

A letter to the members of Nolin RECC

THANK YOU

All of us at Nolin RECC want to thank our members for their patience during the largest power outage in Kentucky history.

At the peak of the storm, we had 200 poles on the ground, and 28,000 of our 33,000 members were in the dark. Our staff worked non-stop to restore your power. Many employees reported for work while their families sat in the dark waiting for electricity.

Nolin RECC's line technicians worked around-the-clock in bitterly cold weather to get your lights back on. We received help from workers who came from as far away as Mississippi, Alabama, and Ohio to restore power after ice devastated our service territory.

It was a team effort to deal with this crisis, and I want to thank you for your trust and support, and the privilege of serving you.

FAC

Over the next few months, I am going to address several important questions we've been getting about energy issues. In this letter, I'd like to discuss the Fuel Adjustment charge.

The Fuel Adjustment Clause (FAC) is used by all electric utilities in Kentucky to recover two key costs: it helps to pay for fuel needed to run power plants and for the power that our supplier buys from other companies to meet demand. It has nothing to do with the price of gasoline or diesel for our trucks.

All utilities in Kentucky have a FAC to recover these two key costs.

Our power supplier, East Kentucky Power Cooperative (EKPC), uses a formula defined by state government regulation to determine the monthly FAC, and state regulators make sure that only proper expenses are included. In Kentucky, it takes about two months from the time when the costs are incurred before the expense appears on your bill.

Please keep in mind that there is no profit involved, and that every penny from the FAC goes directly to EKPC.



Mickey Miller
President & CEO

OVER ▼

NOLIN

A Touchstone Energy Cooperative 

Many members often ask why the FAC changes so much each month. The reason that your FAC changes monthly is because the costs for coal, natural gas and purchased power change, along with the weather.

EKPC purchases coal months before it is used and maintains a 90-day supply. So the price of coal being burned to generate power in any given month is not the current price of coal. It usually takes several months for changes in coal prices to be reflected in the FAC.

Weather alone can dramatically change the fuel charge. For example, in extremely cold temperatures, your home's heating system operates much more frequently along with thousands of other members.

If EKPC cannot meet the increased demand during those times, they may have to purchase additional power. That will also increase the FAC.

One of the main reasons that our members have experienced higher fuel adjustment charges is that coal prices have increased in recent years, and EKPC has had to buy more power from other companies to keep up with rising demand. These power purchases cost about three times more than generating our own electricity.

I'm pleased to tell you that next month EKPC is scheduled to bring a new clean-coal generating unit on-line in Maysville. EKPC is working hard to add another clean-coal unit if final approvals are granted by the state and federal governments.

ENERGY EFFICIENCY

One of the most effective things you can do to cope with the rising fuel charge is to make your home as energy efficient as possible. Nolin RECC wants to help you with these efforts. Most homes have leaks in the duct work, and places where outside air gets in through doors, windows and attics. Fixing those problems can significantly reduce energy consumption and helps to contain rising FAC costs.

Homeowners can lower energy consumption by turning off lights, replacing furnace filters and replacing incandescent bulbs with compact fluorescent lights (CFLs).

We also offer efficiency programs, provide free energy audits, and you can get free energy tips from Nolin. Go to www.simplesavings.coop to learn more.

Let me close by saying that at Nolin RECC, we understand rising costs are a burden to members. I hope you will join with us in a partnership to improve the energy efficiency of your home or business and to contain these costs as much as possible.

Sincerely,



Michael L. "Mickey" Miller
President and CEO



A Touchstone Energy Cooperative 