

The future of our energy

In working with our statewide and national headquarters for rural energy service, we and thousands of electric service providers find ourselves in a unique situation. The facts are:

1. Energy use will continue to grow by 1.1 percent each year. At this rate, the nation will need approximately 264,000 megawatts of additional energy by the year 2030.

2. The average household's energy use has increased by 8 percent over the last 10 years with additional electronics and gadgets installed in the homes.

3. With energy transmission conditions across America, the North America Electric Reliability Corporation claims that no part of the country except the South has enough energy to continue covering peak energy use. It expects that generation and transmission plants will experience "trips" and "rolling outages" if the summer brings record heat indexes.

4. The past several months have been plagued with escalating oil and gas prices, forcing energy prices up while activists in the U.S. government get ready to push their legislation to order power generation facilities to cease construction of new coal-fired generation plants and, at the same time, reduce the amount of carbon emissions from existing plants.

The introduction of this proposed legislation sponsored by Sens. Joe Lieberman (I-Conn.) and John Warner (R-Va.), called America's Climate Security Act (ACSA), represents a fork in the road for power generation plants. On its own, the ACSA is projected to reduce total U.S. greenhouse-gas emissions by as much as 19 percent below the 2005 level (4 percent below the 1990 level) in 2020 and by as much as 63 percent below the 2005 level in 2050. Although it may be an important step forward in the process to enact comprehensive, mandatory global warming legislation, it could also place a heavy financial and power supply

burden on electric generation facilities across the nation.

The ACSA would create a "cap" on the amount of carbon emitted per year by all companies. Each carbon-producing facility will purchase a "permit" to emit their agreed-upon level of carbon. Each year, the levels of emissions will be lowered to continue improving conditions on emissions and their effects on our environment.



Britt Dye
CEO/General
Manager,
Fayetteville Public
Utilities

Looking at this legislation from the point of view of the Tennessee Valley Authority, we — including TVA, Fayetteville Public Utilities and *you* — will have to pay the price for allowable carbon emissions, the price for tapping into more renewable energy sources to fill the void of additional coal-fired power generation and also the price of building new types of generation facilities like nuclear.

We are all in agreement that energy efficiency, cleaner energy and protecting our environment are all very important to us and to generations to follow. And it's something in which we all must be involved to find a solution.

That's why FPU supports the national grassroots effort to get involved and open productive dialogue with our legislators. We are all concerned about our future when it comes to our energy supply and the rising cost of our resources.

As our need for energy grows and the need for cleaner energy equally grows, we all want to know what plans are being made to ensure we have the electricity we'll need in the future.

Won't you join us in protecting our future ... our energy future? Visit www.ourenergy.coop for more.

Our Energy, Our Future 
A Dialogue With America



Electric • Water/Sewer • Natural Gas • Cable/Internet

408 College St. W.
P.O. Box 120
Fayetteville, TN 37334

931-433-1522
Toll-free: 1-800-379-2534

Office Hours:

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

Dispatch Hours

Seven days a week
7:30 a.m.-10 p.m.
24-hour emergency response

To make doing business with FPU more convenient, we offer the following services:

energy right® Programs

Bank Draft

Level Billing

Project Help

Delayed Payment

Surge Protectors

Security Lights

Electric and Natural Gas Grills
Natural Gas Space Heaters, Logs and
Mantel Kits

Dial-Up Internet Service
Cable TV and High-Speed Internet
Access

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



2007 FPU Water Quality Reports mailed to customers

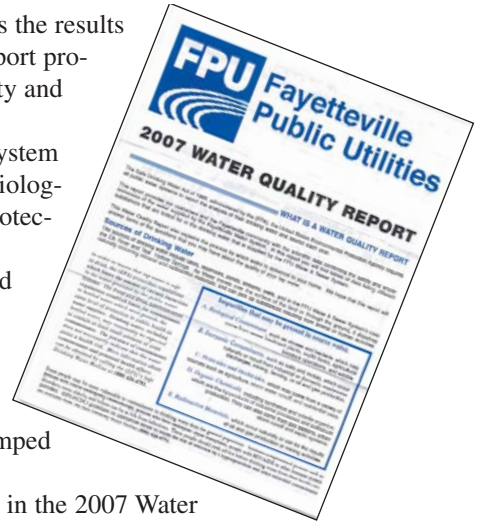
Each year, Fayetteville Public Utilities' water department reports to our customers the results of our water quality testing under the Safe Drinking Water Act of 1996. This report provides our customers and our community with the scientific data confirming the safety and wholesomeness of the water supplied by FPU's water department.

