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Energy Efficiency Can Lower Your Tax Bill & Your Energy Bills

How the New Energy Policy Can Save You Money

A new federal law includes some good news for consumers who make energy efficiency upgrades to their home in the next two years. By installing energy-efficient products in your homes, you will not only enjoy lower home energy bills and increased indoor comfort, you will also lower the amount of federal income tax you must pay.

The Energy Policy Act of 2005 provides consumers with valuable federal tax credits for making certain energy-efficiency upgrades. Under the new law, consumers (and businesses) can claim tax deductions in 2006 and 2007 for making specific upgrades to existing homes. In addition, new homes built to certain specifications can also qualify for the tax credits.

How does the tax credit work?

You can get a one-time tax credit of up to \$500 for installing specific energy-efficient products, such as new windows, insulation, doors, roofs and heating and cooling equipment.

The tax credits apply for improvements "placed in service"

Making any of these home improvements? They may qualify you for the new tax incentive!

The overall \$500 cap can be reached in several ways when you purchase and install these energy-efficient products*:

- ▶ Exterior windows (including skylights).
- ▶ Insulation, exterior doors, or pigmented metal roofs.
- ▶ High-efficiency gas, oil and propane furnaces and boilers.
- ▶ High-efficiency central air conditioner units, including air- and ground-source heat pump.
- ▶ High-efficiency water heaters, including heat pump water heaters.
- ▶ Furnace or boiler.
- ▶ High-efficiency fans for heating and cooling systems.

**Certain efficiency levels are required to qualify, to be set by the IRS. Energy Star products will almost always qualify. Manufacturers and retailers should also be able to help you determine whether a specific product qualifies. For more information on the required efficiency levels, visit www.ase.org/content/article/detail/2654#taxcredit_intro.*

from January 1, 2006, through December 31, 2007. The IRS defines "placed in service" as when the products or materials are ready and available for use – this would generally refer to the installation, not the purchase.

How to get the tax credit

The IRS will write rules on how to claim the tax credit and publish any necessary forms. At a minimum, you will need information on when the measures were placed in service and may need to demonstrate, in ways to be specified in the IRS rules, that the measures meet the qualification criteria.

For more information

Although the IRS has not yet issued specific guidance on how to claim the income tax credit, the Alliance to Save Energy has more detailed information on their web site, which you can visit at

www.ase.org/content/article/detail/2654.

Additionally, the Tax Incentives Assistance Project (TIAP), sponsored by a coalition of public interest nonprofit groups, government agencies and other organizations in the energy efficiency field, provides information about the tax credit. Visit the TIAP web site at www.energytaxincentives.org.



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Powerful Savings Tips For Your Home

To help consumers reduce their energy bills and the nation's overall energy use this winter, the U.S. Department of Energy (DOE) and the Alliance to Save Energy (ASE) have joined forces on a year-long Powerful Savings campaign, offering tips on smart energy practices and energy-efficiency home improvements.

"This joint effort is designed to show consumers how they can lower their energy bills without sacrificing comfort," said DOE Acting Undersecretary Dave Garman. "Once consumers realize the impact these energy-saving tips can have on their energy costs, they are eager to implement energy efficiency measures and see immediate savings."

POWERFUL
\$SAVINGS

Powerful energy-saving practices

✓ **Properly maintain your heating system.** Heating can account for almost half of the average family's winter energy bill. Make sure your furnace or heat pump receives professional maintenance each year. And, check your filters regularly!

✓ **Close fireplace dampers when not in use.** A chimney is designed specifically for smoke to escape, so until you close it, warm air escapes, too – 24 hours a day!

✓ **Use kitchen, bath, and other ventilating fans wisely.** In just one hour, these fans can pull out a houseful of warmed air. Turn fans off as soon as they have done the job.

✓ **Open curtains on your south-facing windows** during the day to allow sunlight to naturally heat your home, and close them at night to reduce the chill you may feel from cold windows.

✓ **Turn off everything not in use** – lights, TVs, VCRs, CD and DVD players, computers.

For more information

NOVEC's web site features more detailed energy-saving ideas, at www.novec.com/safety.cfm?viewId=114. In addition, both the DOE and ASE have free consumer booklets and web sites offering simple, practical ways to reduce home energy bills:

▶ *DOE's Energy Savers – Tips on Saving Energy & Money at Home* is available in both English and Spanish versions at www.eere.energy.gov/consumer/tips or call 1-877-337-3463.

▶ ASE's *Power\$mart – Easy Tips to Save Money and the Planet* can be ordered by calling 1-888-878-3256. Or you can view it online at www.ase.org/powersmart.

Congratulations to Mr. Lubomir Lukuvka of Manassas. He was the winner of our quarterly customer survey drawing and won a \$25.00 Lowe's gift certificate.

NOVEC Loves Trees...Planted in the Right Place!

There's nothing like a lush, healthy tree to provide cooling shade and add aesthetic value to your home. However, if there is any NOVEC electrical equipment such as power lines or transformer boxes on your property, you must use caution when planting trees or other materials near these facilities. In preparation for spring planting, we offer some analogies that may be helpful when thinking about your landscaping plans.

As a homeowner:

✓ **You would never plant a tree on the step outside your front door** because as the tree grew larger, you would not be able to get in the door. Similarly, trees and shrubs planted within 10 feet of electrical boxes prevent NOVEC employees from opening access doors and safely working inside these units.

✓ **You would never plant trees in your driveway**, as it would prove difficult if not impossible to drive from your garage to the street. But, we see many trees and shrubs planted in or along a utility right-of-way, which can prevent repair and maintenance vehicle access.

Plant Taller Trees Away From Overhead Lines

To provide you with safe and reliable electricity, NOVEC must have unobstructed access to power lines and equipment that brings the electricity to your home. So please, plant your trees, but plant them appropriately.

Tall Trees:
• Maple • Oak
• Spruce • Pine

Medium Trees:
• Bradford Pear
• Crab Apple

Small Trees:
• Redbud • Dogwood
• Purple Plum

✓ **You would never attempt to put a 25-foot Christmas tree in a room with only a 15-foot ceiling.** So too, a tree which can grow taller than 15 feet should never be planted under an overhead utility line, as an invisible safety "ceiling" of 15 feet exists around these lines.

Remember, all trees and shrubs grow. Nursery tags describe the mature heights and widths of plants and should be used as guidelines for selection.

For more information call the right-of-way department at (703) 392-1661, (888) 335-0500, ext. 1661 or send e-mail to novecrightofway@novec.com. And, visit www.novec.com/rightofway.cfm for more information.



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