid and improvements in energy efficiency across the board.

Of course, implementing all of this on a large scale will require a massive investment of government resources and leadership — similar to what was needed to put a man on the moon. As consumer advocates and industry leaders, electric co-ops can provide lawmakers with expertise on what programs are affordable, sustainable and technologically feasible.

All of this must be grounded in goals and public policy that puts consumers first. This is no time for policy-makers to ignore our needs with a wink and a nod to special-interest groups. Now, more than ever, Main Street must come before Wall Street.

You can help in this effort and make a real impact by telling members of Congress your story — why affordable electricity is important to you and your family. Tens of thousands of electric co-op members have done so already, and, as a result, we've sent more than 1.5 million messages to Congress, calling attention to our nation's impending electricity crisis.

Please visit [www.ourenergy.coop](http://www.ourenergy.coop) today. Or, if you'd like assistance sending your e-mail message, please feel free to contact any Holston Electric Cooperative office. Make your voice heard and help guide policy-makers toward a smart, affordable energy future.



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## TVA fuel cost adjustment leads to reduced electric rates in January

On Nov. 13, the Tennessee Valley Authority announced a decrease in its fuel cost adjustment (FCA), effective Jan. 1. The FCA will decrease from the current 1.8 cents per kilowatt-hour to just more than 1.3 cents per kilowatt-hour.

Because the FCA is a per-kilowatt-hour charge, amounts that consumers will save depend on how much energy they use. Holston Electric Cooperative customers who had been paying \$103.73 for 1,000 kilowatt-hours will now pay \$98.68, a savings of \$5.05. This is about a 5-percent decrease that will be applied beginning Jan. 1.

“We are glad for the relief this decrease will bring to rate-payers across the valley,” said TVA Chief Financial Officer Kim Greene. “Recent

reductions in purchased power and natural gas prices have helped reduce our actual costs and those forecast for the second quarter of 2009. Unfortunately, coal prices remain significantly higher than they were a year ago, and sustained drought conditions across the Tennessee Valley have cut TVA’s hydro generation by more than 50 percent, preventing TVA’s fuel costs from dropping farther.”

“We’re glad to be able to pass along this rate reduction, especially during this time of year,” says Holston EC General Manager Larry Elkins. “Power use is generally at the highest in these winter months, and this will help folks who are already struggling to pay bills from the holidays.”

### Frequently asked questions about TVA’s fuel cost adjustment

#### **What is the TVA fuel cost adjustment?**

The Tennessee Valley Authority makes the electricity used by nearly 9 million consumers across the seven-state Tennessee Valley. TVA sells its power to local distributors that, in turn, sell the power to the homes and businesses of the Valley. The fuel cost adjustment is the mechanism TVA uses to help recover largely uncontrollable fuel and purchased power costs. A variety of factors affect these costs, including weather and global supply and demand issues.

#### **Why does TVA need a fuel cost adjustment?**

TVA began its fuel cost adjustment mechanism in October 2006 after experiencing the spike in fuel costs caused by Hurricanes Katrina and Rita the previous year. The FCA ensures that TVA recovers costs as they occur, helping TVA better match its revenues to expenses. Many utilities use similar mechanisms to adjust their rates.

#### **Why do consumers pay for fuel?**

About 60 percent of TVA’s power supply comes from fossil fuels used to make electricity — coal, oil and natural gas, the majority of which is coal. When costs for these fuels change, TVA’s costs to make electricity also change. The FCA is the mechanism TVA uses to pass along quarterly increases and decreases in fuel costs to customers.

#### **Why is the FCA for the billing period beginning Jan. 1, 2009, decreasing?**

Recent price reductions for power TVA purchases from other energy suppliers and for natural gas have helped reduce TVA’s fuel cost adjustment. In addition, economic conditions led to a decrease in the amount of power TVA sold July through September, which lowered the FCA by reducing TVA’s reliance on its most expensive power sources. Unfortunately, coal prices remain high, and historic drought conditions continue to reduce TVA’s cheapest power source — hydro-generation — by more than 50 percent, preventing TVA’s fuel costs from dropping farther.

