

TVA, FPU electric rate structure changes

What does it all mean for you?

It seems like every article I've written has focused on utility rates. We've had a very difficult task over the past several years to manage our system improvements to better serve you and, at the same time, spend ratepayers' money wisely and scrupulously. Yet no matter the state of the economy, no matter how many times we've cut our utility budgets to avoid raising rates, no matter how much we do to offset external costs by reducing internal spending, the bottom line always comes back to the rising cost of providing service.



Britt Dye
CEO and General
Manager,
Fayetteville Public
Utilities

There's no need to make excuses, no need to point a finger at who or what to blame. It's simply a fact of today's society and economy. Costs associated with operating your utilities continue to change. As a result, the price you pay for utilities is also changing.

By now you've all read or heard about the changes effective this month in our electric rates and how these latest

changes will affect you as a customer of Fayetteville Public Utilities.

The TVA board approved a 2010 budget of \$10.2 billion for operating expenses and \$2.3 billion in capital investments.

The board also took several actions to reduce the impact on consumers of a projected \$7.2 billion shortfall for the period 2010 through 2012, including \$1.9 billion in budget cuts and \$2.8 billion in additional borrowing primarily to fund capital projects.

Along with the approval of the 2010 budget, the TVA board also

approved an 8-percent increase in the average wholesale electric rate for the Tennessee Valley. To offset the rate increase initially, TVA is decreasing the quarterly fuel cost adjustment (FCA) by 11 percent for the October billing period.

The TVA board also approved changing the FCA mechanism from a quarterly to a monthly calculation. This should result in more frequent and more accurate forecasting of fuel and purchased power costs as well as less dramatic swings in the FCA

amount each time it is passed along to consumers through TVA distributors like FPU.

The Fayetteville Public Utilities board held special called work sessions and board meetings to decide what FPU should do based on the recent cost-of-service study done by Patterson and Dewar Engineers Inc. and to prepare for the future of the electric industry with-

out having a major impact on our customers.

When TVA announced the changes in its rates and plans to strengthen its own financial situation by changing the way the fuel cost is passed on to consumers, we felt compelled to look at ways to help our customers locally.

As part of the overall rate adjustment, TVA also gave Fayetteville Public Utilities a 2-percent guideline allowance for a local rate

At this time, Fayetteville Public Utilities will not be taking the 2-percent allowance for an additional increase on local rates. This decision alone has saved local ratepayers more than \$855,000 in additional costs.

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Web site: www.fpu-tn.com

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
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Delayed Payment
Surge Protectors
Security Lights
Electric and Natural Gas Grills
Natural Gas Space Heaters, Logs and Mantel Kits
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Voice over IP Digital Phone Service

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

Jack Atchley retires after 31 years at water department

After 31 years of working in the water industry, Jack Atchley retired from Fayetteville Public Utilities.

Hired on Dec. 27, 1978, Jack began work at the Fayetteville Water Treatment Plant as an operator. Two years later, he received his grade 3 operator license, and, in 1983, he was promoted to assistant supervisor of the water plant. In 1984, he received his grade 4 operator license and was also promoted to plant supervisor when the position was vacated by Joe Self who entered the Air Force that year.

In 1986, the Fayetteville Water Treatment Plant was awarded the American Water Works Award of Excellence for Water Treatment Plant Operation.

Jack later became general superintendent of the Fayetteville Water and Sewer System, and, in 2000, he was named assistant manager. Upon the retirement of then General Manager Johnny Holcomb, Jack was promoted to the GM position in April 2002.

Five months later, the Fayetteville Board of Mayor and Aldermen consolidated the city utilities. As the electric, natural gas, water and sewer departments were merged into Fayetteville Public Utilities, Jack became the Water and Sewer Department operations manager.

Over the past 31 years, Jack has seen several major changes in the operation of the water and sewer departments. The renovations and upgrades to the Water Treatment Plant in 1984 and 1998 and the 1988 Wastewater Treatment Plant upgrades are just a few. He remembers early in his career having to manually turn the water valves and wash the filters by hand, while today those same tasks are done electronically using computerized technology.

