

in this issue

How EnergyUnited Maintains Power Supply and Low-Cost Energy Services **21**

BOD Election Results **22**

What's Going on in the Power Supply World **23**

Your Personal Information is Personal **24**

Published for Member-Owners of EnergyUnited

connect

How EnergyUnited Maintains Power Supply and Low-Cost Energy Services

As your electric cooperative, EnergyUnited is committed to providing you with safe, reliable and affordable energy on a daily basis. This means ensuring that we have an adequate power supply that can meet your demand. It also means that we need to keep our wholesale power supply costs, which are the biggest factor in the price we charge for energy, as low as possible.

What determines wholesale power supply costs?

Wholesale power supply costs are comprised of the costs of capacity, energy, and the transmission of energy to our distribution system. This total amount comes to roughly 65% of our total company-wide expenses each year.

While our power supply portfolio is already competitive in terms of cost, reliability and fuel diversity, we devote significant attention to finding ways to manage and reduce the various cost components.



How is demand for power supply met?

Capacity refers to the generation resources that we have available to serve our members, whenever they may need to use energy. These include baseload resources (typically

nuclear, natural gas and coal plants), which run around the clock because they are efficient, low-cost and they provide the base amount of energy production that we know will always be demanded by our collective members.

We also have various levels of peaking resources (typically natural gas-fired power plants), which can ramp up and down on short notice to provide additional energy during periods of higher energy usage. In the summer, this is generally in the late afternoon and early evening and in the winter, it's generally in the early morning.

How does peak demand affect cost?

The total amount of capacity we must contractually have available each year is based on the amount of our total system-wide load during the top 10 peak demand hours of the previous year. The more we can curtail overall power usage during the top 10 peak demand hours each year, the less peaking capacity we will need to purchase going forward, which translates to lower costs for you, our members.

How are peak periods managed by EnergyUnited?

We manage the peak periods a few different ways. First, a number of our residential members allow us to manage their home's water heating systems and their air conditioning units during peak periods.

(continued on page 22)

How EnergyUnited Maintains Power Supply and Low-Cost Energy Services *(continued from page 21)*

We judiciously choose when to manage this load, and while we cannot predict with absolute certainty when a top 10 peak hour will occur, we can generally limit these load management efforts to roughly 30 or 40 hours during each year.

This program dates back several years to when we installed equipment at individual homes, and it has recently also been the subject of a small pilot program using smart thermostats. The participation of these individual members in these programs leads directly to cost savings for all of our members.

We also have some larger commercial and industrial members with generation systems on-site who, with advance notice, will self-generate most or all of their power needs during peak periods, which helps reduce our peak wholesale demand.

Finally, subject to safety and reliability considerations, we also manage peak energy demand by adjusting the voltage on our distribution system to reduce the amount of energy that is otherwise lost during transmission.

What are the current results of these efforts?

As a whole, these efforts have been successful in reducing our power supply costs. The most recent evidence of this is the reduction of our Wholesale Power Cost Adjustment (WPCA) last December. The WPCA is a charge on every member's monthly bill which allows us to recover the costs of our wholesale power supply.

In December, we reduced this charge by 2 mils or, in other words, 0.2 cents per kilowatt hour (kWh). For an average residential customer who uses 1,000 kWh of electricity per month, this reflects a savings of roughly \$2 each month. We intend to maintain this reduction for the rest of the year, and we will continue to reevaluate the level of the WPCA during 2018 and beyond.

This reduction, combined with the fact that we have not implemented a general rate increase since 2014, shows our effective commitment to keeping costs down while keeping the lights on for you, our valued members.

2017 BOARD OF DIRECTORS ELECTION RESULTS



EDGAR CARTNER

District 1

3-year term



JEANNETTE OVERBY

District 2

3-year term



B. GLENN SMITH

District 3

3-year term



VOTE & WIN

one of three \$100 VISA GIFT CARDS

Thank you to all the members who voted in this year's election. Congratulations to the following three winners of the 2017 "Vote & Win" contest who will receive a \$100 VISA gift card.

E. Hall
Huntersville

Jewel Carolyn Stroupe
Taylorsville

Roger L Simiele
Statesville



From the desk of H. Wayne Wilkins, Chief Executive Officer

What's Going on in the Power Supply World

In order to cost-effectively maintain a power supply portfolio sufficient to meet the demand of our members, we must accurately predict and plan for future events. This can include local and regional matters, over which we have some level of control, but also national and even international financial and regulatory issues that directly impact our service territory.

