

# What's Current

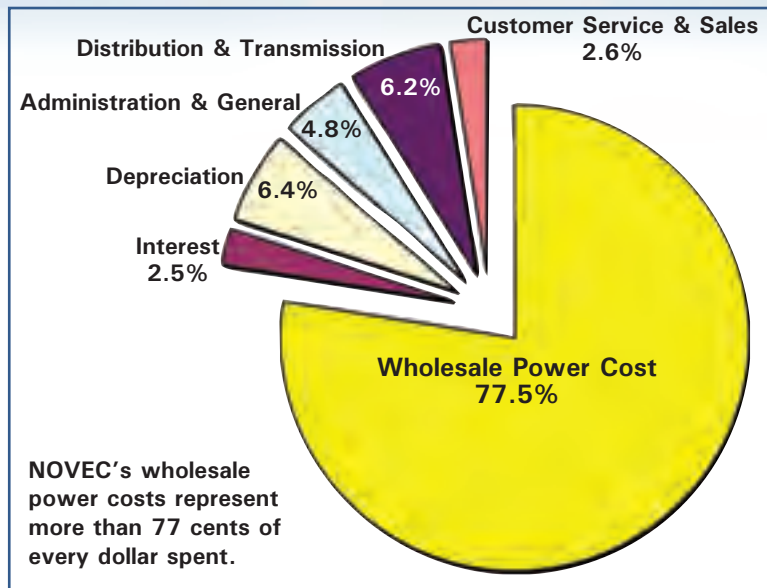


## Rising Wholesale Power Costs - A Major Concern for NOVEC

NOVEC's distribution rates (the price you pay for the delivery of electric service to your home or business) have not changed in sixteen years. During that time we have made customer service a primary focus and the record speaks to our success. For the past eight years, NOVEC has done the best job in the

metropolitan Washington, D.C. area of keeping the lights on for our customers. A 2006 customer satisfaction survey, conducted by the leading consumer market research firm, compared our results to the 76 largest electric utilities in the United States. We are proud to say that NOVEC earned the ranking of first in the southern region and second nationally. Our score of 760 on a scale of 1,000 was well above the industry average (668) and bested both Dominion Virginia Power (681) and PEPCO (636) by statistically significant margins.

We have made great strides in managing our controllable operating costs and have used computer technology to its best advantage to improve productivity and overall efficiency. While we take pride in our success, we also are working to reduce the price we pay for electricity. NOVEC's wholesale power costs have climbed much faster than our controllable expenses and now represent an average of 77 cents of every dollar we spend. This fact is not acceptable to us and the price we pay for wholesale power continues to hamper our efforts to deliver competitively priced electricity to all of our customers.



### Where Does NOVEC Purchase the Power it Distributes?

NOVEC purchases power from Old Dominion Electric Cooperative (ODEC), a generation and transmission (G&T) cooperative owned by 12 electric distribution cooperatives located in Virginia (10), Maryland (1) and Delaware (1). ODEC

owns an interest in both the North Anna nuclear generation station located in Louisa County, Virginia and the Clover coal-fired plant located in Halifax County, Virginia. Both generation facilities have proven to be wise investments; however, output from these high-performing plants accounts for less than 40 percent of ODEC members' energy requirements. The remainder is supplied through various contract and spot-market purchases. ODEC's power supply mix also includes three combustion turbine plant sites (peaking units) located in Rock Springs, Maryland and Louisa and Fauquier counties in Virginia; these

plants are fueled by natural gas and oil. The current generation and purchased power mix has resulted in a wholesale power price to ODEC members that is among the highest of any G&T in the nation; this is somewhat inconsistent with Virginia's favorable ranking among the other states in terms of power costs.

As a customer-owned business, we take our management responsibilities seriously. Accordingly, NOVEC's Board and management team have actively sought changes that would give us more direct control of future power supply with the goal of obtaining power at more competitive prices.

Next month we will examine wholesale power costs in more detail and our efforts to optimize and gain more control over this major component of NOVEC's operating budget.

## Emergency Generators Phone Number Correction

In the February issue of *What's Current*, the phone number was incorrectly listed for emergency generator sales from NOVEC Solutions. The correct numbers are 1-888-335-0500, extension 1503 or 703-392-1503. Or you can send e-mail to [novecsolutions@novec.com](mailto:novecsolutions@novec.com) for more information about emergency generator sales.