Routine tests are performed each day on water collected across our distribution system to ensure your drinking water is pure. The water we provide meets all chemical, radiological and bacteriological water quality standards established by the Environmental Protection Agency.

Your FPU water system has grown to 132 miles of water mains. Water is collected from the Elk River, which is our main source of water, and from the Teal Hollow Springs. Water is treated at both plants and then stored in five reservoirs and the clearwell at the FPU Water Treatment Plant, which have a combined capacity for holding more than 4 million gallons. On an average day, 2.3 million gallons of drinking water are pumped from the treatment plants to our customers. FPU has pumped as much as 3.21 million gallons on a high-demand day.

Learn more about the operation, filtration and purification of your drinking water in the 2007 Water Quality Report, which will be sent to FPU water customers this month.

If you get water service from FPU and do not receive the 2007 Water Quality Report in your June billing statement, please call FPU at 433-1522 or come by our office at your convenience to get a copy of the report.



The electric heat pump: year-round comfort and savings

An electric heat pump is the most comfortable and efficient way to heat and cool your home. In warm weather it keeps you pleasantly cool, and in cold weather it circulates warm air evenly throughout every room.

Buying a new heating and cooling system can be confusing. That's why Fayetteville Public Utilities and the Tennessee Valley Authority created the *energy right*® Heat Pump Program: to make it easier for you to find the best system for your home.

Look what the program offers you!

- Low-interest, fixed-rate financing on your monthly FPU bill
- Until Nov. 1, 2008, you can get 6-percent financing on a unit rated 14-SEER or above.
- Dual-fuel units qualify to get benefits of FPU electric and natural gas services.



- Access to the Quality Contractor Network (QCN) — the best installation contractors, meeting the highest standards
- Contractors in the QCN program can offer you expert analysis of home heating and cooling needs, equipment recommendations for maximum efficiency and comfort, information on operating costs and equipment warranties.

You can choose from the air source, dual-fuel or the geothermal heat pump. Each qualifies under the *energy right* program and will provide your home with year-round comfort.

Call FPU today at 433-1522 to discuss your options! Get maximum efficiency and comfort for your family with a new electric heat pump.

Office closed

Fayetteville Public Utilities will be closed on Friday, July 4,
in observance of Independence Day.

If you need emergency assistance, please continue to call 931-433-1522.
A dispatcher will be on duty to assist you.

Have a safe and happy Fourth of July!

Tree vs. power line

An ongoing love-hate relationship

No one likes being without electricity ... and no one wants to have their 50-year-old oak tree trimmed or cut, either. You know the one we mean ... the one that's grown up into the overhead power line.

It's a constant hurdle for FPU employees and our customers. The fact is that maintaining the electric right of way (15 feet from the center line of the road) is our responsibility — as your service provider — to ensure safe and reliable electric service 24 hours a day.

We certainly don't like having to remove those beautiful, lush green trees along the roadside or in your yard, but as your service provider, it's our duty to keep you safe and keep your lights on.

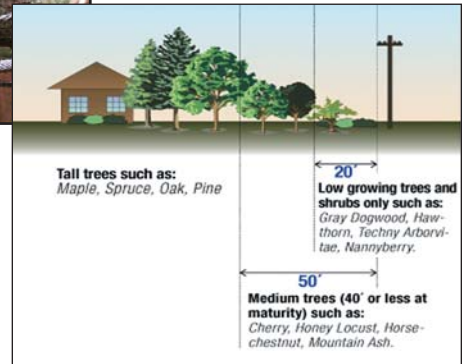
The FPU right-of-way maintenance employees are willing to work with every customer to reach the best solution on trimming and removing trees that interfere with your service and pose a threat to our system. We generally avoid removal of the tree when side pruning or crown reduction will satisfy both of us, but in extreme conditions, tree removal may be the only feasible answer.

