

Protecting an affordable energy future

In this month's *Tennessee Magazine*, you will see two articles regarding the American Clean Energy and Security Act of 2009. Reading about legislation doesn't sound appealing, but I encourage you to read these two articles so that you can fully understand the impact of what the legislation could do to your electric bill. Often a piece of legislation in Nashville or Washington, D.C., can cause minor changes in how we live. **This legislation has the potential to make electricity unaffordable.** As Congress sets goals for action on climate change, its decisions will affect all of us. Getting climate-change legislation right is important.

Our cooperatives have our roots in the New Deal programs of the 1930s, when President Franklin Delano Roosevelt created the Rural Electrification Administration and the Tennessee Valley Authority to help make electricity affordable to all Americans, not just those people living in the cities. For nearly 70 years, Holston Electric Cooperative has provided dependable electric service at some of the lowest rates to be found anywhere in the country. The Clean Energy Act could reverse that accomplishment, making electricity a luxury instead of the necessity that it has become.

Congress really doesn't have a choice in addressing climate change — carbon emissions must be addressed or the Environmental Protection Agency will enact regulations that could be even more restrictive than what our elected officials are considering. Over the past several months, electric cooperative representatives have been talking to our leaders in Washington to persuade them to take care of climate change in a way that we can all afford.

There are some in Congress who believe that "sending a price signal" of

higher energy prices will make people use less. There are others who say we must act immediately to cut back drastically on carbon emissions, no matter what the cost. The solution is somewhere in between.

With the hardships of the economy and rising prices for many other necessities, Congress must take the time to do this right. Unfortunately, many representatives are trying to rush through this legislation without fully considering the impact on everyday Americans. **We at Holston Electric Cooperative believe that this issue is so vitally important to the economic well-being of our country that it deserves to be fully examined before being enacted.**

So far, that hasn't happened. The bill that was passed in the House Energy and Commerce Committee just before Memorial Day did not treat electric co-ops fairly. Because of inequities in how the "cap-and-trade" system operates, our cooperative could face significantly higher electricity prices in the future. For more information on the bill, read the article on page 6.

I'm asking that you, as a cooperative member, take the time to contact your elected representatives in Washington and ask them to keep electricity affordable. You have an opportunity to have a real impact. Visit www.ourenergy.coop to send your senators and House members e-mails voicing your concerns, or see page 5 for their telephone numbers. Any climate-change legislation must take into consideration the needs of rural Americans who work hard every day to pay their bills and take care of their families.

We're counting on them to take the time to do this right.



Larry Elkins
General Manager
Holston Electric
Cooperative Inc.



Serving more than 30,000 customers in Hawkins and Hamblen counties.



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Board of Directors

President: Otis Munsey
Vice President: William W. Bales
Secretary-Treasurer:
Danny Cockreham
Lynn Parker
Phil Pierce
Danny R. Price
William F. Young

To report an outage or electrical emergency, call 272-8821 or 235-6811 day or night.

Keeping electricity affordable is theme of annual NRECA Legislative Rally

Three Holston EC staff members and one director attended the annual National Rural Electric Cooperative Association Legislative Rally in Washington, D.C., in May to meet with legislators and discuss issues facing electric cooperatives.

The focus of this year's conference, attended by approximately 3,000 cooperative leaders from more than 900 electric co-ops nationwide, was keeping electricity affordable for its members.

"There are some extremely important issues looming in the future for the Tennessee Valley and the country as a whole," HEC General Manager Larry Elkins said, "and we felt more of a need to visit and talk with our elected representatives in Washington than ever before."

Meeting with First District Rep. Phil Roe was one highlight of the rally for Elkins, board member Lynn



First District Rep. Phil Roe

Our goal is to keep rates affordable for the cooperative members. "

Parker and Holston EC employees Arthur Davenport and David Stanton, who attended the legislative rally. Roe supports the nation's electric cooperatives and their efforts to keep electric rates affordable.

There are many issues facing electric co-ops that could significantly impact electric rates, but at the top of the docket were climate change, carbon cap and trade and renewable energy and energy-efficiency standards.

"Despite the downward trend of fuel cost adjustments the last three quarters," Elkins said, "it looks like the cost of electricity in the Tennessee Valley and across the country will be going up, especially with all these issues on the table."

TVA to reduce fuel cost adjustment for third straight quarter in July

The Tennessee Valley Authority recently announced that the quarterly fuel cost adjustment (FCA) will decrease for the third straight quarter for billing periods beginning July 1. This decrease, in addition to reductions on Jan. 1 and April 1, will more than offset the 17-percent FCA increase in October 2008.

