



Understanding your bill can help you control energy costs

A few months ago, your Southern Pine bill took on a new format, which allows us to break out certain components of the bill. Although the bill format has changed, the calculations remain the same as before. Southern Pine's residential rate schedule has not changed since 1984. Under the existing residential rate schedule, the cost for 1,000 kilowatt-hours of electricity was \$110.94, using the July 2008 power cost adjustment factor.

The new format has enabled us to present the components of the bill as they are actually calculated. We believe that this additional information will benefit you and allow a more complete understanding of your power bill. This information will aid in your energy-conservation efforts by indicating which charges are fixed and which vary according to your electricity use.

Following is an explanation of the bill components calculated according to Southern Pine's residential rate schedule:

- **Customer charge:** This \$5 charge was intended to cover the cost of a basic minimum service in 1984.
- **Energy charges:** These charges are calculated in "blocks"; residential use up to and including 500 kilo-

Formula for calculating a residential bill in the peak months of May through November:

Add:

- \$5 customer charge
- .068 per kwh for the first 500 kwh
- .063 per kwh for all kwh above 500
- PCA (Power Cost Adjustment) charge (which is the PCA factor multiplied by total kwh, including security light kwh)

Formula for the off-peak months of December through April:

Add:

- \$5 customer charge
- .068 per kwh for the first 500 kwh
- .058 per kwh for all kwh above 500
- PCA (Power Cost Adjustment) charge (which is the PCA factor multiplied by total kwh, including security light kwh)

watt-hours is billed at one rate, and kilowatt-hours above 500 are billed at a different rate.

• **PCA charge:** The wholesale power cost adjustment (PCA) is the only component of the bill based on a factor that fluctuates monthly.

There are two major costs associated with getting electricity to your home. First, there is the cost to build the power plants, substations and miles of line, and to maintain these systems in good working order. This cost is fairly predictable and is reflected in the base energy rate. Secondly, there is the cost to produce and deliver the electricity. This cost is quite volatile and is reflected in the power cost adjustment, which varies from month to month.

Compare it to the cost of driving a vehicle. Your monthly car note is predictable, but your cost of operating the vehicle fluctuates with gas prices—even if you drive the same number of miles each month.

Recent increases in the cost of fuel, primarily coal and natural gas, are passed on to Southern Pine through our purchases of wholesale power from South Mississippi Electric Power Association in Hattiesburg. These increases are, in turn, passed on to Southern Pine's retail customers through the PCA charge.

The PCA factor is applied to the total number of kilowatt-hours used, including kilowatt-hours used by outdoor lights.

• **Minimum bill:** Members whose bills calculate to less than \$25 will receive a bill of \$25 plus any other appropriate charges such as taxes, security lights, etc. This minimum bill is an attempt to recover a greater portion of Southern Pine's cost of providing service to members than does the \$5 customer charge. Costs of providing service include maintaining rights of way and distribution lines, reading meters, preparing and mailing bills, receiving and posting payments, providing personnel to assist members with service-related questions or problems, and many other behind-the-

scenes functions.

• **Terms of payment:** Each month's bill is due upon receipt. A \$3 delinquent fee will be applied if current month charges of \$30 or more remain unpaid at the delinquent date. This date is printed in a block at the top right and at the bottom right of the bill.

The "subject to disconnection" date appears at the

Although the bill format has changed, the calculations remain the same as before. Southern Pine's residential rate schedule has not changed since 1984. Under the existing residential rate schedule, the cost for 1,000 kilowatt-hours of electricity was \$110.94, using the July 2008 power cost adjustment factor.

top right corner of the bill, underneath the delinquent date. The "subject to disconnection" date does not apply to prior balances; any account with an unpaid balance forward is subject to disconnection immediately.

You have control over a large part of your electric energy bill. By exercising control over home heating and cooling and water heating, you can use your energy dollars conservatively and efficiently. By using fewer kilowatt-hours, you will reduce both your energy charge and the power cost adjustment charge. You may contact Southern Pine for a free booklet in which to record your electric meter readings.

Southern Pine is currently involved in a Cost of Service study, which will aid in the redesign of rate schedules. Some of these schedules will feature time-of-use rates in which the electricity used will allow you the flexibility to choose between rates for certain hours during each day to perform household functions requiring electricity.

Southern Pine's goal is to provide the most reliable electric service at the lowest possible cost to you. If you have questions on any aspect of your service or your Southern Pine bill, please call us at the phone number listed on your bill.

Special insert: Planning for future energy needs

We have been talking about rising costs for several months. Unfortunately, these cost increases are impossible to avoid and are touching every aspect of our lives.

