

Cape Hatteras Electric Cooperative's final community meeting set for March 10

Jim Kinghorn, Executive Vice President & General Manager

The last in a series of three community meetings being held by Cape Hatteras Electric Cooperative is scheduled for 2 p.m., March 10, 2009, at the Hatteras Community Building. The prior two meetings were October 9 in Rodanthe and December 13 in Buxton. These meetings were established to provide information to Cooperative consumers about a number of actual and potential events that will likely have a serious impact on future electric rates. Cape Hatteras Electric Cooperative, as is the case with most electric utilities, faces major challenges to its goals of keeping rates reasonable and quality of electric service high, not only in the near term but also over the next 10 years.

At the meeting, Cooperative staff will present an informational program lasting one and one-half hours. The basic information and format of the three meetings were planned to be the same, but changing circumstances made the content of the meetings slightly different.

After the program will be an opportunity for member questions and input.

Meeting Topics

The Cooperative faces numerous, complex and in some cases, interrelated challenges. Many deal with wholesale power availability and cost. Wholesale power cost represents approximately 50 percent of the Cooperative's rates. The remaining 50 percent comes from the cost of facilities owned by the Cooperative used to deliver power to consumers, including poles, transformers, insulators, conductors, cables and substation equipment, as well as paying for all other costs of operating the Cooperative such as labor, office operations, the truck fleet, vehicle fuel,

and electric system operations and maintenance.

The purpose of the meetings has been to give insight into details of factors that will potentially result in huge increases in electric rates.

While the Cooperative is not immune to the same inflation that affects our overall economy, many other forces are beginning to drive energy cost increases, especially the cost of electricity. Some of these being discussed at the community meetings are:

Electric Generation Fuel

Electricity can be generated from many types of fuels. The volatile nature of the cost of some fuels and the demand for other uses of these can have an impact on electric rates.

Construction Materials

Concrete, steel, aluminum, copper and wood are universally used as construction materials. In recent years the cost of these materials has continued to increase due to demand both within and outside the United States. The cost of new power plants of all types will be impacted by this demand.

New Base Load Electric Generating Plants

Most large electric-generating plants are more than 20 years old. These plants will need to be replaced and new ones will need to be built to meet a continuing and increasing demand for electricity.

Environmental and Business Practices Regulation

The bankruptcy of companies such as Enron, WorldCom and Carolina

Transformer Company has had an impact on electric rates. The recent turmoil in the financial markets can also drive up the cost of wholesale power in the future.

Proposed Carbon Reduction Legislation

Proposed requirement to reduce "greenhouse" gases could be the single largest factor in the cost of electricity in the next 10 years if there is not a significant change in the present course of action. Since the first of the Cooperative's community meetings began, the data being used as a basis for political decisions concerning "global climate change" is beginning to come under scrutiny by scientists and others worldwide.

Renewable Energy Legislation

Electricity produced from renewable resources can reduce the consumption of fossil fuels. Energy from the sun, wind, tidal currents and biomass creates challenges for electric utilities that most people that are not in the industry fail to realize.

Using renewable electric energy generation to reduce dependence on foreign oil has been proposed by some, but how this can be accomplished is not necessarily as straightforward as it first appears.

Additionally, renewable electric energy generation does not reduce the need for new conventional fuel plants.

The Oregon Inlet Bridge

Cape Hatteras Electric Cooperative will still see some impact from the construction of the new Parallel Option Oregon Inlet Bridge, but the rate impact will not

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CHEC community meetings (continued from page 18) ...

be nearly as severe as the Long Bridge Option would have been. N.C. Department of Transportation cooperation with the proposed location of CHEC cables on the new bridge is helping to keep costs down—without adding to the cost of the bridge.

Cooperative Rates Impacted This Year

General inflation and increased cost for wholesale power are necessitating an increase in Cape Hatteras Electric Cooperative rates in 2009.

Since the community meeting series began in October 2008, the Cooperative's rate consultant has updated a rate study originally initiated early in 2008. The Cooperative's board of directors decided in 2008 to defer any increase of rates until this year due to the strong financial position of the Cooperative.

While the Cooperative's position remains strong, wholesale power costs increased significantly during 2008, necessitating the Cooperative's first rate

hike since 2002. New rate schedules, effective May 1, will raise Cooperative revenues by slightly less than 13 percent. Rate schedules can be obtained from the CHEC Web site or by contacting the office. Effective with the May 1 change in base rates, the wholesale power cost adjustment will be set back to zero, as this amount will be incorporated in the base rates.

CHEC offers opportunities for students

College Scholarships

Cape Hatteras Electric Cooperative will distribute a scholarship packet to every graduating senior at Cape Hatteras Secondary School on March 2. Completed scholarship applications are due in the CHSS Senior Guidance Department office by March 16, before the end of the regular school day. Two



four-year college scholarships and two two-year college or community college scholarships are available. Interviews of applicants by the CHEC Scholarship Committee will begin on April 20.

Sports Camps

The final due date to submit an application for the N.C. Cooperative Touchstone Energy Basketball Camps for boys and girls in upcoming grades 6, 7, 8, is March 27, 2009. The Roy

Williams basketball camp for boys is June 21-25 at the University of Chapel Hill at Chapel Hill. The dates for the the N.C. State Women's basketball camp for girls (formerly Kay Yow) at N.C. State University in Raleigh had not been set at press time. Questions? Contact Anne Swain (252) 995-7083 or annes@chec.coop today!



ATTENTION: Cape Hatteras EC Vaughn water heater owners

For consumers who have purchased Vaughn water heaters through Cape Hatteras EC from January 2000-July 2003, please note the maximum labor reimbursement amounts CHEC will pay plumbers or maintenance personnel for Vaughn to Vaughn water heater replacement or when upgrading from a Vaughn to a Marathon.

Replacement of a Vaughn to a Marathon	\$115 labor
Replacement of a Vaughn to a Vaughn	\$115 labor

CHEC does not absorb the cost for Vaughn water heater replacement parts. This notice is effective February 1, 2009. Should you have questions, contact Anne Swain, Marketing/Communications Specialist, (252) 995-7083 or annes@chec.coop.

*CHEC is now offering
E-Bill. Call a Customer
Service Representative at
(252) 995-5616 or
1-800-454-5616
for details.*



CHEC engineers and linemen have recently been upgrading the Waves Substation to accommodate the load demand due to member growth in the area. At present, CHEC is adding two new circuits and enlarging the cables feeding these circuits to handle the current load. These upgrades and additions will ensure continued reliable service to our members for the future. Pictured: Linemen Chris Deyarmin, Gary Tolson and Kerry Hooper install new breakers.



Published by:
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