He says that he's also seen changes in the regulations on our treatment plants. In 1978, when he first went to work for the water department, the turbidity level for our clear water was required to be 1.0 or lower. Today we must meet the state's turbidity level of 0.3 or lower. With a combination of Jack's leadership and the hard work of our water treatment plant operators, our Fayetteville treatment plant is producing clean drinking water that is well under the state's required

level. In recent months, our water turbidity level has measured as low as 0.03.

Not only has Jack contributed much to the water department, he's also dedicated his time to the community. Over his many years of community service, he has served three years as a



board member of the Fayetteville-Lincoln County Chamber of Commerce and was board president in 2006. He has been a member of the Fayetteville Kiwanis Club since 1985 and has served as both secretary and president of the club. He is a 2005 graduate of the Leadership Lincoln. In the late 1980s, Jack served as secretary of the Tennessee Water Quality Management Association. He has also been

past president of the Fayetteville Umpire Association and past president of the Fayetteville Softball Association. Along with his dedication to community service is his 2006 election as a Lincoln County commissioner, a post he will fill until his term expires in August 2010.

He is a member of the Prospect Baptist Church where he serves as a deacon, is active in the men's brotherhood group and is a Sunday night Bible study teacher for the adults.

Aside from his career at FPU, many of you know Atchley as the "Voice of the Lincoln County Falcons" as he has spent the past 10 years as WYTM-FM's play-by-play radio announcer for high school football games. He has also served as past announcer of high school basketball and Fayetteville Junior High football games. For the past 20 years, he's been the morning sports reporter for the station. Upon retirement from FPU, he plans to continue his part-time radio career, which also includes his Sunday morning radio show each week on WYTM-FM.

Jack looks forward to his retirement years with his wife of 35 years, Carolyn. He plans to spend lots of time with his wife, two daughters and three grandchildren while awaiting the March 2010 birth of his fourth grandchild.

Jack's long career in the FPU Water and Wastewater Department was celebrated on Aug. 28 with his work friends and family commending his years of service.

All of us at FPU wish Jack a long and happy retirement!

Come to the Chamber of Commerce Business Expo and visit the FPU booth!

There's something for everyone at the Expo!

**Thursday, Oct. 8 ~ 1-5 p.m.
Lincoln County High School**

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increase, if needed. This is standard practice for all power distributors in the Valley. At this time, Fayetteville Public Utilities will not be taking the 2-percent allowance for an additional increase on local rates. This decision alone has saved local ratepayers more than \$855,000 in additional costs.

However, in light of these changes TVA has made affecting our rates and evaluating our options of the cost-of-service study, FPU will be making changes in the fixed, monthly customer charge and residential energy charge per kilowatt-hour. The study recommended to us that we increase our fixed residential customer charge from \$13.77 to \$22.10 per month. We have approved the residential customer charge to increase to \$18 per month. All other classes of electric customers will also see an increase in their monthly fixed customer charge.

The customer charge is used by the utility to recoup its fixed operational costs.

What we plan to do in looking forward at our own rate structure is to “flatten” our residential rates. For many years, Fayetteville Public Utilities has had a declining block rate for electric customers, which means that a higher charge was billed to those customers using 800 or fewer kilowatt-hours each month. Customers using more than 800 kilowatt-hours

were billed a slightly lower amount for that portion of their electricity.

For the utility, the change from a declining block rate to the flat rate will have no change in our total revenue. For residential customers, it simply means kilowatt-hours are now priced the same, no matter how many are used.

We just received the information about the TVA rate changes at the time of this publication, so we do not have the final figures of how the TVA rate increase and FCA decrease will affect our customers’ utility bills. Please visit our Web site for detailed information about our new rate structure; the address is www.fpu-tn.com.

At this time, the flat-rate billing and increase in the monthly customer charge by Fayetteville Public Utilities are contingent on TVA’s approval. Once approved, the utility will announce the flat rate effective date for local customers.

