

# POWERLINE Press

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## Don't fall for energy-efficiency scams

By Steve Oden

Today, energy efficiency is on the minds of millions of Americans. Electric bills are rising due to pressure on wholesale rates from environmental regulations, the need for additional baseload generation capacity and the rising cost of fuel. It's easy to see why marketers have targeted consumers who are searching for the proverbial silver bullet of energy savings.

This is why Missouri electric cooperative members are cautioned to look before they leap when responding to print, broadcast, or Internet ads promising electric bill savings from plug-in or wire-in power conditioning devices. When the ads also promote do-it-yourself installation involving exposure to dangerous high voltage and possible electric meter tampering, it's time to use common sense and seek advice.

Clever ad campaigns play on consumer misunderstanding of electricity and electrical devices. Sales pitches full of technical-sounding explanations and rosy testimonials overwhelm skepticism and convince buyers to sign on the bottom line. They forget to ask important questions: Have reputable, independent test labs certified the products? Why hasn't the utility industry endorsed these amazing gadgets? How can guarantees of 20- to 50-percent savings be true?

An example is the often-quoted ad claim: "Surge suppressors save electricity." Surge suppressors are protective devices only. The Federal Trade Commission (FTC) and consumer agencies have issued warnings about transient voltage surge suppressors (TVSS) hawked as energy-saving tools.

In 1993, the FTC charged a Florida company with false representation over TVSS ads claiming electric bill reductions of 20 percent and extended life for fluorescent lights. The seller agreed to settle the charges. In the consent decree, the defendants were required to possess "competent and reliable evidence to substantiate any representations" made in selling or advertising such products in the future.

This was a shot across the bow for such marketers, but it also forced creative adaptation. Today, we see a proliferation of advertising for residential power conditioning equipment based on the claim that metered electricity from a utility can be improved to help home appliances and HVAC systems operate more efficiently and cheaper.

Alternating current (AC) has three components: real power, apparent power, and reactive power. Power factor is the ratio of real power, measured in kilowatts (kW), over apparent power, measured in kilovolt amps (kVA). Reactive power, or kilovolt amps reactive (kVAR), is part of total current, but does no useful work like the kW and kVA components.

Commercial and industrial loads receiving service at higher voltages are customarily charged for reactive power. These larger loads can become more efficient in the use of electricity by installing devices called "capacitors" that remove reactive power. Whether or not capacitors are needed depends on the manufacturing process or the type, size, and number of electric motors being operated. An electrical engineer makes this determination, often after consulting with the utility from which service is received.

At the household level, power factor becomes more dubious as a means of saving energy. First, utilities already use capacitors to correct power factor on their

lines. The ability to measure and control kVAR provides the host utility with a valuable management tool for improving overall system operation while reducing wholesale costs.

Second, residential consumers are not charged for reactive power, and conventional mechanical electric meters don't register kVAR. Advanced automated meters that report readings via power line carrier or radio signal can include power quality monitoring features and software, but the collected data is used for system operation and troubleshooting, not the billing of residential accounts.

Power conditioning products located on the customer's side of the meter might indeed include capacitors, but the residential consumer is not being charged for reactive power so how does savings occur? In addition, many electrical engineers and utilities are puzzled about the technologies used by device manufacturers and whether any power factor benefit can be achieved.

Impartial third-party testing results from reputable industry or academic sources are not readily available. The Electric Power Research Institute (EPRI) has launched a project to test the energy-saving claims of about 20 products, but results won't be available until 2010.

The products vary widely. Some even claim to use electromagnetic fields to reduce energy use, and others promise double-digit savings from special wrapping tape for wires and conduits in the meter box.

Many of these devices must be wired into the home's electrical system. Unfortunately, several companies are marketing their products with unsafe and potentially illegal installation advice. Do-it-yourself installers are instructed to open their meter bases and pull their own electric meters. Across the nation, electric cooperative managers and safety supervisors are aghast that consumers would be encouraged to risk electrocution.

Meters are sealed for safety and to prevent tampering. Removing a meter seal without notifying your co-op and being granted permission (usually only allowed when certified electricians will do the work) is contrary to policy, operating procedures and safety regulations. Such action could put the account holder at risk of charges for meter tampering and attempt to steal service. Electric cooperatives routinely prosecute for power theft.