Not too long ago, before the steady decline in natural gas prices brought about by improvements in technology and increased pipeline capacity, certain utilities started to embark upon the construction of nuclear power plants for the first time in decades. This second wave of nuclear plants, which followed the initial wave of the 1960s and 1970s, was seen as part of the answer to high gas prices, and as a way to reduce emission levels by reducing our reliance upon fossil fuels.

However, due to the recent bankruptcy of Westinghouse, which was the main contractor on two significant new nuclear projects here in the Southeast, and with the decline in gas prices and other economic events, these projects are being reconsidered or, in some cases, abandoned altogether despite the expenditure of billions of dollars. This type of uncertainty can arise quickly, and it directly affects our future planning and the cost of ensuring that we meet our members' long-term energy and capacity needs.

The regulatory and legal climate also impact our planning and, in turn, our costs. Two years ago, the U.S. Environmental Protection Agency (EPA) promulgated new rules and standards, known as the Clean Power Plan, that were designed to reduce carbon emissions from power plants.

The industry reeled for several months while it reacted to and analyzed the proposed rules and standards, and attempted to determine how best to cost-effectively comply. In some cases, utilities feared they would have to shut down coal plants

that still had many years of useful life remaining. For others, it was unclear whether the emissions targets were achievable at any cost. It now appears that the Clean Power Plan may never become effective, but it serves as a cautionary tale as to how quickly changes in regulations can impact our planning.

EnergyUnited certainly supports increased use of renewable energy and the beneficial tax and regulatory structure in North Carolina that has led to a proliferation of solar generation throughout the state. However, solar power is not always available, and therefore as a capacity resource it is not as dependable as one which can be dispatched to operate 24/7.

While solar energy is an important part of a diverse resource mix, it doesn't necessarily reduce the amount of capacity we must be prepared to provide to our members on a moment's notice as demand increases.

Perhaps the cost-savings equation with solar, and other renewable sources of energy such as wind, will improve with the advancement of energy storage technologies. Until that time, we will continue to monitor these developments and, as always, strive to cost-effectively provide safe, reliable and environmentally friendly power to our members.

OUTAGE ALERTS SENT STRAIGHT TO YOUR PHONE.

Sign up for text outage alerts today at energyunited.com

EnergyUnited
YOUR LOCAL CONNECTION

1-800-522-3793 | EnergyUnited.com



Your Personal Information is *personal*

Beware of Scam Phone Calls!

We want to remind our members to be aware of phone scams used to obtain your personal banking/credit card information. We have heard examples of our members being contacted by people posing as EnergyUnited subcontractors informing them that their accounts are past due and asking for debit or credit card information. This is called phishing and it is a scam!

EnergyUnited will never call and request your credit or debit card information over the phone.

PLEASE REMEMBER THE FOLLOWING TIPS TO PROTECT YOURSELF AND AVOID SCAMS.

Members should only use methods authorized by EnergyUnited to pay their electric bills.

We protect your personal information whether you are speaking with a representative or using our automated payment system or the self-service options on our website.

EnergyUnited takes great care to protect our members' personal information. Our representatives will ask you for proper identification, such as asking for the last four digits of your SSN, before discussing your personal account information.

EnergyUnited employees will never enter your home or business while conducting routine service maintenance or responding to a service request. If someone posing as an EnergyUnited employee tries to enter your home, do not allow them to do so and contact local law enforcement immediately.

When an EnergyUnited employee or subcontractor is on your property for routine maintenance or a service call, check for identification and verify that the service truck is clearly marked.

If you receive a suspicious phone call or visit from someone claiming to be from EnergyUnited, call us at 1-800-522-3793 for verification. If you have been contacted by phone and made a payment, contact your banking or credit card company immediately.

We will continue to keep your information protected and make sure you are aware of any new scams that may occur.

connect

is published monthly for its members by EnergyUnited.


Please send questions, comments and story ideas to **Maureen Moore**, Communications Manager, at maureen.moore@energyunited.com.

EnergyUnited
YOUR LOCAL CONNECTION

1-800-522-3793 EnergyUnited.com

 [Facebook.com/EnergyUnited](https://www.facebook.com/EnergyUnited)

 [@EnergyUnitedEMC](https://twitter.com/EnergyUnitedEMC)

 [EnergyUnited Electric Cooperative](https://www.youtube.com/EnergyUnited)

H. Wayne Wilkins, Chief Executive Officer

This institution is an equal opportunity provider and employer.



Not a customer
- SINCE 2011 -

If you are one of the more than 126,000 people we serve, you're not a customer, you're a member.

EnergyUnited
YOUR LOCAL CONNECTION