

# Rates and system improvements are top concerns for 2009

As we begin a new year, the constant reality of our greatest concerns at Fayetteville Public Utilities in 2008 are also our focus for 2009. As utility rates, system upgrades and quality of service continue to be on the forefront of utility employees and customers alike, FPU is already making progress in the new year to address these concerns.

First are utility rates, most recently being the electric rates. Not only is this a topic of concern here in Lincoln County but across the nation as well. We are finding some relief as the Tennessee Valley Authority fuel cost adjustment (FCA) decreased from a kilowatt multiplying factor of 1.935 to 1.424 beginning Jan. 1. That's approximately a 6-percent decrease in the FCA charge. On the average residential customer bill of 1,330 kilowatt-hours used, this is a savings of \$6.80. Although the lower FCA charge offers some relief on our overall electric bills, in reality, most of us won't see this decrease in our total bill amount due to the colder temperatures and need for heating our homes, which generally increases our bills this time of year.

TVA reports that recent reductions in the need for additional purchased power to supply electricity to the Valley in peak times and the decrease in natural gas prices helped reduce TVA's operation costs last quarter, so that savings can be passed along to utility customers. Unfortunately, coal prices remain significantly higher than they were a year ago. And even though we have received measureable rainfall in recent months, the drought continues to keep TVA's hydro generation reduced by more than 50 percent. With hydro power being TVA's cheapest means of producing electricity, this prevented TVA's cost of power production from dropping even further for January.

Other concerns in 2009 for the electric industry are the changes yet to come from Capitol Hill backed by

President Barack Obama and his new administration. There are several ideas being discussed in Congress that relate to climate change, reducing greenhouse gas emissions, cleaning up the environment and more. If new legislation is approved to place "cap-and-trade" emission controls on power plants, the cost of producing electricity could increase. It all may have a further economic impact over the next several years on entities like TVA, its distributors and also the end-use customer.



**Britt Dye**  
CEO/General  
Manager,  
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In April 2008, FPU rates revealed that FPU paid 76 percent of every \$1 to TVA for the power purchased in the Lincoln County area. In December, another calculation showed that FPU now pays TVA 78 percent of every \$1 you pay for electricity. What does this mean? It means that FPU keeps only 22 percent of your overall electric bill here at home to operate your electric system. It also means that since April 2008, FPU has been able to cut enough costs internally to offset our own increased costs of operation, along with some increased costs from TVA, to spare our customers additional rate increases during this time. I hope that accounts for something to each of you as it's been a great accomplishment for all of us who work at FPU.

As for our natural gas rate, things are looking better at the present time. In fact, in our December FPU board meeting, we discussed the possibility of lowering the natural gas rate at which time we deem feasible and if market prices remain low. As you know, the natural gas market is influenced by many outside factors that can drastically change the prices we pay. Only the future will tell as it relates to our future gas rates.

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**Call the FPU Customer Service**

**Department for details**

**at 931-433-1522.**

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Aside from the concerns of utility rates are the challenges of upgrading our utility system for better reliability and to provide for the growing needs of our community as our residential customer base increases.

FPU has worked diligently to upgrade our water and sewer system. More repairs are planned for the system, including upgrading lines, pump and lift stations and treatment facilities. Many of our water lines have been in place for 50 years or longer, and, over this time, the lines have deteriorated, causing leaks. And, at the same time, state regulations on water quality have tightened.

The same goes for our sewer system. As you already know, FPU was placed under a moratorium several years ago that prohibited us from building new sewer service lines to those customers building new homes in various parts of the city of Fayetteville until needed system upgrades could be done to improve the condition of our facility.

It's taken nearly two years, but FPU has now satisfied conditions of the moratorium by meeting all steps to secure funding for the needed repairs and upgrades by submitting our step-by-step plan for improvements and engineering designs and then, after approval of these steps, putting our plans into action.

In December, FPU had received our fourth lifting of the moratorium placed on the Laten Bottom Sewer Lift Station, which serves the northeastern parts of our city. This lift station has been upgraded with a new wet well, two new variable speed, submergeable pumps rated at 1,400 gallons per minute, a new generator to supply backup power for operation, new controls and a new 14-inch force main to deliver wastewater to the treatment plant. With all these upgrades, the Laten Bottom station has a maximum capacity of pumping 2 million gallons of wastewater per day.

