

REAL PEOPLE. REAL POWER.

Tideland Topics

A NEWSLETTER FOR THE MEMBER-OWNERS OF TIDELAND ELECTRIC MEMBERSHIP CORPORATION

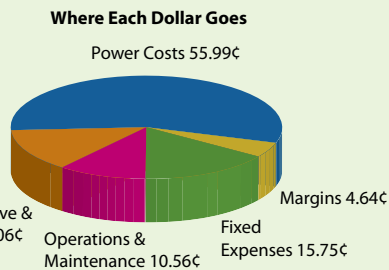
RATE PRESSURES: Wholesale power costs continue upward trend

In May 1974, a new line item appeared on Tideland EMC electric bills as the result of instability in global energy markets. Previously called the wholesale power cost adjustment, today we refer to that line item as the generating fuels surcharge. The surcharge is a per-kilowatt-hour charge or credit that reflects the short-term ups and downs in wholesale energy prices. Unlike your local gas station, Tideland can't change its rate schedule every time daily market prices go up or down. Like you, the co-op waits for its own power bill to arrive and then we compare the price we paid for electricity with the rate we charge for electricity and the

difference largely determines the amount of the generating fuels surcharge we must pass along.

Because the surcharge is designed to reflect short-term fluctuations in power costs, when the overall trend appears to be a long-term increase the cooperative then begins to conduct a review of its published rate schedules.

We did just that in November 2009 when the cooperative had its last rate increase, which zeroed out the generating fuels surcharge that had reached 1.158¢ per kilowatt hour.



ARTICLE CONTINUES ON PAGE F



Poles aren't for signage

With election day drawing near, please remember it is illegal to attach signs of any type to electric utility poles.

N.C. General Statute 14-145 states that placing signs and posters on utility poles is a Class 2 misdemeanor punishable by up

to six months in prison and a \$500 fine. The law exists for good reason. Sharp objects like staples, tacks and nails used to attach signs to poles can tear the rubber gloves lineman wear to protect themselves from electrocution. A lineman climbing a pole could also "cut out" and fall if such hardware interfered with his climbing hooks. Staples and nails also provide a pathway for water to enter the pole which leads to premature deterioration of the pole itself.



Message to our Member-Owners: Being upfront about rates

By Paul Spruill
Chief Executive Officer
and General Manager

Right-of-Way Maintenance Update

Tideland has hired Lewis Tree Service to trim trees in our rights-of-way. During September they will work in the following areas south of the Pamlico River:

Old Blounts Creek, Mouth of the Creek, Gilead Shores, Core Point, Durham Creek, Bonneron and Minor Run roads and all adjoining small roads & lanes.

Our contractors will also be mowing in the Pinetown area along Free Union Church, Terra Ceia, Seed Tick Neck, Swamp and Swindell roads and along Highway 264 between Yeatesville and Pantego.

Regardless of circumstance, Tideland EMC never finds it easy to implement a rate increase. Yet in the coming months it appears we will have to do just that to accurately reflect rising wholesale power costs.

While it may appear premature to discuss a rate increase before we know what those rates will be, it is important that Tideland EMC member-owners have the opportunity to learn about our rate-making process. In the article that starts on page A of Tideland Topics we have attempted to do just that beginning with a discussion about what factors trigger a rate review.

The article also includes a discussion of rate forecasts. We have an uncomfortably clear understanding of what the next decade holds for wholesale power costs in North Carolina. I characterize it as “uncomfortable” because for the next decade we will be subject to frequent increases in wholesale power costs. While I discussed the overall trajectory of wholesale power costs at the 2012 Annual Meeting of Members and the forces that will drive rates for the foreseeable future, we did not then have enough details from our power suppliers to know how significant those increases might be or how they will be distributed over time. Details are now beginning to emerge and soon we should be able to provide

you with a sense of what we believe the immediate future holds for electric rates.

The lack of hard numbers at this time should not imply doom and gloom. While rate increases will be the industry norm for the immediate future, North Carolina’s electric utilities are better positioned than many other states to weather current market change thanks to proactive measures undertaken in previous years. That’s why Internet giants like Apple, Facebook and Google have recently chosen to locate new server farms in North Carolina. While utilities in other states took a wait and see approach and avoided certain capital investments, North Carolina utilities forged ahead with grid modernization and power plant investments that have proven to be to our advantage.

