CONNECT

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Members Depend On Our Reliability

At EnergyUnited, we are committed to providing reliable energy services at competitive prices. To do this we concentrate on two important reliability aspects: outage prevention and outage restoration.

Right of Way Maintenance (ROW) is an important part of outage prevention. Fallen trees and branches are a major contributor to widespread power outages. A well thought out tree-trimming and right-of-way maintenance program is essential. Equipment maintenance is also key to preventing outages. We spend a significant amount of time ensuring that our equipment is properly maintained and up to date.

Preventing power outages can also be as simple as preventing small animals such as squirrels from getting where they shouldn't. While the outages are usually smaller than those caused by weather, they are still costly. Animal guards are used to prevent potential problems.

In addition, our engineers identify members who have multiple outage events and work hard to find solutions.

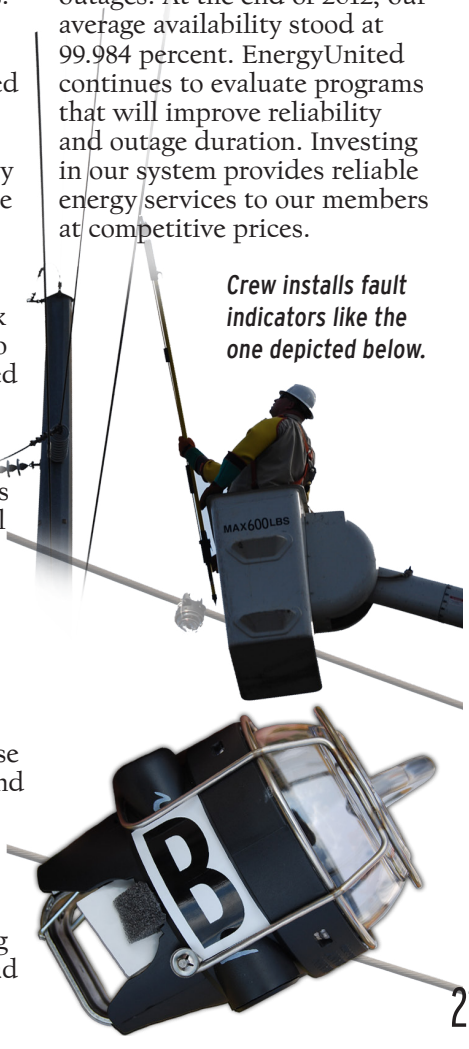
Currently, several initiatives are taking place that we believe will further increase reliability. The first of these is a new substation that is under construction in the Fort Dobbs area of Statesville. This substation will pick up a portion of members served by an adjacent substation. Once circuit layouts are pinpointed, there is a possibility that some loads from other areas could be transferred as well. We expect the completion of this new facility around April 1.

From a power restoration perspective, we have taken several new steps to shorten the duration once an outage occurs. An initiative for 2013 is the use of line fault indicators. Fault indicators are devices that indicate the passage of current. These devices are used as a means of automatically detecting and identifying faults to reduce outage time by identifying the section of cable that has failed. Crews install fault indicators by clamping a device to each transmission wire by means of bucket truck and live-line hot stick. A radio transmitting box, also installed in the area, communicates with the device at all times sending fault messages back to dispatch. Ideally, line crews sent to the disrupted area will be able to easily pinpoint the outage area, via flashing LED, and will thus spend less time in their restoration efforts. With some transmission lines spanning 12 miles long, the fault indicators are especially useful. The installation of these devices should be complete and in full operation within a few months.

Automatic distribution switching is also on the horizon. Automated switching will automatically transfer load when the incoming source is lost. This will significantly cut restoration time and save manpower as well. Speaking of manpower, EnergyUnited has crews spread throughout our 19-county service area who are available at a moment's notice. This helps to keep our outage duration numbers low.

EnergyUnited's reliability goal is tracked by measuring the frequency and duration of outages. At the end of 2012, our average availability stood at 99.984 percent. EnergyUnited continues to evaluate programs that will improve reliability and outage duration. Investing in our system provides reliable energy services to our members at competitive prices.

Crew installs fault indicators like the one depicted below.



Dividing Lines

What Makes Electric Cooperatives Different From Other Types of Utilities Lies in Their Core Mission

Because EnergyUnited is a cooperative, CONNECT often refers to "the cooperative difference." The differences between electric co-ops and other electric utilities range from the nomenclature used—co-ops serve "members" or "consumers," not "customers"—to the business model itself.