#### **How is the FCA calculated?**

The FCA is calculated every three months as generation fuel costs and the cost of power TVA purchases from other suppliers rise and fall. The FCA calculation works by capturing the difference between the amount that TVA forecasts to pay for fuel during a given quarter and the amount that is collected through rates. This formula has two main components: The first is a forecast of anticipated fuel and purchased power costs; the second is a reconciliation of any fuel costs TVA under- or over-collected. The FCA, part of consumer power bills as a per-kilowatt-hour adjustment, can go up or down depending on quarterly increases or decreases in fuel costs.

# Open your eyes, be energy-wise!



**At a recent performance at Carter's Valley Elementary, Nikki Neutron (center) and an audience assistant (left) are able to halt the Sneaker's (right) dastardly plans by shouting the message "Open your eyes, be energy-wise!"**

Rows and rows of smiling faces and eager ears fill the Assembly rooms to meet "The Energized Guyz." Ninety-three Tennessee Valley Authority power distributors, including Holston Electric Cooperative, are providing the opportunity for "The Energized Guyz" to perform at elementary schools in their service areas. The program teaches students and their families how to get more for their energy dollars through a live show that helps educate grade-school kids about how energy is made and how using energy and water wisely is good for our budgets, good for the environment and good for the future.

The production features messages about the value of energy efficiency, renewable energy and water conservation. TVA and the power distributors hope to encourage kids and their families to use energy more efficiently, which can help reduce dependence on more costly power sources.

"If we can teach youngsters about the need to conserve energy, not only will they go home and encourage their families to become more diligent, but they also will be more likely to practice what they've learned in their adult lives," says TVA Energy Efficiency and Demand Response Vice President Joe Hoagland about the program.

Performed by actors on tour from the Minnesota-based National Theatre for Children, "The Energized Guyz" provides interactive entertainment for kids in kindergarten through sixth grade and educates them about energy issues that Holston EC and TVA are facing. Prior to the performances, teachers receive

classroom materials and suggested follow-up activities to help reinforce the efficiency messages.

"The Energized Guyz" story revolves around a hero, Nikki Neutron, having to solve a problem quickly. The villain of the story, the Sneaker, is intent on hoarding electricity and wasting what he doesn't need. Nikki Neutron learns in about 20 minutes what she needs to know about energy and why it's bad to waste it. She has those messages repeated to her several times before she understands.

By shouting, "Open your eyes, be energy-wise," the students are able to halt the Sneaker's dastardly plans.

"The children are great ambassadors of wise energy use," says Holston EC Member Services Director Jenny Lawson. "What they learn from this program will be used in homes all over the area."

Haley Chamberlain, who plays Nikki Neutron, and Jerome York, playing the Sneaker, make up one of the three casts appearing at more than 300 schools throughout the Tennessee Valley. At the end of the school year, more than 250,000 children will have participated in the performance.

This is one of many initiatives TVA, Holston EC and other power distributors are partnering on to increase consumer awareness on ways to use energy and water more efficiently and stretch consumer energy dollars. For more information on simple steps to help save energy and money on power bills, visit [www.holstonelectric.com](http://www.holstonelectric.com) or [www.tva.gov](http://www.tva.gov).

## 2009 Washington Youth Tour writing contest is under way

**Michelle Simpson, Holston Electric Cooperative communications specialist, explains the writing contest to junior English classes at Morristown-Hamblen East High School.**



The annual Washington Youth Tour Writing Contest is under way in Cherokee, Morristown-Hamblen East and Volunteer high schools. Holston Electric Cooperative sponsors the writing contest in schools that have students living within the Holston EC service area. The contest, which gives high school juniors an opportunity to win an expense-paid trip to Washington, D.C., cash prizes and scholarships, is one of the cooperative's most respected and productive youth activities.

### How does it work?

Students in junior English classes are asked to write a short story of no more than 900 words. The title for stories submitted in this year's contest is "Electric Cooperatives — Ener-

gizing our Communities." Submissions must be typewritten and double-spaced and turned in to English teachers. The stories are judged, and in April three winners from each school and one overall grand-prize winner will be announced.

Stories are independently judged on the basis of originality, appropriate treatment of theme, grammar and composition and knowledge of subject.

Encourage your son or daughter, grandchild, niece or nephew or neighbor to make the most of their opportunity if they are a junior English student this semester. The Washington Youth Tour has been described as "the trip of a lifetime" by past participants, but the only way to be a part of the tour is by writing a winning short story.

## Awareness saves lives

Most electricity-related burns are preventable — especially when children are the victims. Observe Burn Awareness Week — the first week in February — by taking a few actions to prevent your loved ones from suffering from burns.