Current upgrades are focusing on the Liberty, Pitts and Hardees sewer lift stations to enhance service in those respective areas.

**At top, construction of the new wet well where sewer is brought into the Laten Bottom Lift Station before pumping to the Wastewater Treatment Facility. Next is an inside look at the new wet well installed at Laten Bottom. At right, water crews work to repair a broken fitting on the aging force main at the Liberty Road Lift Station. This lift station is under reconstruction as part of FPU's plans for sewer upgrades in 2009.**

In December, the Pitts Lift Station had received a 50-percent lifting of the moratorium, allowing for several new sewer services to be installed to homes in the areas on the southeast side of town.

The improvements to the Hardees, Pitts and Liberty lift stations will add 40 percent to 50 percent more capacity to better serve customers in those areas and accommodate future growth. Prior to the planned improvements, the two pumps at the Liberty Road Lift Station were rated at 180 gallons per minute pumping capacity. New pumps rated at 300 gpm are installed to improve Liberty Road capacity. The Pitts Lift Station pumps were rated at 300 gpm, but after upgrades they will be rated at 450 gpm. And the Hardees Lift Station pumps were rated at 400 gpm; with upgrades, they will be at 600 gpm.

Things are certainly improving. And now that we have the funding and an aggressive plan for sewer system improvement, we know which direction we will continue to go.

Load growth and system upgrades have also been a concern for our electric department. We have plans to upgrade and expand the Park City electric substation to improve system reliability and provide for the load growth we've experienced in this area.

The current Park City Substation was originally built 40 years ago, and, although it has been upgraded, load growth continues to push the station to full capacity. It currently consists of one 25-megavolt-ampere transformer bank, which is 46-kilovolt-to-13-kilovolt and is fed from the Kelso Substation. With the considerable residential growth we've experienced in Park City, FPU must do something to continue providing reliable power. Now during our peak load times, we must transfer some of the electric load via Supervisory Control And Data Acquisition (SCADA) to another substation to prevent overloading our equipment.

The new Park City Substation will consist of two 25-mva transformers that can be operated individually or together to double the firm capacity at the station at 50 mva. These new transformers will directly receive TVA power from the new 161-kv line being constructed by TVA, making the Park City Substation the fourth delivery point of TVA power in Lincoln County.

With direct access to TVA power supply and the new 25-mva transformers in place, the Park City community will be relieved of its overloading and electric growth concerns for quite some time.



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Included in the substation construction are new 161-kv circuit switchers, two new 161-kv-to-13-kv transformers, six new 15-kv circuit breakers, 18 new single-phase regulators, new capacitor controls, new ground grid, a new control house for SCADA and more.

Work began at the Park City Substation in late 2008. Plans are to complete the first phase of construction by the end of May 2009. Phase two will be done by October 2009, and all construction should be completed by December 2009.

Also along the lines of electric upgrades are the distribution line improvements in the Taft, Blanche and Elora communities. Weather permitting, by the time you receive this magazine issue, electric crews will have completed upgrading the 2.5 miles of 13-kv line along Ardmore Highway from Taft to the Blanche Substation. Much of this electrical equipment was installed in the 1940s and '50s, so due to aging equipment and residential load growth, the line was in need of upgrade. The project began in August 2008 by replacing 40 wooden poles, upgrading 15,000 feet of 3/4-inch power line, reconductoring insulators and upgrading some customer services.

This section of electric line also serves a Lincoln County Board of Public Utilities water pump station along Pepper Road. The line upgrade is designed to support residential load growth in the area for the next 20 years as well as better supply power to the LCBPU pump station as it, too, has experienced additional load growth.

Upgrades are also under way for Limestone Road in Elora as electric crews increase the two miles of single-phase line to three-phase to enhance system reliability. The original Elora line was built in 1946.

Our natural gas department is also planning for possible gas line extensions in some areas of the county. Gas crews have already extended by 200 feet a 4-inch gas main along Robertson Hollow to serve additional customers. Other areas are being considered for natural gas line extensions, but at the time of this publication, definite plans for those areas could not be released.