For example, electric co-ops operate on a not-for-profit basis. Revenues above operating costs, called "margins," are returned to members in the form of capital credits.

In the U.S., there are two other kinds of not-for-profit electric providers: public utility districts (PUDs) and public power districts (PPDs). There are also two other types of electric utilities: city-owned municipal electric systems and profit-driven investor-owned utilities. In every case, utilities receive financial assistance from the federal government in some fashion. Following is a look at each.

Cooperatives, PUDs, PPDs

Electric cooperatives are joined by public power districts—located exclusively in Nebraska—and public utility districts (all in the Pacific Northwest) as being not-for-profit. However, cooperatives choose directors/trustees from the membership (those served by the co-op) and are required by state law to hold annual membership meetings. Co-ops serve an average of 7.4 consumers per mile of line. PUDs and PPDs are local government units—similar to school districts—and are not required to hold annual meetings or allocate capital credits. In addition, their directors (commissioners in the case of PUDs) are elected on the state ballot. Candidates only need to reside within the PPD/PUD's boundaries to serve on a board; they do not have to receive power from the utility.

Municipal electric systems

Municipal electric systems are distribution utilities owned by a city, borough, or other incorporated community. As public entities, they can levy taxes, issue government bonds, and adopt and enforce rules and regulations.

Not-for-profit municipals serve the most consumers per mile of line, an average of 48.

Investor-owned utilities

Investor-owned utilities, or IOUs, are governed by and generate profits for shareholders (stock owners) who do not necessarily live in the utility's service area. IOUs average 34 customers.

Back to the cooperative difference

EnergyUnited is here to provide affordable, reliable, environmentally responsible electric power. But at the core, it's really about improving the quality of life in the communities we serve. That's the main difference—the cooperative difference.

Apply for Touchstone Energy Sports Camp Scholarships by March 30

Middle school-students interested in shooting hoops and running drills with the Carolina Tar Heels or the Wolfpack Women can apply for a Touchstone Energy Sports Camp scholarship to summer basketball camp. EnergyUnited's scholarships will send one young man to the Roy Williams Carolina Basketball Camp June 15-19 at the University of North Carolina in Chapel Hill, and one young lady to the Kellie Harper Basketball Academy Aug. 1-4 at N.C. State University in Raleigh. Campers will stay overnight in dorms and work closely with collegiate coaches and players to develop skills that will help the young athletes excel on and off the court. Applicants must be in sixth, seventh or eighth grade during the 2013-2014 school year to be eligible to apply. Scholarship winners must provide their own transportation to and from camp. For more information or to download the application, visit http://bit.ly/VQR2R2. Don't delay!

The deadline to submit an application is March 30.

Touchstone Energy®
Sports Camp Scholarships

EnergyUnited winner, Emily Holland, with N.C. State University coach: Kellie Harper.

EnergyUnited winner, Matt Rakes, with UNC Chapel Hill coach: Roy Williams.

Year In Review

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

As I look back on last year, I want to reflect on our performance in 2012 and highlight the many ways EnergyUnited is working to provide you, our members, with safe, reliable and affordable energy. Each year, we strive to raise the bar on our current success and do an even better job of serving you through our five corporate goals: customer satisfaction, employee development and satisfaction, profits and margins, reliability, and growth.

By focusing on reaching and exceeding benchmarks in each of these goals — and staying true to our Core Values of Integrity, Commitment and Excellence — EnergyUnited will continue to deliver not only the reliable energy our members depend on, but the unparalleled service and attention you have come to expect as well.

Customer service is at the heart of everything we do. We use information provided by the American Customer Satisfaction Index, one of the most recognized customer satisfaction indices in the United States, to evaluate our performance in this area. We set lofty goals each year and our employees take pride in meeting or exceeding them. Our continued success in this area demonstrates that we are truly committed to serving our members and that our efforts are paying off. We never rest on our laurels though and have set the bar high once again this year.

EnergyUnited strives to retain professional, highly skilled employees who have the training and knowledge needed to serve our members. The reason we have this goal is we want our employees to be as highly trained as possible so they can provide you with the exceptional customer service you have come to know and deserve.

As a member-owned cooperative, our goal is simply to generate electric margins sufficient to provide adequate working capital while maintaining competitive rates. By keeping our costs down across the board and ensuring every dollar we spend is spent responsibly, we are able to keep value high, while costs remain low. Our performance in this area translates into providing affordable power and savings for our members in the form of capital credits. As a member-owner of EnergyUnited, a portion of any excess profits are returned to you each year in the form of capital credits.

