

Wake ElectriConnection

For members of Wake Electric Membership Corporation



"The power to make a difference"

NOVEMBER 2012

North Carolina Clean Smokestacks Act of 2002: How It Affects Our Members Today

North Carolina's Clean Smokestacks Act of 2002 is quite possibly the most important North Carolina electric utility legislation in decades. While this environmentally friendly act brings significant health benefits to our state, it also results in additional costs for electric utilities.

HISTORY OF THE CLEAN SMOKESTACKS ACT

In the 1990s, many citizens and organizations in our state had growing concerns about the harmful effects of air pollution on both people and the environment. There was a growing body of evidence showing the air quality was deteriorating. There was also a fear of unknown effects of air pollution on people's health. People began to ask: What was a leading source of these different pollutants in their communities?

In 1992, in response, eight southern states, including North Carolina, began a decade-long regional modeling study of air pollution called the Southern Appalachian Mountains Initiative (SAMI).

As SAMI investigators looked at the effects of ozone and tiny particle pollution on the environment, public health investigators were also examining this pollution's effect on people. Concerns grew stronger,

and citizens and organizations alike began to urge legislators to improve air quality. Electric utilities were targeted because it was thought that coal-fired power plants were linked to air pollution.

A bill was created that would significantly reduce nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emissions from North Carolina's 14 coal-fired power plants. The N.C. Senate passed an initial version of the Clean Smokestacks Act bill in 2001, but it stalled in the N.C. House of Representatives because of questions about effects on utility rates, as well as concerns about pollution from other states.

The legislation was revisited at the 2002 Governor's Air Summit, and the findings of the 10-year SAMI study were presented. The study provided compelling evidence that North Carolina would gain substantial benefits from the Clean Smokestacks Act, regardless of what happened in other states. At the summit, positive evidence supporting the act was also presented by the North Carolina Medical Society (NCMS), stating that all government branches should work toward cleaner air because of the large public health impact of exposure to air pollution.

These events made a compelling case that each state should control

its own coal-fired power plant emissions. However, electric utilities across the state were worried what restrictions on coal-fired power plants would do to their customers' electric rates. Then Governor Mike Easley and legislators met with utility companies and other stakeholders to develop a compromise that could win support in the House. Out of the negotiations came a bill that would freeze electric rates for five years, while allowing utility companies to accelerate the write-off of their costs for installing new pollution controls, which they estimated to be \$2.3 billion overall. The pollution controls have since been estimated to be closer to \$5 billion for electric utilities across the state.

The N.C. General Assembly passed it by overwhelming margins, and Governor Easley signed the North Carolina Smokestacks Act into law on June 20, 2002.

REQUIREMENTS OF THE CLEAN SMOKESTACKS ACT

The act required the 14 coal-fired power plants owned by Duke Energy and Progress Energy to achieve a 77 percent cut in NO_x emissions by 2009 and a 73 percent cut in SO₂ emissions by 2013. The act also

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 Wake Electric
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Co-op to Unveil Exede, the Next Generation Satellite Internet Service

Say goodbye to WildBlue and hello to Exede, the next generation of broadband Internet service via satellite. Exede, from the company ViaSat, will allow Wake Electric members to watch streaming videos, television shows and movies with fewer delays from buffering, share photos remarkably faster, video chat with less jitter, send and receive files quickly, download and stream music, experience exceptionally fast web browsing and email, and have 24/7 customer service support.

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Clean Smokestacks Act, *continued from page 25*

requires that these cuts be achieved through actual reductions, not by buying or trading emission credits from utility companies in other states, as is allowed under federal regulations. This proved to be more expensive for the electric utilities.

To achieve these dramatic reductions, Duke Energy and Progress Energy have had to install expensive scrubbers on the smokestacks of their coal-fired power plants, and retire some plants completely because they were too outdated to meet the bill's requirements. This requirement also affected North Carolina's electric cooperatives, including Wake Electric, who collectively buy a large portion of the power we provide to our members from Duke Energy and Progress Energy.

Duke Energy and Progress Energy are currently in accordance with the act's requirements. However, the next milestone will need to occur by 2013, when Duke Energy and Progress Energy must reduce their annual SO₂ emissions even more, to 80,000 tons and 50,000 tons, respectively.

WHAT DOES THIS MEAN FOR WAKE ELECTRIC?

Ten years after the act's enactment,

North Carolinians are receiving the benefits of cleaner air and better health but at higher electric utility rates. As emission reduction requirements continue to grow more stringent, many of North Carolina's electric cooperatives, including Wake Electric, are now facing the need to implement a rate increase. When state and federal regulations affect Duke and Progress Energy's power plants, it affects us all.

For Wake Electric, these regulations and other outside influences mean a rate adjustment will be necessary in early 2013. We could see electric rates increase as much in the next four years as we saw in the last 15 years. The last base rate increase was in June 1997, so we are lucky it has held strong for so long, unlike other commodities such as groceries and gasoline.