In our cable and Internet department, technology is changing and bringing new possibilities to consider for the future. Depending on available avenues for funding through grants and rural development monies, new doors could open for expansion of our cable and Internet services to the east and west of the city. For now, we will expand our services as new home construction continues in those areas where the FPU cable plant exists.

FPU will also concentrate on the digital upgrades to our cable plant. At the present time, we have added 11 new high-definition channels to our programming. Other channels may also become available once all 2009 network contracts are approved and we have a clear picture of what we can make available to our

**Pictures at right, from top, show electric work along Ardmore Highway; an FPU lineman preparing to pull in the new wire; and crew members below rolling out the new line to be hoisted up.**



**Construction began on the Park City Substation in January.**

customers without affecting our rates. For more information about the new HD channels, turn to page 20 or call the FPU customer service department.

As you can see, there is much work for 2009 as we maintain the level of service you've come to depend on from Fayetteville Public Utilities. In order to improve on the utility service we now provide and, at the same time, be mindful of current economic times by controlling our own operational expenses, one thing is very clear to all of us who work at FPU, and it's this:

FPU will always do what's right in the interests of our customers. Good or bad, no matter what the future holds for upcoming legislation, economy or cost of doing business, we will do what it takes to meet the needs of our customers — with one important exception:

*Fayetteville Public Utilities will not sacrifice the **quality and safety** of your utility service in order to reduce rates. We have cut internal operation costs, and we will continue to do so where it's feasible. We've come too far to provide the level of service we all enjoy to go backward. We've seen how other utility systems with slightly lower rates operate and provide service to their customers — and it's not what you would want. Seeing to your best interests has been, and will continue to be, our first priority. Period.*

## FPU enacts identity theft 'Red Flag' regulation to protect utility and its customers



Maintaining the integrity and confidentiality of your personal information is an extremely high priority for us at Fayetteville Public Utilities, and we take this responsibility very seriously. With safeguards already in place, FPU also complies with the new Federal Trade Commission "Red Flag" rule. The Fayetteville Public Utilities board of directors approved the new resolution on Oct. 22, 2008, to comply with the new identify theft regulations. This Red Flag Rule was developed pursuant to the Fair and Accurate Credit Transactions Act of 2003. Under the rule, financial institutions and creditors with covered accounts must have identity theft prevention programs to identify, detect and respond to patterns, practices or specific activities that could indicate identity theft.

The rule applies to creditors and financial institutions. Although FPU is not a financial institution, we do qualify under the creditor description. The rule defines a creditor to be any entity that regularly extends, renews or continues credit; any entity that regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who is involved in the decision to extend, renew or continue credit. Accepting credit cards as a form of payment does not, in and of itself, make an entity a creditor. Some examples of creditors are finance companies, automobile dealers, mortgage brokers, utility companies, telecommunications companies and nonprofit and government entities that defer payment for goods or services. This is where Fayetteville Public Utilities is required to participate in the new identity theft policy.

The new federal regulations under the Federal Trade Commission require FPU to develop additional procedures to protect our customers, employees and contractors from identity theft and data loss of sensitive information that might result in damages related to the loss or misuse of such information.

Although FPU has always practiced customer confidentiality, the new regulation requires further steps be taken to protect

credit card information, tax identification numbers, payroll information, medical information and other personal information that belongs to customers, employees and contractors whether in printed, paper form or in electronic, encrypted form. All information must now be securely protected and safeguarded from potential identity theft.

FPU employees have also received additional training to spot the "red flags" that alert them to possible customer identity theft. The red flags are potential indicators of fraud and should be investigated by authorities at the utility for verification.

There are a number of things that might alert an employee to possible fraud, and they are now able to detect them.

To protect our customers under the new Red Flag and Identity Theft Policy, FPU will no longer be able to release any information about a customer or about a utility account, payment balance, etc., to anyone other than to that customer directly if he or she provides proper identification to receive such information.

Regrettably, the new regulation further means that FPU will no longer be able to assist local churches and assistance programs with gathering information about an FPU customer's account in order for those entities to help customers with their utility bill payments or deposits. It will now be the responsibility of the customer to provide the necessary information to those entities in order to receive assistance with utilities.