Here at Southern Pine Electric Power Association, we work hard every day to make sure you receive the best value for your dollar. Electricity is certainly still one of the best values in our modern world. It is up to all of us to use energy wisely, especially now that we are well into the hottest summer months. Your electricity use will likely be higher, and your bills will reflect the increase in consumption.

It is equally important that we begin to seriously address our country's future energy needs. On page 3 of this issue of

We must develop far-reaching plans that address the reliability, affordability and sustainability of the electric industry. This is especially important to not-for-profit organizations like rural electric co-ops.

Today in Mississippi, you will find a discussion in Michael Callahan's column regarding what Mississippi's electric cooperatives are saying to our national association and to our Congressional delegation about energy policy. We must develop far-reaching plans that address the reliability, affordability and sustainability of the electric industry. This is especially important to not-for-

profit organizations like rural electric co-ops.

In this month's special insert from our power supply cooperative, South Mississippi Electric Power Association, there is also information about what we are doing to plan for your future energy needs. Demand for electricity will continue to grow, and we will soon have to make



By Don Jordan
General Manager

difficult decisions about how to continue meeting those needs. It is an extremely complicated process because we must contend with all the factors that are part of a global economy. As a member of South Mississippi Electric, we are able to control our own destiny.

It is vital that all of us understand these issues since these affect each of us as

member-owners of Southern Pine Electric Power Association. We must all stay involved in planning for our energy future.

Nothing will be more important to our quality of life.

THE ENERGY EXPERT

What is Southern Pine doing to save electricity, reduce energy bills?

During these times of high energy cost and increased energy use, you may ask, "What is Southern Pine doing to save electricity and reduce our electric bills?"

Southern Pine has been working for years to reduce the amount of electric energy used by the necessary equipment connected to the electric system. All the transformers, regulators, capacitors, yard lights and other equipment connected to electric lines use electricity when energized, even though there are no consumer electrical loads connected to them or turned on.

Even our power lines have some electric energy loss associated with them. As electric current flows through power lines, the lines heat up, much like an electric heater in a person's home. This heat serves no purpose; it simply escapes into the surrounding air.

The following are a few of the things Southern Pine is doing to reduce energy loss:

• Since 1982, Southern Pine has been purchasing high-efficiency, low-loss transformers for use on our system. As part of our ongoing system improvement work, we're replacing older high-loss, less-efficient transformers with the high-efficiency models. The govern-

ment-mandated Energy Policy Act of 2005 requires manufacturers of transformers to produce even more efficient transformers with lower energy losses. As they become available, Southern Pine will use these transformers, thereby helping to reduce energy loss even further on our system.

• We are disconnecting transformers and other equipment from power lines that are not serving any electrical loads, thus reducing the amount of power needed to energize the equipment attached to the power lines.

• We use an optimum-size conductor when we build new power lines or upgrade existing power lines. This conductor is sized to provide us with the least amount of energy loss while providing for the best growth potential at the most economical price.

• Our ongoing conversion project is designed to convert 90 percent of Southern Pine's system to a higher distribution voltage. By doing this, we can supply the same amount of electric energy on our lines at half the current, thus reducing the energy loss on our



By Larry Robinson
P.E., Manager of System
Engineering

power lines by 75 percent.

• Southern Pine's engineering staff is continually looking at the other equipment—regulators, capacitors, surge arresters, insulators, etc.—used on our system to ensure that the best, most reliable equipment with the least energy loss is being used.

There are things you can do to help reduce Southern Pine's power bill and thus your own. By using some of your appliances outside the peak use time, you can help reduce the cost of electric energy. The peak use time during the summer is typically between the hours of 4 p.m. and 9 p.m. By switching off your swimming pool pump during this time or washing and drying clothes at a time other than this, you can help reduce the high cost of generating electricity, thus reducing the cost of wholesale electricity to Southern Pine—and yourself.

Southern Pine continues to look for ways to reduce its system's energy requirements and energy costs. We are committed to providing our members with the most reliable, least expensive electricity possible.

Quick tips to reduce your energy bill

- Keep your thermostat at a reasonable temperature: 68 degrees or lower in the winter and 78 degrees or higher in the summer.
- Change the heating and cooling system's filter frequently. During periods of heaviest use, change (or clean) the filter monthly. A clean filter will lessen the work load on the system, help it operate more efficiently and extend its life.
- Adjust the water heater to the lowest temperature setting possible without sacrificing comfort for bathing.
- Turn off lights when you leave a room, and switch to compact fluorescent lighting (CFLs) on the fixtures you use most frequently. CFLs are more efficient and emit far less heat than incandescent bulbs.
- Use cold instead of hot water for laundry. Modern detergents work just as well in cold water.
- Wash and dry full loads of laundry, but don't overload the dryer.
- Keep the dryer filter clean. This reduces run time and prevents a fire hazard.
- Electric fans cool the skin, not the room, so turn them off when you leave the room.