We tell you this so you understand that even though we are experiencing cleaner environmental benefits, it comes at a cost. Please stay tuned for more information. As always, we remain committed to providing safe, affordable and reliable electricity to our members, even as environmental requirements are changing.



ENERGY EFFICIENCY TIP

Your kitchen can yield big energy savings. Check the refrigerator door seal for a tight fit. Run only full dishwasher loads, and use the microwave rather than oven to reheat food and make small meals. Finally, unplug small appliances when not in use—many draw power even when turned off. Find more ways to save at TogetherWeSave.com.

Source: Touchstone Energy® Cooperatives

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For more information about any of these offerings, please contact our office at 919.863.6300 or 800.474.6300

SMARTHUB

Wake Electric will soon be offering SmartHub, a convenient account access and two-way communication app which will be available to members online, as well as through mobile devices, including iPhone, iPad and Android smart phones and tablets. SmartHub will replace our current eBill program and provide a more intuitive and easy-to-navigate way to manage your Wake Electric account.

SmartHub will allow members to:

- ★ Manage account information directly from mobile devices or the web
- ★ Make secure payments
- ★ Notify customer service of account and service issues
- ★ View bills, see payment history, and make payments on one or more accounts
- ★ Set up recurring payments
- ★ Report outages
- ★ Check monthly, daily and hourly electric usage

The two-way communication available with SmartHub will also allow Wake Electric to notify you about special offers, programs, events and more. In addition, the app will give you directions to office locations, payment drop boxes and payment kiosks using the map feature on your device.

ADVANCED METER INFRASTRUCTURE (AMI) METER UPDATE

Wake Electric has currently upgraded 27,000 meters to our new AMI meters, which represents about 76 percent of our total membership. It is our goal to have all of the residential meters exchanged system-wide in the first quarter of 2013. AMI meters store electric use, outage and voltage information, as well as communicate it back to the co-op office through a secure, wireless communication network. We appreciate you still calling 919-863-6499 or 1-800-743-3155 to report an outage, even after your meter has been switched to an AMI meter.



NEW ENVIRONMENTALLY FRIENDLY AND COST-EFFECTIVE LED LIGHTING

In response to new federal and state laws regarding energy efficiency, Wake Electric is currently replacing all yard and area lights (also known as security lights) with environmentally friendly Light-Emitting Diode (LED) lighting.

Benefits of LED lights include:

- ★ Less energy use and better light quality
- ★ A long life, which improves reliability and reduces operating costs
- ★ Light output comparable to the fixture being replaced
- ★ Lighting on the ground with zero upward light pollution
- ★ More desirable white color



After Wake Electric completes this project, we will save more than 3.5 million kWh per year, or 35 million kWh saved after the first 10 years of LEDs in service.

Wake Electric plans to change out its area lights over the next two years. Members will be notified by mail before their area light is replaced and a notice will be left when the change is made. Your power will not be interrupted as a result of this replacement. Visit www.wemc.com/ledlights.aspx for more information.

MONITOR & MANAGE PROGRAM



Once your meter has been upgraded, you will have access to the Monitor

& Manage program, an online energy monitoring system that utilizes Wake Electric's "smart grid" communications network to collect monthly, daily and hourly energy data reports from each home. Interval data reports are available through your eBill account, free of charge. The energy usage reports will allow members to better evaluate and manage their energy consumption. For more information, visit www.wemc.com/monitorandmanage.aspx.

Fall into Energy Savings

As scarves and light jackets appear this fall, be ready to cut the chill and your energy bill with these seasonal tips:



- ★ Set your thermostat no higher than 68 degrees and be sure to lower the temperature when you go to bed or are not at home. This saves money and keeps you warm.
- ★ During the day, open shades and curtains to allow solar heating. Close them at night to retain the day's heat.
- ★ Check your home's weather stripping for air leaks around doors, windows, baseboards, and wherever pipes, wires, and vents enter the house. Make sure the warm air you paid for won't escape.
- ★ Have your heating system serviced by contractor who has a certification through the North American Technician Excellence (NATE) program, and replace furnace filters at least once every three months. Clean filters once a month during the heating season to keep the system at peak performance.

Want more home energy efficiency tips? See how little changes can add up to big savings at www.TogetherWeSave.com.

Together We Save App

Did you know there is now a "Together We Save" app from Touchstone Energy? Through Wake Electric's affiliation with Touchstone Energy, our national brand alliance, members can now download a free "Together We Save" app that gives users the ability to receive a "tip of the day" reminder of ways to save energy and money around the home.

The latest feature of the "Together We Save" app is the "Save Energy Save Money" calculators. One calculator allows you to compare incandescent bulbs to CFLs and LEDs. The other calculator shows what it costs to run certain appliances around your house per hour and per month.

Search for TogetherWeSave.com in iTunes or Google Play to download this free app.

Check it out and save energy, save money!

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Wake Electric's offices will be closed on Thursday, November 22, and Friday, November 23, in honor of the Thanksgiving holiday. For emergencies, please contact us at (800) 474-6300 or (919) 863-6300.