

Information about the rate increase, power cost adjustment & how to calculate your bill

As announced in the November 2010 Kilowatt newsletter (The Manager's Report), members will see a small increase in their cost of power and an increase in the customer charge beginning on Jan. 1, 2011. The monthly increase in power cost for a member who uses 1,000 kilowatt hours (kWh) of electricity would be 80 cents (0.7%). There will also be a decrease in the co-op's Power Cost Adjustment (PCA), beginning on Jan. 1.

Clay Electric doesn't change its rates often. The co-op has increased its base rates once by 1.5 percent in the past 18 years, while the cost of running the co-op has more than doubled.

The new energy charge for the first 1,000 kWh consumed is 7.48 cents per kWh. After 1,000 kWh is consumed, the energy charge is 9.13 cents per kWh. This two-tiered energy charge structure reflects a desire by the Florida Public Service Commission to have utilities design their rates so consumers are encouraged to use less electricity.

Members of the co-op consume, on average, 1,238 kWh monthly. For this amount of usage, members would see an increase in their bill of less than \$2. That does not include applicable taxes and other charges.

As mentioned, the PCA on your monthly bill is being lowered from 2.84 cents per kWh to 2.55 cents per kWh. The lower PCA is due to a legal settlement between Clay's wholesale power supplier (Seminole Electric) and the company that transports coal to Seminole's generation facilities (CSX railroad). The Florida Public Service Commission allows utilities to help offset fluctuations in the price of wholesale electricity due to rising or falling generation fuel expenses. The price volatility of some fuels, like natural gas, has in past years forced the cost of wholesale power above what utilities had budgeted for it, and put them in a financial hole. The PCA enables utilities to recover some of these expenses.

The co-op's Customer Charge is increasing from \$11 to \$14, effective Jan. 1, 2011. The Customer Charge is the component of a member's bill that recovers some of the fixed costs that come directly from serving an individual member regardless of how much electricity is used. These costs include the expense of the meter, wire and other equipment used to deliver electricity to the home or business, as well as billing expenses such as meter reading, bill preparation and postage. These costs have significantly increased in recent years.

1,000 kWh Comparison – Residential Rate

	Current Rate	New Rate
Energy Charge	\$74.10	\$74.80
Customer Charge	\$11	\$14
Power Cost Adj.	\$28.40	\$25.50
Total	\$113.50	\$114.30

(excluding applicable taxes and other charges)

Here's how you would calculate your bill for a usage amount of 1,500 kWh, beginning on Jan. 1: For the first 1,000 kWh of usage, it would be 1,000 X .0748 cents = \$74.80. For the remaining 500 kWh, it would be 500 X .0913 = \$45.65. The total would be \$120.45. Add in the Power Cost Adjustment (1,500 X .0255) of \$38.25, along with the \$14 customer charge, and the total is \$172.70.

Power Line is an informational publication of Clay Electric Cooperative, Inc. It is distributed monthly with members' billing statements. If you have questions or comments about the Power Line publication, contact Editor Kathy Richardson at P. O. Box 308, Keystone Heights, FL 32656; e-mail: KRichardson@clayelectric.com.

Clay Electric also publishes the Kilowatt six times a year (January, March, May, July, September and November). The Kilowatt is the official voice of Clay Electric and has been published continuously since 1948 as an informational and educational service for co-op members.

Clay Electric's web site (<http://www.clayelectric.com>) offers lots of online services such as payments, and information about the co-op's programs and services. Members can also write their own ads online to be published on the website's Trading Post. To enter your ad on the Trading Post, you must use your Clay Electric customer number which is printed on your electric bill statement.

Clay Electric's Board of Trustees will meet on Dec. 16 & Jan. 20 beginning at 12:30 p.m. in Keystone Heights.

The Clay Electric Cooperative, Inc. _____

Power Line

December 2010

Holidays can mean more power usage at home

Co-op members use more energy during the holiday season and bills may be higher because:

1) Holiday lights and decorations use energy; switch to energy-efficient LED holiday lights.

2) Holiday entertaining involves extra cooking & baking, which requires extra electricity.

3) Holiday guests mean more hot water for showers, laundry and dishwashing; more heating and lighting in guest rooms; & more cooking.

4) Shorter days and longer nights mean lights stay on longer, both inside & out.

5) Space heaters can be used to provide warmth but they are a less efficient form of home heating. Keep in mind that you can lower your thermostat two degrees when using a space heater to help offset the additional energy usage.