Each day brings new challenges to the utility industry, and we at Fayetteville Public Utilities will meet those challenges head-on and do the right thing with our customers’ best interests in mind.

Doing nothing is not an option for us. We must position Fayetteville Public Utilities to be strong financially in each utility department. This recent move by TVA has placed us in a situation to have more local control over how — and how much — we bill our customers.

Save money with digital phone service from FPU (Voice over Internet Protocol)

Get digital phone service from Fayetteville Public Utilities and get big savings on long-distance calls! FPU now offers digital phone service through your high-speed Internet from FPU.

Sometimes called Voice over IP, the new phone service offers many of the amenities as your current hard-wired phone service, but you benefit by omitting long-distance charges — in all 50 states and Canada — with our Unlimited Phone Service plan. International calls made outside these areas may assess long distance charges.



The digital phone service from FPU comes in different levels so you can select the one that’s right for you! You’ll be able to “bundle” your FPU services and select from the options below.

There is a **\$30 activation fee** for either Unlimited or Basic phone service payable when your new service is activated.

Call Fayetteville Public Utilities at 433-1522 today to install your new digital phone service! It’s convenient, it’s affordable and it’s technology at its best! And best of all, it’s brought to you by your hometown service provider, FPU!

Basic Phone Service

With Internet and cable	\$27.95
Total bundled service package*	\$85.85
With Internet or cable	\$32.95
Total bundled service package**	\$52.95
Without Internet or cable	\$42.95

Unlimited Phone Service

With FPU Internet and cable	\$29.95
Total bundled service package*	\$87.85
With Internet or cable	\$34.95
Total bundled service package**	\$54.95
Without Internet or cable	\$44.95

*Prices include FPU’s digital phone service, Budget Basic cable package and 3meg Internet service. Prices do not include taxes.

**Prices include FPU’s digital phone service and Budget Basic cable package. Prices do not include taxes.

FPU welcomes new board appointments

In July, Fayetteville Public Utilities welcomed two new board directors upon their July 2009 appointment by the Fayetteville Board of Mayor and Aldermen:

William Hurd received his second appointment to FPU's board. Hurd served previously as a member from 2001 until 2007. At the July 2009 board meeting, he was elected vice-chairman of the FPU board.

Hurd is a native of Bedford County where he graduated from Central High School in 1969. He attended Motlow State Community College and Middle Tennessee State University where he graduated with degrees in business administration and education. He worked for 33 years at the Aerospace Testing Alliance, a division of Arnold Engineering, as its storekeeper.

He also has spent the last 38 years as a stone mason carpenter, an art and skill he learned from his father-in-law.

Hurd is also a minister at Mt. Olive Missionary Baptist Church of Fayetteville.



William Hurd

He and his wife, Brenda, have been married for 38 years. They have three children and six grandchildren.

Linda Schoenrock was also appointed to our board in July. She is a native of Allendale, Mich., who graduated high school in 1982. She attended Western Michigan University where she majored in marketing and management.




Linda Schoenrock

Schoenrock served as marketing director for Jimmy Dean at the Sara Lee Corporation and then as the group manager of marketing and communications for Ducks Unlimited, the world's leader in wetlands conservation.

She is a member of First Presbyterian Church where she serves as the chairman of 10,000 Villages during the Host of Christmas Past event. She

has served on the Fayetteville/Lincoln County Recreation Board for two years.

Ms. Schoenrock and her husband, Doug, have been married since 1997. She has one daughter and one step-daughter.




What if the lightbulb had a better idea?

Would it keep it to itself? Or would it want the world to know that compact fluorescent bulbs can last up to ten times longer and save people up to 75% on their lighting costs? It's that kind of information that shatters the standard 60-watt bulb.

Visit Fayetteville Public Utilities today and purchase your energy-saving CFL lightbulbs for regular household use! We have three wattages to choose from, and we'll be happy to help you make the right choice for your home!