In closing, I want to emphasize that despite rising costs, electricity will continue to be the most economical energy source to meet your household needs. In June the Energy Information Administration released its national energy forecast through the year 2035. While electric rates are expected to increase, prices for propane and other end user fuels are expected to increase at twice the rate of electricity. This is an important point to consider when it is time to replace your home’s water heater or heating system.

A losing battle

During a recent home energy audit we snapped this photo that perfectly illustrates a problem we see all too often. The HVAC return air grille is right next to the uninsulated attic access hatch. That means the return is pulling in air from the attic, which can reach temperatures of 120 degrees Fahrenheit and more in the summer. During the heating season the return pulls in cold air. The attic access needs to be insulated with a product known as an attic tent. Better yet the return should be moved to a more suitable location.



NEW FROM THE AMERICAN RED CROSS:

Hurricane preparedness phone app

Last month, The American Red Cross launched its official Hurricane App, putting lifesaving information right in the hands of people who live in or who visit hurricane prone areas.



This free app is the second in a series to be created by the American Red Cross, the nation's leader in emergency preparedness, for use on both iPhone and Android platforms. It gives instant access to local and real time information on what to do before, during and after hurricanes. Building on the Red Cross' leadership in the social media space, the app also includes a number of features that allow people to monitor personalized weather alerts in locations where family and friends reside and to share information with others in their social networks who might also need it.

"This free Hurricane App puts personalized preparedness information in the pock-

ets and purses of those who need it," said Jack McMaster, president, Preparedness and Health and Safety Services at the American Red Cross. "We're especially proud of the app's social features that will help friends and families stay in touch during storms, reducing much of the fear and uncertainty for loved ones and property owners far away."

Hurricane App features include:

- One touch "I'm safe" messaging that allows users to broadcast reassurance to family and friends via social media outlets that they are out of harm's way;
- Location-based NOAA weather alerts for the United States and its territories users can share on social networks
- Remote monitoring of personalized weather alerts where family and friends reside
- Locations of open Red Cross shelters;
- Simple steps and check-



lists people can use to create a family emergency plan

- Preloaded content that gives users instant access to critical action steps even without mobile connectivity
- Toolkit with flashlight, strobe light and audible alarm; and
- Badges users can earn through interactive quizzes and share on social networks.



The Hurricane App follows the recently released Red Cross First Aid App. Testimonials and positive reviews have shown how dozens of people already have used the app to help in real-life situations.

The Hurricane and First Aid Apps can be found in the Apple App Store and the Google Play Store for Android by searching for American Red Cross.



Here's why you should consider investing in a geothermal heat pump:

1. Low Maintenance

2. Quiet Operation

3. Durability & Long Life

4. No Outdoor Components Required

5. Free Hot Water During Air Conditioning Season When You Opt For a Desuperheater

6. Environmentally Friendly

7. Reduced Energy Consumption

8. Combined State & Federal Tax Credits Up To 65% Of System Cost

Tideland's power delivery system


Following the July 1 wind storm, we thought it would help to illustrate for members the layout of Tideland EMC's power delivery system. This month's map illustrates the cooperative's seven delivery points. Delivery points are similar to the service entrance to your home. There are meters at each location that record how much power Tideland is receiving from the transmission grid.

South of the Pamlico River, our delivery points receive power via the Progress Energy transmission system. North of the Pamlico River, we interconnect with the Dominion Power transmission system. Our Ocracoke delivery point is located on Hatteras Island and our Manns Harbor delivery point is located on Roanoke Island.

Our delivery points south of the Pamlico River lie within a transmission loop which means that if system damage occurred west of the Edward delivery point, transmission could be rerouted from

the south. Likewise, if system damage occurred west of the Grantsboro delivery point, transmission could be rerouted from the north.


An arrow on the map points to the section of Dominion Power's transmission line that was damaged during the July 1 windstorm. Dominion's downed transmission structures were located just south of the nearest transmission loop. Therefore, rerouting power delivery from another direction was not an option.