FPU has an aggressive tree-trimming program, and over the past couple of years, we have reduced our outage rate and dura-

tions considerably thanks to the work of our efforts. We have all benefited from the work that's been done.



In addition to our trimming the rights of way, please help us by remembering to plant new trees and shrubs in the proper places this spring and fall. Large, fast-growing trees should be planted at least 50 feet or further away from overhead power



lines. If you have any question about where to properly plant your trees, please check with your favorite garden center or visit www.arborday.org.



Free energy conservation kits

For a limited time, TVA will mail an energy conservation kit to you when you complete a do-it-yourself energy audit.

According to the U.S. Department of Energy, demand for electricity nationally will increase by 40 percent during the next 22 years. As the economy expands, the need for power grows right along with it.

For electric utilities like FPU that have experienced overall load growth of slightly more than 2 percent, we take seriously our responsibility of maintaining a safe, reliable and affordable supply of power. We are working hard to implement a strategy that meets your needs with the right mix of renewable energy and new technologies for electricity generation involving clean coal, nuclear and natural gas.

Despite these advancements, conservation must be a part of any successful strategy to meet growing demand. In an effort to provide our customers with the tools needed to reduce energy consumption, Fayetteville Public Utilities and the Tennessee Valley Authority have implemented a conservation promotion.

Just complete our Home e-Evaluation mail-in energy audit or Energy Depot for Homes Profile online audit, and TVA will send you an energy conservation kit filled with items to help you save energy and reduce your electric bill. You'll also receive a free energy audit report to help you understand where your home is wasting energy — and how you can fix those expensive leaks.

The energy conservation kit includes two compact fluorescent light bulbs, outlet and light switch gaskets, a filter whistle, two faucet aerators, a hot water temperature gauge, home thermometer and "How to Save" brochure. Visit www.energyright.com to complete the survey online or request a mail survey.

You may also call the *energy right*® Help Line at 1-800-663-1835.

FPU sends two juniors to Youth Leadership Summit '08

Katherine Calvin and Benjamin Stone of Lincoln County High School were among 42 high school juniors from across the state who attended the Tennessee Electric Cooperative Association's annual Youth Leadership Summit March 17-19 in downtown Nashville.

"Every year students across the state undergo the highly competitive selection process to earn a spot at the Youth Leadership Summit," said Joe Jackson, TECA director of youth and member relations. "Local electric systems, along with school officials and guidance counselors, chose these outstanding students based on their interest in government and their leadership abilities."

"The Leadership Summit also gives students an opportunity to learn about their hometown electric systems and how they affect their lives," Gina Warren, Fayetteville Public Utilities' public information specialist, said of the students representing 21 of Tennessee's electric cooperatives. "It also gives them an opportunity to see, in person, the legislative process in the Tennessee Capitol."

The summit was hosted by TECA and its member electric systems, including Fayetteville Public Utilities, and funded in part by the National Rural Utilities Cooperative Finance Corporation, a not-for-profit cooperative financing institute that provides an independent source of financing to member electric cooperatives nationwide.

"It is encouraging to see such high-caliber students in our service area," said Britt Dye, FPU's CEO/general manager. "These young people will one day be the leaders of our communities, and we are privileged to provide them with this opportunity to join their peers from across Tennessee to learn about state government and rural electric systems."

The summit kicked off Monday evening, March 17, with dinner at the group's hotel, the Millennium Maxwell House. "Get-acquainted" and leadership development activities followed, led by electric employees and special guests, including 2007 Miss Tennessee Grace Gore and Tennessee Titans cheerleaders Kindle Martin and Lindsey Roznovsky.

Tuesday included an overview of the state's legislative process. TECA Director of Government and Public Affairs David Callis introduced State Rep. Doug Overbey of Maryville, who welcomed the students to Tennessee's capital and discussed the legislative process with them. Callis then explained current bills affecting rural power systems and described what everyone should expect from the legislative committees they were to visit that day.



From left are Ben Stone, Jackie Logan, FPU representative and summit adviser, and Katherine Calvin.

The 11th-graders made their way to Legislative Plaza, where they saw state government in action and posed for photos in front of the historic Capitol.