## February's Record Cold Temperatures Create High Electric Bills

With the unusually low temperatures this winter, especially in February, many customers saw a sharp increase in their electric bills. As typically happens during times of extended cold temperatures, NOVEC received a high volume of phone calls from customers reporting electric bills that were considerably higher than expected.

When NOVEC receives a high-bill inquiry, an account investigation is conducted to determine the cause of the increase. This can usually be done over the phone and a response given immediately to the customer.

The main cause for the majority of these high bills was the record cold temperatures. With February having an average low of 19 degrees, heat pumps were forced to operate for longer time periods and frequently switched over to auxiliary (or back-up heat), which consumes more electricity. In a very few cases, the high bills could also be attributed to poorly functioning heating systems or malfunctioning appliances. Customers who continue to see unusually high electric bills should have a maintenance company conduct a review of their heating and cooling system and major appliances.

**February's average low of 19 degrees resulted in sharp bill increases for some customers.**

### *Wholesale Power Costs Also Contribute to High Bills*

Another reason for the higher electric bills is that when a customer's kilowatt hour (kwh) usage increases, so does their wholesale power cost adjustment (WPCA) charge. For example, if a customer used 4,000 kwh, the current WPCA charge would add about another \$120 (4,000 kwh x 3 cents) to their bill. With the WPCA rate being higher this winter than in 2006, the bill increases were even more noticeable (see related article on front: *Rising Wholesale Power Costs A Major Concern*). For most customers, the increased

WPCA charge was partially offset by CashBack credits in January, February and March 2007.

### *Energy Conservation Can Help Keep Bills Stable*

One way to help keep electric bills more stable during extremely cold (or hot) weather is through energy conservation. Visit [www.novec.com](http://www.novec.com) for energy-saving tips and an online energy audit for your home.

For more information, contact energy services at 1-888-335-0500, extension 1503, 703-392-1503 or [energyservices@novec.com](mailto:energyservices@novec.com)

## Selecting the Right Tree Company

*As spring weather arrives, homeowners will once again venture outside and begin the yearly landscaping ritual. Many will discover situations on their property which require the expertise of a "tree company." Here are several things to remember when hiring a tree contractor.*

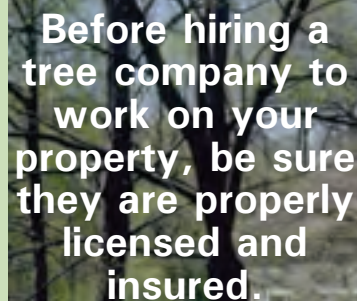
### *What to Look for When Hiring a Tree Company*

- ▶ All tree companies should have a valid business license for working in Virginia; ask to see it.
- ▶ Tree companies must carry commercial liability insurance which covers any damage they may accidentally do to your property. This insurance should be at least \$1 million in the Northern Virginia area; ask to see their certificate of insurance.
- ▶ Tree companies with employees must carry workers' compensation insurance which covers accidental injuries employees may sustain while on your property; ask to see this certificate of insurance.
- ▶ The Occupational Safety and Health Administration (OSHA) has many laws governing the safety of tree care workers, including the use of hard hats, safety glasses, hearing protection and chain saw chaps. All reputable tree companies must adhere to these rules to prevent employee and bystander injuries.
- ▶ Once you have established the companies you contacted are properly licensed and insured, outline the work to be performed and have them provide a written estimate.

▶ Tree companies (not working for a utility company) are not allowed to remove trees or branches within 10 feet of overhead high-voltage utility lines pursuant to the Virginia Overhead High Voltage Safety Act. These trees must be examined by the utility and made safe for the contractor. Failure to contact NOVEC in these instances can result in criminal charges and fines. This rule is designed to prevent injury or death to homeowners and contractors. If the trees can't be made safe for private removal, NOVEC may remove them at no charge.

It's the homeowner's responsibility to be certain the contractor can perform the work safely and to verify the proper documentation (listed above).

For more information or to request an inspection of trees close to electric lines, visit [www.novec.com](http://www.novec.com) or contact the NOVEC Right-of-Way Department at [rightofway@novec.com](mailto:rightofway@novec.com), 703-392-1661, or 1-888-335-0500, extension 1661.



**Before hiring a tree company to work on your property, be sure they are properly licensed and insured.**



*What's Current* is produced by the NOVEC Public Relations Department for Cooperative customers. If you would like additional information or if you have suggestions for future articles, please contact: NOVEC PR, P.O. Box 2710, Manassas, VA 20108 or send e-mail to: [ssmarrelli@novec.com](mailto:ssmarrelli@novec.com)