Another important component of our service to our members is reliability—you need to be able to count on us, even during unforeseen circumstances. Our reliability goal is without a doubt one of the most important goals, yet it is also the one most out of our hands. Mother Nature plays a huge role in determining our reliability throughout the year. In 2012 we were helped by limited storm activity and adequate system performance during the summer heat wave. Our average reliability last year was 99.984 percent, which is a testament to the infrastructure, right of way program, and distribution system our employees have built and maintained over the years. We continue to evaluate ways to improve reliability and outage duration, and this year we plan to increase the use of automated distribution and fault indicators, as well as opening our new Fort Dobbs substation.

Economic development is so important to us that we have made "Growth" one of our five company-wide goals and we have also dedicated an entire team of employees to the sole purpose of growing businesses in our service territory. What does a strong economic development program mean for the membership? Since we are a member-owned cooperative, the more energy (kWh) we sell, the more it increases our leverage and buying power so we can provide affordable electricity for all. The process of economic development is a living, breathing component of the cooperative that works to benefit everyone in the region.

2012 was an excellent year for EnergyUnited, and I am proud of all we achieved and the many ways in which we improved our service to you, our members. Our goals for 2013 are just as ambitious, and we look forward to once again serving each of you and making the cooperative difference in our communities.

H. Wayne Wilkins

Mark Your Calendars!

The new Lexington district office will be open for business on March 11. The new facility is located at 1900 Odell Owen Rd.

Holiday Closing:

EnergyUnited offices will be closed on Friday, March 29.

Crews will be on call.

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CONNECT

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CONNECT
P.O. Box 1831
Statesville, NC 28687-1831

1-800-522-3793

www.energyunited.com

H. WAYNE WILKINS
Chief Executive Officer

Protect Against Power Surges

Power surges are responsible for millions of dollars of property damage each year, and, over time, they can cause cumulative damage while decreasing the lifespan of TVs, computers, stereo equipment, and anything else plugged into a wall outlet. Being educated is the key to choosing the best surge protection for your home.

How does a power surge cause damage?

First, what is a surge?

"A surge is a boost in the electrical charge over a power line," explains David Schleicher, Vice president, operations and engineering for Energy United. "This can be caused by lightning, but it's more commonly caused by motor-driven electrical devices, such as air conditioners and refrigerators, that require a lot of energy for starting and stopping compressors. Some surges can also be caused by faulty wiring."

Frequent, small power surges tend to shorten the life of home appliances and electronics. "Power surges come in all shapes and sizes—the most extreme case being a lightning strike because it can destroy equipment and sometimes set your house on fire," comments Alan Shedd, director of residential & commercial energy programs for Touchstone Energy® Cooperatives, the national brand for America's electric cooperatives. "But less severe power surges are rooted in hundreds of different causes."

He continues: "The severity of a surge depends not only on the voltage and current involved but how long the event lasts. Most surges are very short in duration. It's important for people to realize that surges can happen through any connection on your equipment. If there is a wire connected to your equipment, then it provides a path for a surge."

How can I protect my property?

A surge protection device mounted at your home's main electrical panel or the base of your electric meter protects equipment inside your house or business from surges coming through "ports of entry," such an outside electric, telephone, and cable TV or satellite dish line. EnergyUnited offers Triple Surge Guard(TSG) protection to safeguard your belongings. TSG is a revolutionary new system that offers comprehensive protection against high voltage power surges. Triple Surge Guard ensures the safety of your home appliances and electronics because it blocks three major avenues through which surges can enter your home: Your Electrical Lines, Your Cable Lines, and Your Phone Lines. Therefore, all household motor driven appliances and electronic devices are protected, including those that are plugged in and permanently hard-wired to your electric systems (furnaces, central air conditioners, ovens, range tops).Best of all, Triple Surge Guard comes with an industry-leading manufacturer's warranty of up to $50,000 replacement per incident. Even if a power surge damages the Triple Surge Guard system and the surge is able to damage your electronics and appliances, the protected equipment will be repaired or replaced. Now that's protection!

Remember to be cautious when shopping for surge protection equipment. "Some items claim that they can save energy, and these claims are generally false," Shedd concludes. "Surge protection is a valuable tool for protecting your home or business but not for saving energy."

For more information about EnergyUnited's Triple Surge Guard, please visit https://www.energyunited.com/triple_surge_guard.asp or call 1-800-681-3077.