

REAL PEOPLE. REAL POWER.
Tideland Topics

A NEWSLETTER FOR THE MEMBER-OWNERS OF TIDELAND ELECTRIC MEMBERSHIP CORPORATION

NEW RATES: January bills will reflect changes and improvements

As we reported in September, the cooperative began a review of its published rates as wholesale power costs continued to trend higher than base rates. For the past 18

months, the cooperative has been collecting the difference between published rates and actual power costs by implementing a generating fuels charge. In August 2012 the fuel charge reached \$6.96 for every 1,000 kilowatt-hours billed. As we stated in the September article, our rate-making goal would be to zero out that charge and roll it into base rates.

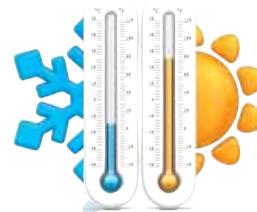
| RESIDENTIAL RATE 1 | Aug-2012 | New rates |
|---------------------|----------|-----------|
| Kilowatt hours | 1,000 | 1,000 |
| Basic facilities | \$20.00 | \$25.00 |
| kWh (summer rates) | \$115.58 | \$119.68 |
| Fuel adjustment | \$6.96 | \$0.00 |
| NC REPS | \$0.30 | \$0.09 |
| NC sales tax (3%) | \$4.29 | \$4.34 |
| TOTAL | \$147.13 | \$149.11 |
| Net Billed Increase | | 1.35% |

months, the cooperative has been collecting the difference between published rates and actual power costs by implementing a generating fuels charge. In August 2012 the fuel

Tideland EMC's board of directors met that goal by approving new rate schedules effective with all bills rendered beginning January 1, 2013.

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Winter rates effective November 1



Winter rate schedules are effective with all residential bills rendered between November and April. For bills rendered between May and October 2012, the published rate per kilowatt hour was 11.558¢. On November 1, that drops to 10.648¢. Year round, all rates are subject to the generating fuels surcharge which can be a charge, a credit or zero.

When new rate schedules are implemented on January 1, 2013, the residential winter rate will continue to be lower than published summer rates to accurately reflect the cooperative's costs of purchasing power to meet member needs. It typically costs Tideland more to purchase power during summer due to our southern climate and the resulting demand on regional generating resources.



Right-of-Way Maintenance Update

Tideland has hired Lewis Tree Service to trim trees in our right of way. During November they will work in the following areas in Craven County:

- St. Delights Church, Truitt, Spring Hope Church, Stapleton and Olympia roads as well as the north end of Broad Creek Road

and all adjoining small roads & lanes.

Our contractors will continue to mow in the areas of Yeatesville, Sidney Crossroads, Pamlico Beach and Smithton.

GPS survey crews will be working between Engelhard and Swan Quarter.

Message to our Member-Owners: Aiming for rate certainty

By Paul Spruill
Chief Executive Officer
and General Manager

Little did Tideland know that while conducting our rate review, triggered by increasing wholesale power costs over an 18 month period, we would benefit in the last thirty days from unexpected short term relief from the power cost increases we outlined in the September issue. We attribute this pleasant surprise to seasonal improvement in the price of raw materials such as natural gas and coal, but expect the relief to be short lived. This welcome development, while short term, allows the co-op to bill lower fuel surcharges than anticipated in the remaining months of 2012. More importantly, we are very confident we can issue a fuel surcharge credit to members in early 2013. With the approach of winter and, unfortunately, an increase in the demand for natural gas, coal, and other raw materials we expect our generating expenses to continue the upward trend we depicted in September.

Some may wonder why we don't postpone a base rate increase a few months or simply allow the generating fuels surcharge to continue to fluctuate reflecting the ups and downs of wholesale power costs. The answer is fairly simply: we believe members are best served when there is some amount of rate certainty.

By adjusting our base rates on January 1, we feel confident that those rate schedules will hold up through all of 2013 without the need to collect a fuel surcharge from members. Rate certainty is particularly important for business and commercial members who must establish operating budgets for the coming year. Rate certainty is also important for members utiliz-

ing the co-op's levelized and budget billing payment plans, which are designed to even out month-to-month fluctuations.

Thus we will implement the revised rate schedules (published on page E of Tideland Topics) when the new year arrives while almost certainly discounting the rate charged per kilowatt hour during the month of January 2013 to reflect the favorable market conditions that came into play following our late summer rate review.

While the cost of generating fuels will always be an important component of wholesale power costs, we are also entering a period when the construction costs of new generating plants will have to be shared by all electric utility consumers nationwide. There has been no significant new construction of baseload generating facilities since the late 1970s. As a member of our statewide power supply team recently said, "We've been reaping the benefits of our ancestors' investments in electric utility infrastructure for the last 30 years and the time has come for us to replenish and replace that infrastructure." It is anticipated that the electric utility industry will need to invest \$1.5 trillion in new generating, transmission and distribution infrastructure over the next two decades to meet growing consumer demand.

While increasing rates are the new reality during this time of industry change and expansion, Tideland's goal is to stay in front of these changes and insulate members from what at times may be turbulent market conditions.

And the winner is...

When Alisha Gibson of Washington enrolled in Tideland's TextPower service she didn't realize she was also entering a prize drawing. Gibson simply wanted to receive updates regarding the transmission outage following the July 1 wind storm. So she was completely caught off guard when on October 2nd she received a phone call from the co-op notifying her that she was the winner of a new Apple 16GB iPad.

More than 350 members have now enrolled in the free service, which allows the co-op to text message members with outage updates. To enroll in the service text the letters "TEMC" to short code 85700. The service will automatically text you back asking you to reply with your Tideland EMC account number to complete activation. To deactivate the service at any time text "STOP" to short code 85700. Standard text messaging rates may apply.



Tideland member and iPad winner Alisha Gibson

Call before making HVAC purchase

Recently a member in Craven County called to ask what heating system Tideland would recommend: a geothermal heat pump or an air source heat pump. Because the homeowner didn't necessarily plan to stay in the home long term we narrowed the choice down to an air source heat pump and offered to review the member's HVAC bids. The member faxed quotes from 5 different vendors for a total of 10 different systems ranging in price from **\$6,248 to \$19,719**. All 10 of the quotes were for the removal of existing duct work, the installation of an air source heat pump and new properly insulated ductwork. The quoted units ranged between 3 1/2 tons and 4 tons with SEER ratings between 13 and 16. (A SEER rating is the efficiency rating of the cooling cycle on the heat pump and 13 is the lowest allowed by law. Tideland considers 15 and 16 to be in the high efficiency category.)

Tideland worked with the member to narrow the quotes down to three from which he ultimately made his selection. We thought it would be helpful to the rest of the membership to see what process we followed to narrow the selections down.

First things first: Tideland is fuel neutral

Tideland sells a great product in the form of electricity but as a cooperative our number one priority is making sure members get the best value for their money regardless of energy source.

Twenty years ago when propane was selling for 65¢ per gallon it was rare that we could make the case for an air source heat pump with electric resistant heat strips. So in the 1990s Tideland largely promoted geothermal heat pumps, dual fuel heat pumps (a heat pump with gas back up) or our residential time-of-use rate to make kilowatt hour costs more competitive. If you lived in an older, uninsulated home we didn't recommend a heat pump because the amount of air leakage would require the unit to operate in heat strip mode too often resulting in higher electric bills.

Today the shoe is on the other foot. For a high efficiency propane system to compete with an air source heat pump, propane prices would

have to fall back to \$1.08. To compete with a geothermal heat pump, propane would have to drop to 77¢ per gallon. Heating oil would have to drop to \$1.00. So to make sure we're always comparing apples to apples the co-op calculates the fuel price per million Btus (British thermal units) to arrive at the best home heating energy value for the member.

What's in a name?

One of the most frequently asked questions is "What brand name does the co-op recommend?" We don't recommend one brand over another because we believe installation of the unit is more important than the manufacturer of the equipment. We'd rather have a lesser known brand properly installed than a nationally known brand improperly installed. That said, it is always a good idea to compare warranties and make sure the manufacturer has authorized service people in the area to properly maintain the unit after the sale.

Size matters: Bigger is not better

In eastern North Carolina, heat pumps and central air conditioners should be sized to the cooling load using a Manual J load calculation, which is often referred to as a heat gain/heat loss calculation. This is a calculation developed by the HVAC industry. If a contractor doesn't want to perform the calculation, consider taking your business elsewhere. In fairness to the dealers we encourage you to heed their Manual J recommendation and not insist on upsizing the unit. Bigger is not better. If the unit is too large it will short cycle cutting on and off too frequently. When that happens the unit will fail to remove adequate amounts of moisture from your home which is vitally important in our humid region. Short cycling also puts more wear and tear on the equipment and will ultimately increase energy costs because system efficiency is lowest when it first starts up. Ideally we want longer runs with fewer start ups.

A good contractor won't duck ducts

We've already said we'd rather you buy a properly installed, lesser known brand than a well known brand that's not installed properly. Likewise we'd rather you purchase a less expensive, lower efficiency unit coupled with well sealed ductwork than purchase a high-

ARTICLE CONTINUES ON PAGE F

1.

**ACT FAST
BECAUSE THE
NORTH CAROLINA
ENERGY STAR
SALES TAX
HOLIDAY IS
NOVEMBER 2-4**

2.

**TIME-OF-USE
MEMBERS:
REMEMBER THAT
THANKSGIVING,
THE DAY AFTER
THANKSGIVING,
CHRISTMAS DAY
AND NEW YEAR'S
DAY ARE ALL
OFF-PEAK**

3.

**LOOKING FOR THE
PERFECT GIFT
FOR SOMEONE?
CONSIDER A
H.U.G.
THAT STANDS FOR
HOME UTILITY
GIFT. CONTACT
ANY TIDELAND
OFFICE TO
PURCHASE AN
ELECTRIC BILL
GIFT CERTIFICATE
FOR ANY TIDELAND
MEMBER**

4.

**REMOVE WINDOW
AIR CONDITIONING
UNITS DURING
WINTER SO YOU
CAN PROPERLY AIR
SEAL WINDOWS
TO KEEP ENERGY
COSTS DOWN**

New rates effective 1/1/2013 continued from page A

While residential base rates will increase, on average, 6.91%, keep in mind that nearly all of the new base rate increase was already being billed monthly as a fuel surcharge. Thus the effective rate change will be much lower than 6.91% for the average household when comparing 2013 electric bills to the same time last year. The chart on page A illustrates that point for a household using 1,000 kilowatt hours during August, which was the month that we conducted the rate review.

For the typical small general service account the same holds true as illustrated in the chart below.

| SMALL GENERAL SERVICE RATE 5 | Aug-2012 | New rates |
|------------------------------|----------|-----------|
| Kilowatt hours | 1,500 | 1,500 |
| Basic facilities | \$25.00 | \$30.00 |
| kWh | \$178.64 | \$187.97 |
| Fuel adjustment | \$10.44 | \$0.00 |
| NC REPS | \$1.50 | \$1.15 |
| NC sales tax (3%) | \$6.47 | \$6.57 |
| TOTAL | \$222.05 | \$225.69 |
| Net Billed Increase | | 1.6% |

Another goal of our rate making process was to establish base rates that we believe can carry us through all of 2013 without the need to collect a fuel surcharge. In fact, as we concluded our rate review, seasonal power costs dipped as milder temperatures decreased demand for natural gas and coal. Therefore, we are likely to pass along a fuel adjustment credit to benefit all Tideland members in January when the new rate schedules are implemented. While we anticipate that market conditions for cheaper wholesale power will be short-lived, we will pass along a fuel adjustment credit to benefit our members for as long as we benefit from the same market conditions.

| Renewable Energy Fee (NC REPS Mandate Expense) | | | |
|--|---------------|--------------|------------|
| Rate Class | Current Rate | New Rate | Annual Cap |
| Residential | 30¢/month | 9¢/month | \$10 |
| Small Commercial | \$1.50/month | \$1.15/month | \$50 |
| Large Commercial | \$15.00/month | \$7.56/month | \$500 |

Statement changes

Beginning with January 2013 electric bills, your account will now include a separate line item charge for basic facilities. Basic facilities have always been part of Tideland's rate calculation however it has always been lumped in with the kilowatt-hour charges on your statement. To better reflect

average 9 meters per mile of line as opposed to neighboring utilities which have anywhere from 32 to 50 electric meters per mile of line.

A portion of these distribution expenses will always be embedded in Tideland's kilowatt-hour rates. However, we are able to keep kilowatt-hour rates lower when members at all consumption levels, be it low, medium, or high, pay their fair share of distribution costs. That's why the co-op has established a minimum bill for each rate class so members who routinely purchase energy from the co-op and provide kilowatt-hour revenue sufficient to meet the co-op's costs of doing business do not subsidize seasonal users. This basic fairness is in keeping with the cooperative business principles at the heart of Tideland's service to members.

Significant decrease for renewable energy charge

The rate that Tideland charges for state mandated renewable energy programs has once again dropped for all rate classes as illustrated in the chart above. The price for renewable energy credits has decreased significantly for wind and solar as more producers have entered the marketplace.

Coming in the December issue of Tideland Topics:

- A sample electric bill showing changes to your statement beginning January 1, 2013
- The likelihood of a January fuel adjustment credit to members

the co-op's actual cost of doing business and improve billing transparency we believe it is important that basic facilities stand alone on monthly statements.

The basic facilities concept is nothing new if you have ever paid a phone or cable television bill. There is a basic cost to provide the distribution infrastructure necessary to deliver energy to your home or business. Whether you use 2,000 kilowatt-hours a month or no kilowatt hours at all, the co-op must maintain 2,500 miles of line so we can provide reliable, safe electric service at affordable rates when and if you need it. Our basic cost to provide this infrastructure is typically higher than other utilities for the simple fact that we

Tideland EMC Electric Service & Outdoor Lighting Rate Schedules

Effective With All Bills Rendered Beginning January 1, 2013

All rates subject to NC State Sales Tax of 3%, Wholesale Power Cost Adjustment and NC REPS Mandate Expense

Rates 1 & 3 - Residential

| | |
|--------------------------|-----------|
| Basic facilities: | |
| Overhead | \$25.00 |
| Underground | \$27.00 |
| Energy: | |
| Per kWh Summer (May-Oct) | \$0.11968 |
| Per kWh Winter (Nov-Apr) | \$0.11027 |

Minimum bill is \$30.75 overhead, \$32.75 underground.

Rates 2 & 4 - Residential Time-of-Use

| | |
|--------------------------|---------|
| Basic facilities: | |
| Overhead | \$30.00 |
| Underground | \$32.00 |
| On-Peak Demand: | |
| Per kWd Summer (May-Oct) | \$10.75 |
| Per kWd Winter (Nov-Apr) | \$ 9.75 |

| | |
|--------------------|----------|
| Energy: | |
| Per kWh year-round | \$0.0680 |

Minimum bill is \$35.75 overhead; \$37.75 underground.

Rates 5, 6, 7, & 8 - Small Commercial Service

| | |
|-----------------------|---------|
| Basic facilities: | |
| Overhead Single Phase | \$30.00 |
| Overhead Three Phase | \$45.00 |
| Demand: | |
| First 15 kWd | \$0.00 |
| > 15 kWd | \$4.95 |

| | |
|-----------------|----------|
| Energy: | |
| 0 - 800 kWhs | \$0.1283 |
| Next 1,200 kWhs | \$0.1219 |
| Over 2,000 kWhs | \$0.0922 |

Minimum bill is the basic facilities plus \$1.30 per kVA of transformer capacity in excess of 15 kVA and an additional \$2.00 per month if facilities are underground.

Monthly NC REPS (renewable energy portfolio standard) Mandate Expense

| | |
|-----------------------------|--------|
| Per residential meter: | \$0.09 |
| Per small commercial meter: | \$1.15 |
| Per large commercial meter: | \$7.56 |

Rate 9 - Large Power Service

| | |
|-------------------|----------|
| Basic facilities: | \$185.00 |
| Demand: | |
| Per kWd | \$9.50 |
| Energy: | |
| Per kWh | \$0.0645 |
| Reactive Demand: | |
| Per KVAR | \$1.25 |

Minimum bill is the basic facilities plus \$1.30 per kVA of transformer capacity in excess of 100 kVA.

Rate 19 - Large Power Time-of-Use Service

| | |
|------------------------------|----------|
| Basic facilities: | \$275.00 |
| Demand: | |
| Off Peak kWd | \$7.25 |
| On Peak kWd Summer (May-Oct) | \$19.25 |
| On Peak kWd Winter (Nov-Apr) | \$13.95 |
| Energy: | |
| On Peak kWh | \$0.0695 |
| Off Peak kWh | \$0.0497 |
| Reactive Demand: | |
| Per kVAR | \$1.25 |

Minimum bill is the basic facilities plus \$1.30 per kVA of transformer capacity in excess of 100 kVA or the amount specified by contract

Outdoor Lighting

| | |
|---------------------------------|---------|
| 175-watt mercury vapor: | \$10.40 |
| 400-watt mercury vapor: | \$14.60 |
| 100-watt high pressure sodium: | \$11.00 |
| 100-watt high pressure sodium*: | \$14.70 |
| 150-watt high pressure sodium: | \$16.55 |
| 100-watt metal halide*: | \$16.55 |
| 400-watt metal halide: | \$15.20 |
| Additional pole charge: | \$2.10 |

*special order decorative fixture

efficiency unit with leaky ducts. Testing over the years shows that the typical home has 15- to 25-percent duct leakage. Why rely on a high-efficiency unit to overcome a problem that is relatively easy and inexpensive to fix and promotes a healthier indoor environment? In fact, if your ductwork is replaced and/or properly air sealed you may be able to downsize the HVAC unit. A good HVAC contractor will insist on inspecting your ductwork and recommend changes as a separate line item on the bid sheet.

The all important contract

A well-written contract sets the stage for a good installation experience. The contract should state that the equipment has been properly sized using a Manual J calculation or other industry accepted standard. It should also include the following:

- who is responsible for removal and disposal of old system components
- who is responsible for permits, inspections and electric service

- upgrades if required
- Energy rating and size of equipment to be installed including model numbers
- any changes or repairs that will be made to ductwork including the insulation level of new ducts (R-8 or higher); it should stipulate that all connections will be made with a **mastic tape or paste**; ideally we'd love to see contractors' guarantee less than 6% duct leakage but some aren't quite there yet in terms of duct testing
- type of thermostat to be installed (make sure you are trained in its operation before the job concludes)
- warranty details
- Price, including all parts and labor
- HVAC license number

For a quality installation checklist, visit the Air Conditioning Contractors of America website at www.acca.org

Tideland Topics

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