Overall, the decrease for the fourth quarter of the 2009 fiscal year will be a 4.1-percent reduction on total average wholesale rates, which is a reduction of approximately 35 percent from the third quarter's fuel cost adjustment amount, bringing it to the lowest level in more than a year.

Because the FCA is a per-kilowatt-hour charge, amounts that consumers save will depend on how much energy they use. Savings will vary across the Tennessee Valley, but residential consumers can expect a decrease that ranges from about \$2 to \$5 in their monthly power bills. Retail billing periods for TVA power distributors also vary, so some July bills will include June use at the lower rate.

"With the reduction in July, we will roll back all of the fuel cost adjustment increase from last fall, which is good news for ratepayers," TVA President and CEO Tom Kilgore said. "For-

tunately for all of us, the price of coal and natural gas that are used as fuels in TVA power plants has declined in recent months. In addition, current economic conditions have resulted in lower power sales for TVA, and that reduces our fuel and purchased power costs as well."

For the fourth quarter of fiscal year 2009, which begins July 1, the FCA will be approximately 0.5 cents per kilowatt-hour, down from the third quarter rate of 0.8 cents per kilowatt-hour and last October's 1.8 cents per kilowatt-hour. TVA's fiscal year is Oct. 1-Sept. 30.

Like utilities around the country, TVA uses a fuel cost adjustment to recover costs of the fuel to generate electricity and the cost of electricity bought from other suppliers. The adjustment is part of consumers' power bills and goes up or down, depending on those costs.

TVA provides power to large industries and 158 power distributors that serve approximately 9 million consumers in seven Southeastern states. TVA also manages the Tennessee River and its tributaries to provide multiple benefits, including flood damage reduction, navigation, water quality and recreation.

Qualifications and procedures for directors' election

The 69th annual meeting of the members of Holston Electric Cooperative will be held Tuesday, Oct. 13, at the headquarters building of the cooperative in Rogersville. Directors from Districts 3, 4 and 5 are to be elected. The following information concerning the qualifications and nominations for directors of the cooperative is reprinted from the bylaws of the cooperative.

ARTICLE IV, Section 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed under the direction of a board of seven (7) directors. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

ARTICLE IV, Section 4.02. Qualifications. No person shall be eligible to become or remain a director of the cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode. No person shall be eligible to become or remain a director of the Cooperative who is not at least eighteen (18) years of age, or is in any way employed by or substantially financially interested in a competing enterprise, or business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical or plumbing appliances, fixtures or supplies primarily to the members of the Cooperative, or who is an elected public official. Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if, during his incumbency as a director, he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage to which he was not a party.

Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of

the fact that any person being considered for, or already holding, a directorship lacks eligibility under this section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

ARTICLE IV, Section 4.03. Election. At each annual meeting of the members, directors shall be elected by secret ballot by the members, and PROVIDED, when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

ARTICLE IV, Section 4.04. Tenure. Directors shall be so nominated and elected that one director from each of Directorate Districts Nos. One and Two shall be elected for three-year terms at an annual member meeting; one director from each of Directorate Districts Nos. Three, Four and Five will be elected for three-year terms at the next succeeding annual member meeting; and one director from each of Directorate Districts Numbers Six and Seven will be elected for three-year terms at the next succeeding annual meeting. Upon their election, directors will, subject to the provisions of these Bylaws with respect to the removal

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The duties of a Holston EC director

The job of a director of Holston Electric Cooperative is very important. Specifically, the duties of your board of directors are to:

Determine policy guidelines for the daily operation of Holston EC.

Employ a general manager to oversee the day-to-day operations of the cooperative.

Determine work plans and establish a budget.

Set rates and fee schedules.

Enter into contracts for the power supply, services and goods and loans for capital improvements.

Evaluate the performance annually of the cooperative and the general manager.

Report to you, the member-owners of Holston EC, about the financial condition of the cooperative.

Attend regular monthly meetings at the cooperative and occasional state, regional and national meetings.

Holston EC's Larry Elkins wins top TVPPA honor

By Bob Gary Jr., TVPPA News editor

Larry Elkins, longtime general manager of Holston Electric Cooperative, won the Tennessee Valley Public Power Association's (TVPPA) highest honor last month at that organization's annual conference.

Elkins was presented TVPPA's Richard C. Crawford Distinguished Service Award. Named for a former TVPPA chief executive, the award is presented annually to a TVPPA-member manager who has shown exceptional leadership and service contributions to consumer-owned power in the Tennessee Valley, demonstrated unusual devotion to duty and contributed to the betterment of his/her community and the Tennessee Valley.

"This was a total shock," said Elkins, who was joined on stage at the Grove Park Inn in Asheville, N.C., by family members as well as Holston EC staffers and directors.

"To be recognized by your peers is the ultimate honor," Elkins said. "It's quite a group of people who've won this award through the years, and that makes it all the more special. I've been very blessed."