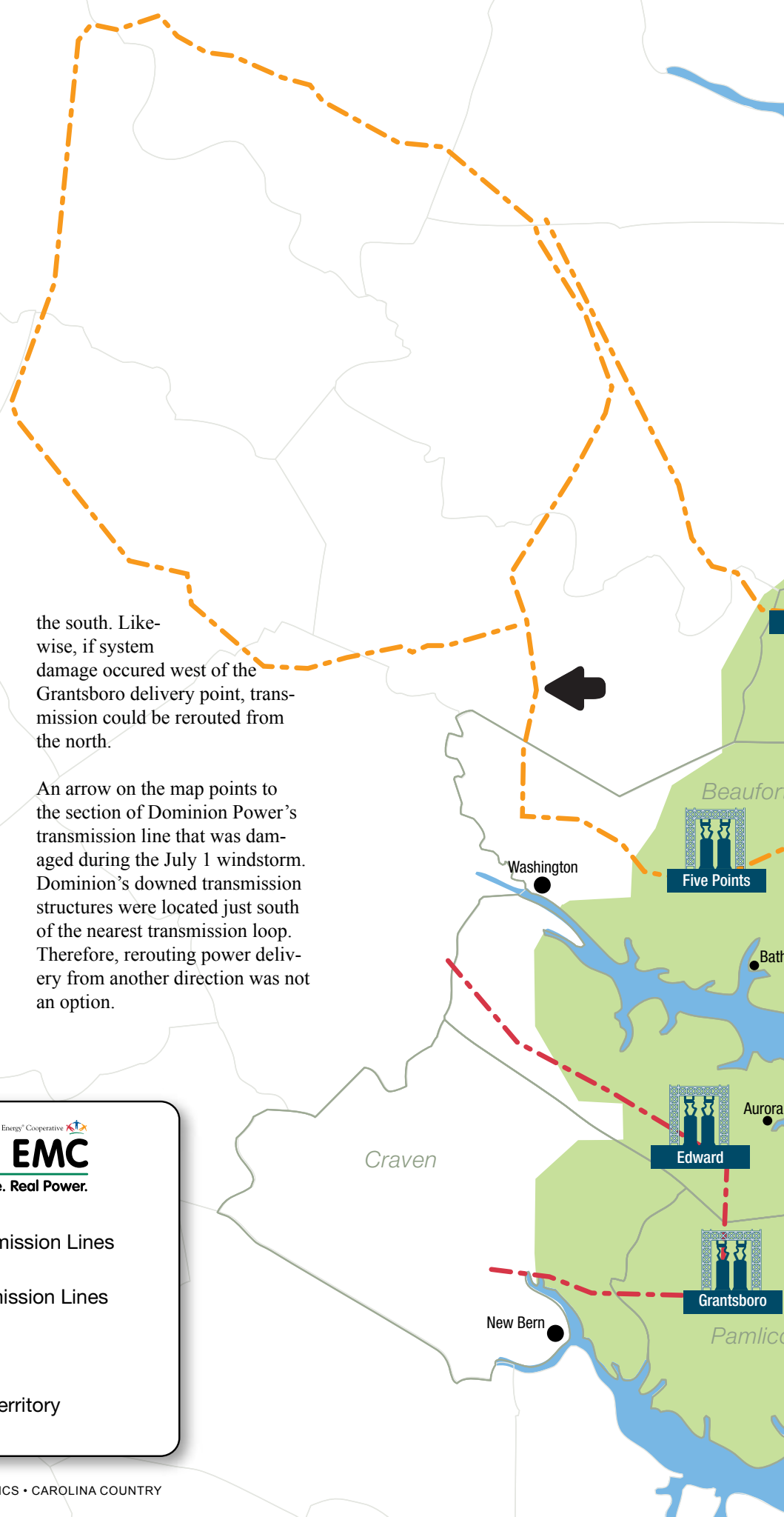


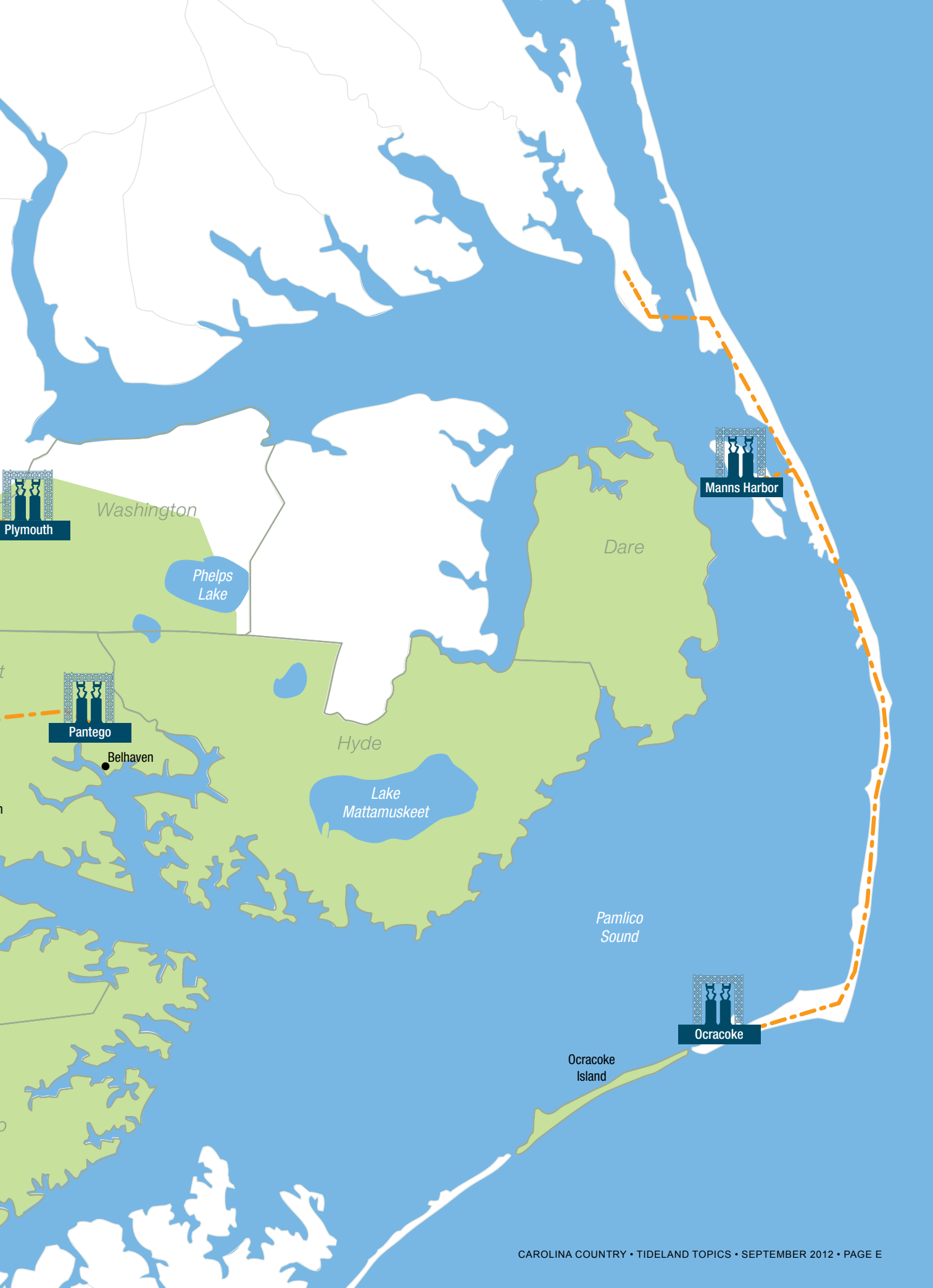
A Touchstone Energy Cooperative

Tideland EMC

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- - - Dominion Transmission Lines
- - - Progress Transmission Lines
-  Delivery Point
- Co-op Service Territory





Plymouth

Washington

Phelps Lake



Pantego

Belhaven

Hyde

Lake Mattamuskeet

Dare



Manns Harbor

Pamlico Sound



Ocracoke

Ocracoke Island

Rate pressures

CONTINUED FROM PAGE A

The cooperative had to resume collection of a generating fuels surcharge beginning in April 2011 that has ranged from 0.013¢ per kilowatt hour to 1.559¢ per kilowatt hour in the past 17 months (see graph below). With a continuing trend since April 2012 towards higher wholesale power costs and given that nearly 56¢ of every dollar Tideland collects goes to pay for wholesale power (see pie chart on page A) we are now reviewing our published rate schedule.