As the rule relates to establishing new service, without exception, FPU will require two proper forms of identification from customers in order to establish new utility service.

If you have questions about the new Red Flag Rule and how FPU will now be handling customer accounts and information, please contact our customer service department at 931-433-1522.

## Winter preparation tips

Sometimes we get our coldest, roughest winter weather in February and March. And although Fayetteville Public Utilities doesn't expect any utility outages, it's best to be prepared. Here are a few winter preparation tips for you and your family:

- Listen to local weather forecasts every day so you'll know when high winds and heavy snows or ice are on the way.
- Prepare an outage kit that contains the following: a battery-powered radio, fresh batteries, a flashlight, candles, matches, a wind-up clock, bottled water, paper plates and plastic utensils.
- Keep canned and nonperishable food in your cupboard, along with a manual can opener. Consider buying a camp stove and fuel that you can use outdoors if needed.
- Tape FPU's phone number, 433-1522, and your electric account number on your refrigerator so it will be handy if you must report an outage.
- Have extra blankets and sweaters handy if the heat goes off. Dress in layers to stay warm.
- Teach children to stay away from fallen or sagging power lines. The lines could be energized and dangerous, even if the power is out.
- Remember, if your power does go out, turn off the breakers to all major appliances in your home to help FPU crews pick up the electric load and restore power successfully. Once power is restored, you may turn your appliance breakers on.

## The digital TV conversion is here! FPU is ready. Are you?

In preparing for the Federal Communications Commission's mandated digital television conversion set for Feb. 17, 2009, Fayetteville Public Utilities has made all necessary cable system upgrades to make the changes seamless for our existing cable customers.

Even though FPU already offered digital and high-definition programming to our customers, we still had to make changes to our analog programs to accommodate the digital network changes, which included the Nashville and Huntsville ABC, NBC, CBS and NPT stations. Now those stations are broadcast through FPU cable in digital format.

During the reformatting of FPU's cable signals, we also added several new channels to our programming lineup. At the time of this publication, final decisions for those new channels were still being made, but in early January, FPU was able to add these HD channels: WAFF, WAFFX and WHDF from the Huntsville market; WKRN and WKRNX from the Nashville market; and WB, NPT1, NPT2, History, A&E and TBN. Soon the lineup for these new channels and possibly others will be available at FPU's office or online if you visit [www.fpu-tn.com](http://www.fpu-tn.com).

For now, FPU will continue to carry the analog channels for the Basic and Basic Plus packages. When the opportunity arises to switch these channels to a digital format, we will consider our options to best serve our cable customers.

Once all programming changes are made this month, you may either call our customer service department for details about the new FPU cable channels or come by our office to pick up your copy of our new channel lineup.

FPU began offering cable TV and high-speed Internet services in May 2001. We charted new territory for Tennessee as no other electric company in our state had offered these services before.

Being the *very first* electric utility in the state to offer a full lineup of cable TV and high-speed Internet with e-mail service was an enormous undertaking for FPU. We



worked with state legislators to change laws and redefine cable competition. It took much planning, initiative, leadership and guts to stick out in the crowd and offer such services to Fayetteville and Lincoln County, especially when there were already two cable companies in this area serving our customer base.

FPU is considered a *pioneer* in the state as others look to us for advice and guidance as they began their journeys of entering the telecommunications arena. Others have used our business plan as a model after which to fashion their telecom service.

Today, FPU has 3,300 cable and Internet customers, and we continue to offer top-notch, 24-hour emergency service, digital programming, high-definition, digital video recording and more at very affordable rates.

All of us at FPU thank our cable and Internet customers for their support over the past eight years as we provide your telecommunication service. It's been an honor to serve you, and we look forward to what new technologies might become available to us and what good things the new year holds for our cable and Internet customers.

### This little light of mine ... I'm gonna' let it shine ... **and save money!**



Did you know that compact fluorescent light bulbs save money while they shine? In fact, CFL bulbs use up to 75 percent less energy and last up to 10 times longer than incandescent bulbs while providing the same light output as your traditional light bulbs.

Don't you deserve to switch to CFL bulbs in 2009? Start the new year out right! Purchase your new CFL bulbs at FPU!