We're open Monday - Friday
7:30 am until 4:30 pm



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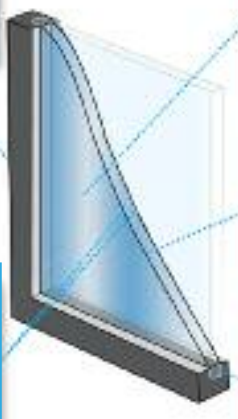
Get the jump on drafty windows

Windows provide our homes with light, warmth and ventilation. But when winter sets in, they can have a downside. Placing your hand against a window pane on a chilly fall morning proves the point: If the pane feels cold, it's a good bet you can reduce energy costs by either insulating your existing windows or installing new, energy-efficient upgrades.

Insulating with draperies is a low-cost quick fix to drafty windows and can reduce heat loss from a room by as much as 10 percent. And they're just as helpful in hot summer months by blocking sunlight. White, plastic-backed drapes can reduce heat gain by up to 33 percent.

Interior storm window panels (available at most hardware stores) are another low-cost fix. They consist of flexible or rigid plastic installed over or adhered to existing window panes, and installation is fairly simple. Panels are either taped on or mounted with Velcro, magnetic strips or snap-in seals. Put them up in autumn to reduce winter heat loss by up to 50 percent and remove them in spring.

What makes a window energy efficient?



IMPROVED FRAME
Wood composites, vinyl, and fiberglass frames reduce heat transfer and insulate better.

LOW-E GLASS
Special coatings reflect infrared light, keeping heat inside in winter and out in summer. They also reflect damaging ultraviolet light, protecting interior furnishings.

GAS FILLS
Some windows have argon, krypton, or other gases between the panes. These odorless, colorless, non-toxic gases insulate better than regular air.

WARM EDGE SPACERS
A spacer keeps a window's glass panes the correct distance apart. "Warm edge" spacers made of steel, foam, fiberglass, or vinyl reduce heat flow and prevent condensation.

MULTIPLE PANES
Two panes of glass, with an air or gas-filled space between, insulate much better than a single pane. Some include three or more panes for greater efficiency, impact resistance, and sound insulation.

Source: ENERGY STAR

If you're in the market for new windows altogether, be sure to choose energy-efficient models that will shave heating, cooling and lighting costs year-round.

Energy Star has established a set of energy-performance ratings, tailored to four climate zones across the United States, to guide you in selecting windows perfect for your home. These performance ratings are broken into several categories, although the two most basic are U-Factor and Solar Heat Gain Coefficient (SHGC), which can be found on window stickers or packaging.

In simple terms, U-Factor measures how easily

heat can flow through a window, not counting direct sunlight. The lower the number, the more energy-efficient the window.

SHGC measures how much heat from sunlight can be absorbed by the window. A high number means the window remains effective at collecting heat during winter. A low number provides greater shading ability and may be best for Southern climates.

Here in FPU's service territory, windows for the North/Central or South/Central climate zones are best. Look for a U-Factor of less than or equal to 0.40 and a SHGC of less than or equal to 0.55. You can also visit www.energystar.gov for more details on our climate zone and other criteria to consider when shopping for new windows.

Sources: U.S. Department of Energy Office of Energy Efficiency and Renewable Energy, Energy Star




FREE Fall Light-Up and Safety Inspection

Call the FPU Natural Gas Department now for your FREE early fall light-up of your pilot lights for all natural gas equipment, including space heaters, log inserts and fireplaces.

Not only does the early light-up program help our gas department plan for more convenient fall and winter service calls, it also ensures that your pilots are lit early to avoid being caught off guard with an early cold spell.

As a courtesy, FPU servicemen will also conduct a brief safety check of gas equipment after lighting the pilots. Our servicemen look for dust inside the heaters and also for leaks and other minor repairs that need to be made by a repairman.

Call the FPU Natural Gas Department at 433-1522 to schedule your early fall light-up and safety inspection.



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

Don't forget to check with Fayetteville Public Utilities for your new Empire and Monessen natural gas fireplace and space heaters!

Ask about our convenient payment plan, too!