- Check smoke detector batteries regularly, and keep replacement batteries on hand.
- Keep electrical cords out of reach and away from walking paths.
- Establish a safety zone in front of stoves where children are not permitted.
- Turn pot handles inward, and cook on the rear burners so children can't reach them.
- Supervise children around hot liquids like hot chocolate, soup and bath water.
- Lower your water heater thermostat to 120 degrees, a comfortable temperature that won't scald.
- Keep candles out of reach, and avoid lighting matches in front of small children.
- Teach children that matches, lighters and electrical equipment are for adult use only, and explain the dangers.

# Staying **WARM** this winter

- Insulate using materials with a high efficiency rating number.
- Install storm windows and doors or less-expensive vinyl window kits. Remove or cover window air-conditioning units for the winter.
- Washing, cooking and bathing all add heat and humidity to the air on colder days. Open the blinds and shades to let the sun in.
- Drafts can occur wherever two different building materials or parts of a building meet. Use weatherstripping or caulk to block cold air, especially around windows, doors and attic access doors. Insulate the back side of the attic door.
- Showers use less hot water, on average, than baths.



- Set the thermostat at the lowest setting at which you are comfortable. Each degree above 68 adds about 5 percent to your heating bill. Don't set the thermostat higher at first, thinking it will heat your home faster. It won't!
- Make sure the thermostat is not affected by a cold draft.
- Lower the thermostat if you're going to be away for more than eight hours.
- In rooms with high ceilings, reverse the circulation direction of ceiling fans in order to push down warmer air.
- Keep the fireplace damper closed when it's not used. Glass fireplace doors also greatly reduce heat loss.
- Keep furnaces and heat pumps in good condition. Change filters regularly.

## In the kitchen and laundry room

- Microwave ovens use less than half the power of a conventional oven, as do electric skillets and toaster ovens.
- Don't preheat the oven unless it's necessary. Many foods don't require it. And no peeking! Each time you open the door, you lower the temperature by 25 to 50 degrees.
- Use cold water in the garbage disposal. It's better for the unit and uses less energy.
- A dishwasher is more energy-efficient than washing by hand. Open the door and let the load air-dry to save electricity. Wash only full loads!



- For the refrigerator and freezer, the most efficient settings are 40 degrees and zero degrees Fahrenheit, respectively. A full refrigerator or freezer uses less energy.
- Refrigerator and freezer doors need to be airtight. Replace the gaskets if they are cracking or drying out.

- It's more energy-efficient to let food cool slightly before putting it in the refrigerator. Don't put uncovered liquids in the refrigerator because it will work harder to remove the moisture.
- Keep your dryer lint filter clean, and have the exhaust duct cleaned annually. This saves energy and reduces fire hazard.
- Wash clothes with cool water when possible, and always rinse in cold water. If you can't set your washing machine for the size of load, wait until you have a full load.
- The soak cycle saves energy. Don't over-wash; 10 minutes is usually enough for even the dirtiest of clothes.

## No-cost, low-cost ideas to save energy

- It does not save money to close registers in unused rooms with central heating and ductwork. Your system was designed to work its best when warm air flows unimpeded throughout the house. Also, make sure furniture, appliances or drapes do not block return registers.
- Fluorescent bulbs far outlast incandescent bulbs and can be found to fit most standard fixtures. If you use them in places where you use bulbs that operate four or more hours a day, your investment in the more expensive fluorescent bulbs will more than pay for itself in a couple of years.
- Compact fluorescent lights (CFLs) are four times more energy-efficient than incandescent bulbs and last up to 10 times longer.
- Turn off incandescent bulbs when you leave a room; they produce heat and burn out faster. But leave fluorescent bulbs on if you're going to be gone 15 minutes or less. It takes more energy to turn them on than it does to just let them run, and it wears out the bulb faster.
- Keep your oven top, pots and pans spick-and-span. Shiny reflector pans under your stove burners help focus the heat more efficiently. Tight-fitting lids produce results faster by not letting heat escape, allowing you to use less heat and less water. You can turn the heat off earlier since it's retained longer.
- Computer equipment is the fastest-growing category of electricity use in the home. Consider turning off computer and home entertainment equipment if you're not going to be using it for a while.
- Set water heaters at 120-140 degrees. Insulate pipes when possible. In large homes, consider using smaller heaters in different areas.

