

What's Current

NOVEC

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Utility sales tax exemption eliminated

Along with other new Virginia State laws an amendment to an existing law has changed the sales tax rules for NOVEC and other utilities.

Effective September 1, 2004 Senate Bill #682 amends and reenacts §58.1-609.3 of the Code of Virginia, relating to the retail sales and use tax exemption for public service corporations. This amended law eliminates the sales tax exemption that utilities previously had been granted by the legislature on equipment and supplies used to provide service to customers. This means that when NOVEC purchases transformers, wire, poles and other equipment used to deliver electricity to customers, we must now pay sales tax on these items. Not only was the exemption eliminated, the sales tax also increased from 4.5 to 5 percent.

Keep in mind that NOVEC has always paid sales tax on all other items that were not directly related to providing electric service such as paper products, office supplies and computers. Now we will pay 5 percent sales tax on all personal property that we purchase, regardless of whether or not it's used in distributing electricity to customers.

Under the new law, utilities are allowed to pass through this increased business expense to customers as a separate line item (a surcharge) on the monthly electric bill. However, because of the Cooperative's current financial standing, the NOVEC Board of Directors has decided to initially absorb the cost of the sales tax and not pass through the increased expense to customers at this time. It's estimated that NOVEC will be paying approximately \$1 million annually in additional sales tax on purchases of equipment and materials directly related to delivering electricity to its customers, due to not having the exemption.

Although NOVEC's Board of Directors has authorized the Cooperative to absorb the increased sales tax costs at this time, they will continue to monitor the sales tax situation carefully. We will keep our customers apprised of any future changes.

Did you see your capital credits return?

NOVEC's Board of Directors approved a special capital credits return of approximately \$8.1 million that is being paid to current customers who were on the system at the end of 2002. If this scenario describes you, you should see the capital credits notation on your August bill, just as you did on the July bill.

As a NOVEC customer, you share in the financial success of the Cooperative's business. Because NOVEC is structured as a not-for-profit business, margins earned are allocated to customers in the form of capital credits and are held in a capital credits account. While NOVEC retains some of the margins to provide funding for system growth and maintenance, more than \$84.7 million in capital credits has been returned to NOVEC customers since 1999 in the form of credits.

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BEFORE YOU DIG!**

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Before digging on your property,
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(800) 552-7001.

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www.missutilityofvirginia.com
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C

call before
you dig

A

allow time
for marking

R

respect the
marks

E

excavate
carefully



Congratulations to *Christopher Villa, of Gainesville*. His new customer survey card was randomly selected from our quarterly drawing and he received a \$25 gift certificate to Lowe's Home Improvement Warehouse.

Stay cool and save money!

Here are some easy tips to help you stay cool this month and save money! For more energy saving tips, visit the Department of Energy's consumer Web site at www.eere.energy.gov/consumerinfo, where you can download a copy of their "Energy Savers" booklet.

Miscellaneous tips

- ✓ Turn off unnecessary lights. Much of the energy from a light bulb is heat.
- ✓ Shut doors to unused rooms.
- ✓ Make sure furniture or drapes do not block your registers for supply and return air.
- ✓ Wear thin, loosely fitting clothes and you may not have to keep room temperatures as cool.
- ✓ Leave storm doors and windows closed when the air conditioner is on.
- ✓ Keep the sun out of your house. Close blinds, shades or curtains during the hottest part of the day.
- ✓ On mild days, open windows for natural ventilation and turn the air conditioning off.
- ✓ Use portable or ceiling fans. Even mild air movement of 1-mph can make you feel three or four degrees cooler.
- ✓ Apply sun-control or other reflective films on south-facing windows.
- ✓ Set the thermostat between 72 and 78 degrees.
- ✓ Use a programmable thermostat to adjust the temperature at night or when no one is home. If you don't have a programmable thermostat, you can raise the temperature five degrees when leaving home for four hours or longer. When you return, set the temperature back to its normal setting. Place lamps, TVs and other heat-producing devices away from the air conditioner thermostat. Heat from these items could cause the thermostat to read a higher temperature and keep the air conditioner running more than necessary.

✓ Close your fireplace flue. Just as it lets hot air escape in the winter, an open flue sucks up cool, conditioned air.

Cooking

- ✓ Light up your outdoor grill. The stove or oven can raise the temperature in your kitchen as much as 5 to 10 degrees!
- ✓ Use a microwave instead of a conventional oven to save money and keep your kitchen cooler.
- ✓ Take the refrigerator out of the garage. If you have a second refrigerator or freezer in an uninsulated garage, move it to an insulated basement or spare room. You'll save money because the unit won't have to work as hard to stay cold. Even better, unplug it completely, using it only when you really need it.

Household chores

- ✓ Do heat- and moisture-producing jobs such as cooking, cleaning, ironing and laundry during the cooler early morning and evening hours.
- ✓ Air-dry dishes instead of using your dishwasher's heat drying cycle.



One of the easiest ways to save money and help keep your house cool, is by turning off unnecessary lights. Much of the energy from a light bulb is heat.

✓ Avoid unnecessary trips in and out of the house, especially on very hot days. Heat and humidity come in each time you open the door.

✓ Replace incandescent bulbs with compact fluorescent bulbs.

System maintenance

- ✓ Keep air conditioner filters clean. Aluminum mesh filters can be washed. Fiberglass filters must be replaced.
- ✓ If your air conditioner doesn't give you as much cooling as it has in the past, call a cooling professional to inspect and tune it up.

Check the efficiency

A quick check of your air conditioner's efficiency can help you decide whether to call a service professional.

Use a household thermometer to measure the temperature of the discharge air from the register (usually in the ceiling or floor) and the temperature of the return air at the return-air grill (usually in a wall). Keep the thermometer in place for five minutes to get an accurate reading. The difference should be from 15 to 20 degrees between the two. If you don't get this difference, your unit could be low on refrigerant or have leaks, or the filter could simply be dirty.

Homeowner's Tip:

One secret to getting the best efficiency from your air conditioner is to be sure the maximum amount of air moves across the coils.

Make sure air can flow freely over the inside and outside coils. Shut off power to the unit before cleaning it. Outside, clear away leaves and debris. Inside, clean or replace filters. If you can reach the fan blades, be sure the power is turned off and then dust them - if they're filled with lint they can't push as much air.