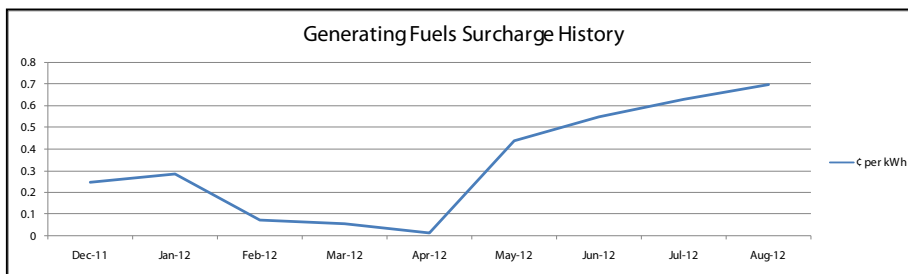
associated with long-term borrowing. We do not anticipate a need for additional revenues to meet expenses unrelated to wholesale power costs for the coming year. We will conclude our rate study and provide members with any rate schedule changes in the coming months.

Going forward, North Carolina's electric cooperatives anticipate significant increases in wholesale power costs over the next decade. Chief executive officer and general manager Paul Spruill discussed this forecast at the 2012 Annual Meeting

recent years. We are also working to increase output at Catawba Nuclear Power Plant Unit 1, in which North Carolina co-ops have a 61% ownership stake along with Duke Energy. Nevertheless, these proactive steps do not entirely insulate us from the realities of a national energy market that is shifting away from coal and towards higher cost power generating assets.

Fortunately, Tideland will have the opportunity to minimize and even offset a portion of the projected power cost increases by participating in a standby generation program and implementing peak shifting strategies when needed. That's one of the reasons why the co-op rolled out the new text messaging service. We anticipate one day using the service to text message members and ask for voluntary load shifting during periods of high demand. If and how you responded would be entirely up to you. For example, you could choose to run your dishwasher or clothes dryer after dark. Long-time members may recall when the co-op handled such load shedding via radio-controlled switches that cycled off central air conditioning systems and water heaters during peak periods. We believe we can achieve greater cost savings and peak demand reductions without investing in hardware that must be installed and maintained on the individual member's home. Such opportunities, as they evolve, will bring a whole new 21st century meaning to the phrase "Real People. Real Power." and underscore the importance of our decision to invest in automated metering infrastructure.

Rate increases are always regrettable. Fortunately most members have the opportunity to offset any increases through improved energy efficiency and weatherization. We also will have additional tools, like voluntary peak shaving programs, to shore up our efforts to minimize energy costs. Tideland remains committed to making sure you have the information and know how to keep energy costs affordable for you and your family.



Our review will primarily examine the generation fuels expense forecast and trends in the North Carolina energy market.

We will consider a rate setting alternative that zeroes out the current generating fuels surcharge and rolls that amount into our base rate schedule. When we went to press the August generating fuels surcharge was 0.696¢ per kilowatt hour. If we rolled the August surcharge into our published rate schedule, effectively zeroing out the current charge, published rates would increase approximately 6%. Keep in mind that you are already paying for increases in wholesale power costs through the existing generating fuels surcharge. We will simply consider rolling the current surcharge into the fixed rate schedule. Our initial review indicates this rate setting alternative should be sufficient to minimize the generating fuels surcharge through the end of 2013.

The cooperative continues to work diligently to reduce those expenses we can control, including labor and benefits, operations and maintenance, and the costs

of Members (see July 2012 Tideland Topics for full report). While Tideland currently gets 52% of its power from nuclear assets, 26% from coal, 13% from natural gas, 2% from hydro and 7% from mixed market purchases including solar and wind, we are not immune to what takes place in energy markets in other regions of North Carolina or the nation.

Some of the nation's coal assets will likely be retired in the coming decade as plant operators choose to forgo the costs of smokestack scrubbers necessary to meet clean air regulations. To date, clean coal technologies have eluded commercial viability. With fewer coal resources in the generating mix, utilities will look to make up the difference with nuclear energy, combined cycle natural gas and renewables. Investing in these assets in North Carolina requires increased capital spending that heavily influences our wholesale power cost forecast for 2013 and beyond.

Specifically, North Carolina's electric cooperatives have invested in natural gas peaking generators in

Shopping for New Windows?