Elkins graduated from Rogersville High School and East Tennessee State University, where he earned an undergraduate degree in accounting. He then joined the U.S. Army, where he served at the Pentagon in the Office of the Joint Chiefs of Staff.

He joined Holston EC in 1973, spending five years there before leaving for another position. He returned to Holston EC in 1984 as its general manager and has been there since.

Elkins is a past TVPPA director and is that association's new Government Policy Relations Committee chairman. He has also represented Tennessee on the National Rural Electric Cooperative Association's (NRECA) board of directors since 2004.

He is a member and past president of the Tennessee Electric Cooperative Association (TECA) board of trustees and a member and past chairman of the Appalachian District Power Distributors Association (ADPDA).

Elkins has been a Kiwanis Club member for 35 years and has served as vice president and president. He is a former Hawkins County School Board vice chairman and member of the Rogersville/Hawkins County Chamber of Commerce.

He has been chairman of the Hawkins County Industrial Board for the past 18 years, during which time 16 industries



Holston EC General Manager Larry Elkins, second from right, is joined by his family after having been presented the Tennessee Valley Public Power Association's highest honor, the Richard C. Crawford Distinguished Service Award. From left are his son, Matthew, daughter-in-law Mary Ellen, wife Pam and son John. Elkins received the award at the Grove Park Inn in Asheville, N.C., where TVPPA recently held its 63rd Annual Conference. (Photo courtesy of the Tennessee Valley Public Power Association)

have located to Hawkins County. Those businesses have brought 3,000 jobs and investments of approximately \$150 million to the area.

A member of Rogersville First Baptist Church, where he's active in the children's Sunday School department, Elkins and his wife of 36 years, Pam, have two sons, John and Matthew, and a daughter-in-law, Matthew's wife, Mary Ellen.

Based in Chattanooga, TVPPA is a nonprofit regional service organization representing the consumer-owned utilities in the Tennessee Valley Authority service area. Those 108 municipal and 50 rural electric cooperatives distribute electricity to 8.5 million residents in Tennessee, Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia.

Leadership Hawkins graduates 11th class

Participants of the 2008-2009 class of Leadership Hawkins were honored recently at their graduation ceremony and dinner. The 11th class of Leadership Hawkins included seven representatives from businesses and industries throughout Hawkins County, including James Boehms, Givens-Nelson Realty; Chad Cobb, Hawkins County Natural Gas; Thomas Looney, Rogersville Housing Authority; Monica Gilliam, Rogersville Water Commission; Michelle Simpson, Holston Electric Cooperative; Debby Tap, Of One Accord Ministries; and Linda Wolfe, First Community Bank.

Leadership Hawkins is a nine-month personal development program designed to bring together a diverse group of people from the area and develop skills that will prepare them to assume leadership roles in the community with nonprofit organizations, local government, civic clubs and other agencies. The program is designed to motivate participants to develop and enhance the quality of their leadership in addressing pertinent local needs.

Leadership Hawkins promotes interaction among the participants and community representatives through education and training experiences that broaden the understanding and perspective of those involved.

The program consists of a two-day retreat, eight day classes and a two-day trip to Nashville and the State Capitol. Participants learn about a wide variety of topics, including her-



The 2008-2009 Leadership Hawkins class, joined by community leaders, is, from left, seated, Monica Gilliam, Michelle Simpson, Debby Tap and Linda Wolfe. Standing: Hawkins County Chamber of Commerce Director Nancy Barker, James Boehms, Chad Cobb, Thomas Looney, Rogersville Mayor Jim Sells and chamber assistant Angela Manis.

itage, economic development, local and state government, education, social services, health, technology, communication and tourism.

Applications are now available for the 2009-2010 Leadership Hawkins class, which begins in September. Call the Hawkins County Chamber of Commerce office at 272-2186 for more information.

Qualifications and procedures for directors' election *continued from page 18*

of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors will have been elected and will have qualified. If for any reason an election of directors will not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year will allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present and they or their successors will be elected, whichever be the case.

ARTICLE IV, Section 4.05. Directorate Districts. The territory served by the Cooperative will be divided into seven (7) Directorate Districts. Each District will be represented by one director.

The Board of Directors, at any regular or special meeting thereof held not less than ninety (90) days prior to any annual meeting of the members or special meeting of the members held in lieu of such annual meeting, may, by resolution, alter the geographical boundaries of the seven districts with the aim of arranging more equitable districting.

ARTICLE IV, Section 4.06. Nominations. It shall be the duty of

the Board of Directors to appoint, not less than thirty (30) days nor more than sixty-five (65) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting, a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than sixty-five (65) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the committee on nominations, and the nominations made by petition, if any. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors.