

FPU receives national attention with industry magazine publications

Fayetteville Public Utilities was recently featured in the fall 2009 issue of Energy Today, a utility magazine that is circulated in North America energy markets. Through the magazine's feature articles and corporate spotlights, it provides practical information on management best practices, technology trends, regulatory matters, vendor relations, safety and other human-resource issues.

Energy Today featured Fayetteville Public Utilities in its latest issue to highlight what the local utility is doing to keep communication channels open with employees and its customers to continue providing quality service to Fayetteville and Lincoln County.

The article titled "A Very Public Utility" details FPU's customer assistance programs, customer account management, work plans for each department and its consumer communication outlets used to keep local residents informed.

As mentioned in the article, FPU is composed of five departments: water and wastewater, gas, telecommunications, administration and electric. The city consolidated our electric, gas and water utilities in 2002, creating a unified and more efficient administration division to oversee all three. Like so many big changes for FPU in recent years, consolidation was made to better serve the customer.

The departments here still operate mostly independently from one another and, in accordance with the law, all of our financial statements are separate, but now we can offer residents a one-stop shop for their utility needs.



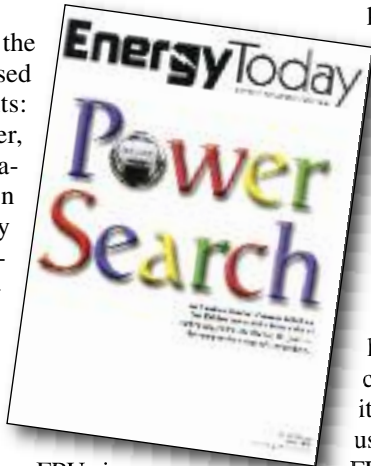
Britt Dye
 CEO and General Manager,
 Fayetteville Public Utilities

Although each department operates independently, in order to benefit their customers most, there is a lot of safety and emergency cross-training for all personnel, resulting in a number of employees who can cover shifts in any department if the need arises. That's helped me and our department supervisor teams reduce costs across the board and provide quicker, more efficient emergency response during outages.

When Energy Today asked how we managed to operate during the economic downfall, I stated that we maintain a lean staff and have made significant cuts wherever we can, and if things get worse, we have a contingency plan that lists specific items we can cut in the future. Our goal is to stay financially secure without sacrificing on service for our customers.

The industry is moving at a breakneck pace, and I admit that it's tough for a small utility like ours to keep up sometimes. We're doing everything we can to provide the most up-to-date and highest-quality service.

In reviewing our plans for the next few years, our priorities include improving the reliability of the FPU system. That includes building or updating substations to handle electricity load fluctuations. We are currently weighing the merits of switching to a time-of-use electric billing structure. FPU also has plans to spend \$17 million in system upgrades, particularly changing conductors. We and our board of directors continue to focus on updating FPU's water and wastewater infrastructure to keep up with changing state regulations.



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Office Hours:
Monday - Friday
7:30 a.m. - 4:30 p.m.

Dispatch Hours:
 Seven days a week
24-hour emergency response

To make doing business with FPU more convenient, we offer the following services:
energy right® Programs
 Medic Alert
 Bank Draft
 Level Billing
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 Delayed Payment
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 Dial-Up Internet Service
 Cable TV and High-Speed Internet Access
 Voice over IP Digital Phone Service

Call the FPU Customer Service Department for details at 931-433-1522.

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Also mentioned in the magazine is our recent installation of remote-read ERT meters for the water/wastewater system and how we're moving into Phase 2 of our water system upgrade plan, which includes a \$4 million investment in FPU's treatment plant.

With all that this utility is involved in, Fayetteville Public Utilities does all it can to keep consumers and employees informed, using various media and print outlets. Our utility Web site, Channel 6 local access cable TV broadcasts, monthly radio program, newspaper articles and *The Tennessee Magazine* issues work together to keep utility customers informed about

rates, billing changes, construction work plans, conservation and youth programs.

Keeping you informed is very important to us. Our customers are the sole reason we exist, and we want to do all in our power to give them the best price possible for the products and services we offer. They deserve our best — and we are pleased that what we are doing here at FPU is recognized and spotlighted by others in the utility industry across the country.

To read the complete article in *Energy Today*, visit www.fpu-tn.com.



FPU gas, water and electric construction crews work together to build utility services into the Douglas-Posey Industrial Park along Highway 64 East.

FPU crews help bring life to new industrial park

In late September, Fayetteville Public Utilities natural gas, water and electric crews teamed up to continue the process of bringing life to the new Douglas-Posey Industrial Park along Highway 64 East.

Although development of the new industrial park is in the first stages, a temporary road has been built so that prospective industry can view the landscape and potential building sites. Now, with the addition of utility infrastructure, the park will be even more appealing to future prospects.

Included in FPU's construction plan are approximately 2,460 feet of 12-inch ductile iron water pipe to deliver

55 pounds per square inch (psi), 4,900 feet of 6-inch steel-coated natural gas main to deliver 115 psi and 2,933 feet of 13-kilovolt electric line, which is fed from the Kelso Substation. FPU also plans to run fiber optic cable to the park to serve new industrial prospects with high-speed Internet and cable TV.

"Investing in community growth is what we do," says Britt Dye, FPU CEO and general manager. "If we have furthered our efforts to bring new jobs to this community, then our investment in the park has been well worth it."

Merry Christmas and Happy New Year!

Please remember that FPU will be closed on Thursday and Friday, Dec. 24 and 25, and also on Friday, Jan. 1, to celebrate the Christmas and New Year's holidays with our families. If you require emergency utility assistance or need to report an outage or leak, please continue to call 433-1522 as a dispatcher will be on duty.



Water and sewer rates up, improvements continue

All Fayetteville Public Utilities water and sewer customers saw an increase in their rates with our November billing — by 14 percent on water and 20 percent on sewer services for both residential and commercial customers.

For the average household using 5,000 gallons each of water and sewer services, the monthly increases result in an average \$3.20 more on water bills and \$5.33 on sewer bills. Based on the 5,000-gallon average, residential water bills will go from \$23.03 per month to \$26.23. Residential sewer bills will increase from \$26.61 to \$31.94 per month. The minimum bill amount increased from \$7 per month to \$7.98 for water and from \$7 to \$8.40 on sewer service.

“When we completed our latest rate study through MTAS (the Municipal Technical Advisory Service), we carefully weighed our system operational costs against our revenues,” says Britt Dye, FPU CEO and general manager. “We began working with MTAS back in January and have labored over the best approach to addressing our current rate situation. We trust that with all we have planned for system improvements and customer growth, we are moving in the right direction.”

Pointing out that the last water and sewer rate adjustment was in October 2007 and, prior to that, in 2002, Dye says, “We’ve faced tremendous expenses over the past couple of years as we work to correct problems with both the water and sewer systems, make necessary repairs to lift the moratorium placed on our sewer system and bring to our facilities improved operation and technology.

“We’ve dealt with real concerns in recent months with the condition of our water and sewer systems. It’s no secret that some of these costs are due to emergency maintenance for leaks and repairs — that’s normal for any water system. What we are concerned with most is the long-term operation of these treatment facilities as our current system must meet higher standards for water and wastewater treatment as passed down by the state.



“We have already made great strides in system improvements for our water and sewer systems, but much-needed work lies ahead. We have completed the upgrades for the Laten Bottom, Pitts, Liberty and Hardees Lift Stations. We have also begun the installation of new monitoring and communication devices at each station to relay vital information to our office where dispatchers and department employees can accurately monitor and record water tank levels day and night.”

Besides the lift stations, new water and sewer lines have been installed in various locations to improve and extend services.

In addition to the work already completed earlier this year to improve conditions of Fayetteville’s sewer system, the city of Fayetteville and FPU were recently approved for a \$2.6 million bond issuance for more water and sewer improvements for the utility’s Phase 3 work plan. This plan will require the \$2.6 million in loan funds as well as the \$660,000 grant obtained through Rural Development. The Phase 3 plan includes repairs to the Howell Water Storage Tank and the replacement of

the two Holman Hill Water Storage Tanks to improve pressure and flow, along with several other water system improvements to enhance flow and pressure in the areas of Eldad Road, Thornton Taylor Parkway, Brookside Drive, Cotton Mill Road, Shelbyville Highway, Providence Road and Badenhop Boulevard. The plan also includes a water line extension along March Mill Road and upgrades to the Elk River Water Treatment Plant lagoons.

“We are well on our way to bringing our water and sewer facilities where they need to be in order to better provide service to this community,” says Dye. “We all agree that there is a cost associated with quality, dependable service and meeting the growing needs of our customers. Our commitment at FPU is to always do what’s right for the customer, and when we are faced with issues of system maintenance in order to protect the quality of service we provided, we will do all within our power to control costs while keeping you informed of how it affects you as a ratepayer.”

REMINDER to our CUSTOMERS

The fuel cost adjustment (FCA) charge on your electricity bill will now be changing monthly rather than quarterly. Please take note of the FCA charge on each month’s billing and on our Web site, www.fpu-tn.com, as FPU will not be able to publish the changes of the adjustment in *The Tennessee Magazine* due to the more frequent adjustment schedule. If you have questions, please call our Customer Service Department at 931-433-1522.

FPU works to remedy Channel 5 reception

Since the digital TV conversion began earlier this year, Fayetteville Public Utilities and its cable customers have experienced technical problems with the reception of Nashville's Channel 5.

"We have experienced occasions when Channel 5 programming, delivered by our cable system, freezes, blocks or tiles," says Fayetteville Public Utilities CEO and General Manager Britt Dye. "Since the digital conversion, these problems seem to have magnified. For weeks, our cable technicians have studied the problem and have tried several avenues to improve the reception quality for our cable subscribers."

According to Dye, some of the problems are occurring at the Icy Bank radio tower where not only cable antennas are installed but also radio transmitters and antennas owned by FPU and several other local entities. The radio frequencies cause interference when two radios are keyed simultaneously. Over time, FPU technicians have installed new cable antennas, added frequency filters

and also have moved the antennas to improve the reception of the cable signal.

Although the situation with Channel 5 has improved, it has not been completely corrected.

"We regret the problems our customers have experienced with Channel 5," says Dye. "Please know that we are taking every necessary step to remedy the problem. In fact, we plan to move the Channel 5 antenna to our Park City electric substation to, we hope, improve the reception our customers receive."

"We have recently begun the paperwork process of applying for an optical fiber transport tie to Nashville that will carry not only Channel 5 but also channels 2, 4 and 8 from Nashville."

"We've been working on a solution for the Channel 5 problem for weeks," Dye adds. "Your calls reporting the problems with Channel 5 have not been ignored by our Telecom Department. We ask that you continue to extend your patience as we work to improve the quality of your cable reception."



FPU walks for heart disease awareness and prevention

On Sunday, Oct. 18, more than 100 Fayetteville Public Utilities employees and their families joined others in the 2009 Lincoln County Heart Walk.

Walking in memory of FPU's Chris Coble and long-time Fayetteville resident Tom Springer and in honor of Tommy Hopson, a 30-year-old heart-attack survivor also

employed by FPU, utility employees showed their support for the community and those who've been diagnosed with and have battled heart disease.

We wish to say "thanks" to all our employees and their families for their overwhelming support of this year's Heart Walk.

**FPU's
2009
Heart
Walk
Team**



Grind a Pine

Recycle your Christmas tree

The employees of Fayetteville Public Utilities will once again be recycling your live Christmas trees into useable mulch in the **Grind a Pine** recycling event. Dates to grind your natural pine (and cedar) Christmas trees are from Dec. 26 until Jan. 8.

Simply bring your cedar and pine Christmas trees to the designated location at the Lincoln County Museum. FPU tree-trimming crews will grind the trees into mulch and leave the mulch at this location. This is a free service to the community, so bring your Christmas tree and take advantage of this convenient recycling project!

You may come back to the museum site with your shovel to collect the mulch by the bagful or truck load. This is a first-come, first-served basis, so check the site regularly if you want to take home the mulch.

To recycle your Christmas tree, please remove all decorations, tree stands and tinsel. This will help reduce polluting the mulch and prevent damage to FPU equipment.

This is a free community service and recycling project co-sponsored by FPU and Keep Fayetteville/Lincoln County Beautiful, Inc.

If you have questions, please contact Gina Warren of FPU at 433-1522 or Gail Randolph of Keep Fayette-



FPU tree trimmer Rickey Darnell helps grind Christmas trees into recycled mulch each year in the Grind a Pine event.

teville/Lincoln County Beautiful, Inc., at 433-8208. Please help control our landfill capacity by participating in the Grind a Pine project. Give your Christmas tree a “second life” by turning it into useable mulch for your gardening projects!

FPU sponsors Harvest of Hope Food Drive

Now through Dec. 18, you can donate canned and nonperishable food items to the Harvest of Hope Food Drive sponsored by Fayetteville Public Utilities. All donations will be given to the Good Samaritan Association of Lincoln County to help feed our neighbors in need.

Each year, FPU serves as a drop-off center for those who wish to donate food items for the Good Samaritan assistance program.

“Even though the Good Samaritan receives donations throughout the year from caring citizens, the Harvest of Hope serves as a ‘boost’ during the holiday season to help supply their food banks for the upcoming year,” says Gina Warren, FPU public information specialist.

Items may be left at the main FPU office located at 408 College Street W. during regular office hours.

Food donations may include nonperishable canned food items such as meats, vegetables, fruits or juices. Boxed or bagged rice, noodles and beans, canned or dry soups and soup mixes are needed. Dry goods like crackers, oats, packages of Kool-Aid, hot cocoa and coffee will also be accepted.

A standard food box will feed a family of four for about four days.

If your group or school would like to participate in the Harvest of Hope program, please contact Gina Warren at FPU, 433-1522, ext. 166. And if you or someone you know is in need of assistance this year, please contact Good Sam at 433-0260.