Following the visit to Capitol Hill, the group enjoyed lunch and leadership activities at a Nashville-area YMCA camp. Later they made a quick stop for a pizza dinner before attending a Nashville Predators hockey game followed by a tour of Nashville.

Wednesday morning, the students learned more about Tennessee's rural electric systems and the commitment they have toward the communities they serve. Then they participated in the "Energy Battle" competition, where teams answered trivia questions about rural power systems and about Tennessee history and government.

Dye says the Youth Leadership Summit helps students to "learn by experience."

"We offer these educational experiences for our students — our future customers — because we want them to understand what makes FPU and other hometown electric companies special," Dye says. "We want them to be able to appreciate their utility services and understand why it was so important in the 1930s to form rural, locally owned and operated electric systems in the first place."

Katherine Calvin is the daughter of Debbie McAlister of Fayetteville, and Benjamin Stone is the son of Don and Deanna Stone of Taft.

FPU Channel 6

What are you watching?

Watch hometown programming nightly on FPU's Channel 6!



Six students win FPU writing contest, trip to D.C.

Five juniors from Lincoln County High School and one junior from Riverside Christian Academy have been named winners of the annual Fayetteville Public Utilities Short Story Writing Contest. First-place winners in the contest are Katherine Calvin and Ben Stone; second-place winners are Lauralee Jacks and Caleb Lamb; and third-place winners are Shelby White of Riverside Christian Academy and Kyle McAbee.

This year's short story theme was "Electric Cooperatives: Energizing our Communities." Students were encouraged to think of how their hometown, home-owned electric system reaches out to its community to improve lives — not only by offering electricity but also by bridging the gap in customers' needs and by being a part of this community in many areas.

From left are Gina Warren of FPU; Daniel Eldridge, Riverside Christian Academy (RCA) principal; Shelby White, RCA junior; Lauralee Jacks, Katherine Calvin, Ben Stone, Caleb Lamb and Kyle McAbee, Lincoln County High School (LCHS) juniors; Jim Stewart, LCHS principal; and Wilma Muse, LCHS guidance counselor.



Each of the winners was awarded a savings bond from FPU ranging in value from \$50 to \$150. As the grand prize, the top four winners will attend the Washington, D.C., Youth Tour, an expense-paid trip to our nation's capital June 13 - 19. Third-place winners serve as alternates to attend the tour if another winner is unable.

The top-scoring story written by Katherine Calvin will be competing on a statewide level for college scholarships sponsored by the Tennessee Electric Cooperative Association. Winners of the state competition will be announced later in June.

'Hot' energy-savers for summer

Everywhere you turn in the media, you hear about the cost of fuel and energy. It all comes out of our pockets. We can't seem to do without either one because they make our lives convenient.

Although we can't control the cost of fuel and energy, we can control how we use them. Being wasteful with our utilities costs money and wastes electricity and natural gas. Your friends at FPU want you to be smart consumers. Being a smart consumer who controls his or her monthly energy costs can have lasting effects on your wallet.

Below are just a few suggestions that can help you through the summer months. Get control of your energy dollars by being a smart utility consumer. For more information, visit www.energyright.com.

Top 10 no-cost steps you can take this summer to save energy

- 1 Turn up your cooling system's thermostat to 75 to 78 degrees. Don't pay to keep your furniture cool — raise the thermostat even more when no one is home.
- 2 Perform a do-it-yourself energy audit. You can request a print version or perform your audit online at www.energyright.com.
- 3 Lower your water heater temperature to 120 degrees and reduce hot water use by taking shorter showers and using cold water for laundry whenever possible.
- 4 Turn off lights, televisions and other appliances when not in use. Use the "sleep mode" on computers.
- 5 Remove and recycle your second refrigerator.
- 6 Keep curtains closed on the south, east and west sides of the house during the day to help keep cool.
- 7 Clean refrigerator coils and set the temperature to 36 to 39 degrees and the freezer to zero to 5 degrees.
- 8 Use the microwave; it cooks faster and doesn't create as much heat as a stove burner.
- 9 Air-dry dishes instead of using the dishwasher's heat drying option.
- 10 Run your dishwasher and clothes washer only when full.