If you're thinking about replacing windows in your home, the choices you make about style, materials, and installation could have a big impact on your energy bill. Here are some things to consider.

Choosing Your Windows

Cost

Price per window ranges from a few hundred to a few thousand dollars, depending on materials, features, and installation costs.

Materials

Wood frames offer good insulation, but are heavy and high-maintenance. Vinyl-frames insulate well and don't need painting.

Style

Single-hung, double-hung, and sliding windows leak more air than casement, awning, and hopper windows.

Glazing & Glass Technologies

Some glazes and glass provide better insulation, light, and condensation resistance. Windows with low-emissivity (low-e) coatings often are more energy efficient.

Cleaning & Maintenance

Some materials and features make windows easier to care for. Tilt-in sashes, for example, make cleaning easier.

Installation

If windows aren't installed according to manufacturer's instructions, you might not get the savings or comfort expected.



An Energy-Rating Label to Help You Shop

Look for the National Fenestration Rating Council's label when you shop.

U-factor:


Rates how much heat escapes through a window; most important in cold climates.
Range: 0.2 — 1.2

Visible Transmittance

Rates how much light comes in.
Range: 0 — 1

Condensation Resistance

Rates how well a product resists condensation.
Range: 1 — 100


 World's Best Window Co. Millennium 2000+ Vinyl-Clad Wood Frame Double Glazing - Argon Fill - Low E Product Type: Vertical Slider	
ENERGY PERFORMANCE RATINGS	
U-Factor (U.S./F-P)	Solar Heat Gain Coefficient
0.30	0.30
ADDITIONAL PERFORMANCE RATINGS	
Visible Transmittance	Air Leakage (U.S./F-P)
0.51	0.2
Condensation Resistance	
51	—

Solar Heat Gain Coefficient:

Rates how much heat from the sun is allowed in. This is most important in warm climates.
Range: 0 — 1

Air Leakage

Rates how much outside air comes in.
Range: 0.1 — 0.3

 = ratings may not be on the label, but may be online or from the vendor

For more information visit energysavers.gov or efficientwindows.org



Last call for grant applications

Classroom teachers have until September 21, 2012, to submit Bright Ideas grant applications to Tideland EMC.

Awards up to \$2,000 are made to K-12 teachers to improve classroom instruction and encourage innovative teaching methods.

Grant proposals that involve the study of energy are highly encouraged including renewable energy or energy efficiency.

Teachers may access the co-op's online application by visiting www.ncbrightideas.com.

Since 1994, the state's electric cooperatives have provided North Carolina classrooms with \$7.9 million in Bright Ideas funding.

For more information call program coordinator Heidi Smith at 252.944.2410 or 1.800.637.1079, extension 1140.

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Stormy July

July 2012 was one of the stormiest Julys on record for Tideland. The month started with the surprisingly brief yet powerful windstorm that struck eastern North Carolina on July 1 and introduced a new meteorological term to many of us: gustnado. Over 11 inches of rain fell during the month, more than 5 inches above normal. Combined with a near month long heat wave, that kept the skies rather volatile. On July 23, a direct lightning strike burned out the top of a power pole on the Lowland circuit. Approximately 900 Tideland members in Pamlico and Beaufort counties in Pamlico and Beaufort counties lost power as a result of the damage. Traditional bucket trucks were unable to access the area due to wet ground



conditions. The co-op's track vehicle, purchased in 2010, was dispatched to assist with repairs. (Photos: Tideland EMC, Robbie Rouse)



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Tideland Topics

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Hope continues to reverberate in Pamlico County

Photos by Ryan Webb



In the July issue of Tideland Topics, we introduced you to Pamlico County resident Melvin Alston, one of more than 100 recipients of help from the "Eight Days of Hope" disaster relief organization. We caught up with Alston recently and toured his house and that of his 71-year-old mother to see the progress made by the volunteers. While the Alstons' homes are not yet ready to be reoccupied, the eight day transformation was nothing short of miraculous. Numerous EDOH volunteers have since returned to Pamlico County to complete work on various homes.



Melvin Alston surveys work performed on his 71-year-old mother's home by Eight Days of Hope volunteers. To help a fellow Tideland recovering from Hurricane Irene, contact your local emergency management office for referral to a disaster relief agency working in the area.