To save energy and money during the winter, pick up a FREE Low-Cost, No-Cost Ways to Save Energy this Winter brochure from your co-op office or online at www.ClayElectric.com, click Energy Tips on the lefthand column and click on the link for Winter Energy Tips.

Low-cost and No-cost Ways to Save Energy This Winter



Clay Electric Cooperative, Inc.
A Touchstone Energy Cooperative

This brochure has helpful tips for saving energy and money during the winter.

Clay Electric Cooperative, Inc.

A Touchstone Energy Cooperative

Affordable power and service excellence were emphasized during 2010

We're nearly ready to put the wraps on 2010, so it's a good time to review what your cooperative has accomplished on your behalf during the year.

Throughout the year, your cooperative focused on providing excellent service and competitively priced power. We consistently remained lower than 14 other cooperatives in the state, and lower than many neighboring utilities. Despite the small rate increase that our board of trustees approved in late October and which will be effective Jan. 1, 2011 (see story on other side), we will strive to offer you affordable power and top-notch service.

Our focus at this year's Strategic Planning session in June was on maintaining our financial stability during a period of economic uncertainty and to prepare for the likely passage of environmental legislation that could affect our operations and those of our power supplier. The economic slowdown caused a 12 percent decline in the number of new homes being added to our system, but that's an improvement over the 40 percent decline we experienced in 2009. We remain cautiously optimistic that economic conditions will improve in 2011, and we will have to monitor the long-term financial impact the slowdown has had on us.

This year, our members continued to utilize a variety of payment methods. Our members increased their use of Fidelity Express by 6 percent, and we're averaging about 4,000 debit/credit card payments monthly. Internet payments have also increased substantially, and we're now averaging 20,000 per month.

Employees devoted a lot of effort this year to convert our Customer Information System to a new system that will serve us well into the

Report from the manager

Ricky Davis
General Manager/CEO



future. This system is critical to our ability to provide essential member services. A lot of effort among our employees has been expended to ensure this new system's software will meet our expectations when it goes live late next year.

We continue to explore new channels of communications in order to reach our members with information that they can use and benefit from. In conjunction with a project sponsored by our power supplier (Seminole Electric), we produced two video programs which discussed generator safety and energy efficiency. These were also placed on YouTube to make it easier to access these videos.

Our employees continued their community involvement this year by raising \$10,000 for Relay for Life, a fundraising effort by the American Cancer Society. Our members continue to support Project Share, which enables them to assist families with their electric bills who are experiencing difficult times.

Members took advantage of our Energy Rebate and Loan programs. Nearly 1,500 members received rebates totaling \$361,517 which generated an anticipated reduction in usage of 7.7 million kilowatts. Energy efficiency loans totaled nearly \$700,000 for a variety of energy efficiency upgrades. We also completed 814 energy surveys this year, which helps homeowners become more energy efficient.

Our employees continued to emphasize an outstanding attitude toward safety. Through late fall, our employees had incurred no lost-time injuries for the year. The last time we had a lost-time injury was Dec. 11, 2009.

Much work was accomplished during the year to maintain the reliability of our distribution system. Maintenance and upgrades were performed at 30 of our substations, and transmis-

sion line upgrades were also handled. We had nearly 22,000 poles treated this year to ensure their integrity, and tree-related outages were much below normal, a tribute to our danger tree removal program and continuing vegetation management efforts.

During the year we monitored a variety of legislative issues in Tallahassee and Washington that could impact our ability to provide competitively priced power, and many of you responded when we asked you to participate in our call to action efforts. We will likely call on our members again next year to assist us in voicing concerns over legislative matters.

I believe we accomplished much on behalf of our members during 2010, in order to maintain reliable power, expand the number of services we offer, and to ensure that Clay Electric is ready and able to meet your power needs. As always, we appreciate the opportunity to serve you.

The board of trustees, management and employees of Clay Electric wish you a Merry Christmas and a Happy and Prosperous New Year.

News Notes

Two Palatka District employees retire

Two long-time Palatka District employees retired last month.

District Line Supervisor Frank Terrell retired on Nov. 19 with 40 years of service.

His wife, customer service representative Rhonda Terrell, also retired on Nov. 19 with 21 years of service.

Palatka District employees held a chicken luncheon for the Terrells and presented them with several recognition items and tokens of appreciation.

Palatka District Manager Jim Beeler said the Terrells exemplified dedication to members and top notch customer service. "They will be missed," he said.



Frank Terrell



Rhonda Terrell