One product's Web site features FAQs that include this gem:

*"Will the electric company fine me for use of this product?"*  
Answer: *"No, the only way the electric company can determine the use of this product is if you stop paying your electric bills or install it improperly damaging their equipment."*

If the meter seal is broken, your electric cooperative will discover it sooner or later. The majority of Missouri electric co-ops have adopted AMR (automated meter reading) systems. Several co-ops are deploying the second generation of these "intelligent" electric meters, which include tamper alarms that will send a signal back to co-op headquarters if the meter is removed.

So, don't fall victim to claims of electric bill savings that seem too good to be true.

Contact your electric cooperative for information and advice before investing in residential power quality equipment or installing such devices.

**RURAL**  
M I S S O U R I

# POWERLINE Press

## Doug Rye Says...

### Thou shalt get an energy efficient water heater

As we continue with the 10 Commandments of Energy Efficiency, we will keep our focus on making wise investments. This month, I am encouraging you to invest in a specific item that will make a world of difference in your utility bill. And in the coming months, I plan to continue to remind you that using your money for energy efficiency is probably the best investment you can make.

Have you ever thought much about your water heater? Are you aware that about 20 percent of your utility bill goes toward the heating of water? Have you ever had to replace your water heater? Nearly every one of you said "Yes."

Now, why did you replace it? Was it the wrong color? Well, of course not. You replaced it because it quit working or had started leaking.

At some point, we all need to replace a water heater. Now wouldn't it be great if we could install a replacement guaranteed to never leak or rust? And wouldn't it be great if the new water heater was super energy efficient? Well, such a product is available and I will tell you how I learned about it.

About 10 years ago, I was attending a really big home show in the Astrodome in Houston. It takes several days to see everything in that show, which is sponsored by the National Association of Homebuilders. I actually did an energy presentation there and had about four extra hours to look around.

I was practically running through the aisles looking at every display as fast as possible. At one point, I looked to my left and saw some

strange looking objects that were shaped like a 44-caliber pistol bullet only they were about 5 feet tall. I hollered over to the fellow and asked, "What are these?" And he said, "Water heaters." I said, "Commercial?" and he said, "No, mostly residential." I turned and walked his way and asked, "What is so special about these water heaters?" And he said they are guaranteed to never leak or rust



and are 91 to 95 percent energy efficient.

I didn't necessarily believe him but I knew that if it were true, a lot of my listeners would want to have one. Later, when I got proof that it was true, I started telling about the Marathon water heater in my seminars and on my radio show. Folks just like you started asking where they could get a Marathon. For months, I had to say, "I don't know." But that didn't last for long because the electric cooperatives saw what a great product it was and began offering them to

their members. And I know for a fact that hundreds of you already purchased one.

If you understand the facts, the rest of you will do the same. The facts are simple. It is the last water heater that you will ever need at a particular location. It won't rust or leak because the tank has no metal. And the Marathon is so well insulated with "enviro-foam," that it has practically zero standby loss regardless of location. It does not warm your cold garage in the winter and it does not heat your house in the summer.

Now, consider this: The average gas water heater is less than 58 percent efficient, which means that about 40 percent of the natural gas you buy goes up the flue into the sky. On the other hand, the all-electric Marathons average 91-plus percent efficiency. That's a no-brainer in my book. So, my advice to you is this: When you need a water heater for your new or existing house, contact your local electric co-op and ask about the Marathon water heater. Remember, your co-op values you, the member, and it cares. That's why your co-op is doing all it can to help you save money on your electric bill by sponsoring this column, my show, my seminars, by conducting energy audits and much more.

*Doug Rye, a licensed architect living in Arkansas and the popular host of the "Home Remedies" radio show, works as a consultant for the Electric Cooperatives of Arkansas to promote energy efficiency to cooperative members statewide. To order Doug's video, call Doug at 1-888-Doug-Rye. More energy-efficiency tips can also be found at [www.ecark.org](http://www.ecark.org).*

## Employee Anniversaries



Martin Ward has served the cooperative for 26 years as a Staking Engineer.



Karen Barnhart has served the cooperative for 8 years as an Operations Clerk and Dispatcher



Angie Livingston has served the cooperative for 4 years in our Sikeston office as a Customer Service Clerk.



Andy Wilkerson is a Lineman at our Bloomfield location and has been serving the cooperative for 4 years.

# MINUTES OF THE BOARD MEETING

## January 19, 2009

The regular meeting of the Board of Directors of SEMO Electric Cooperative was held Monday, January 19, 2009, at the Cooperative office in Sikeston, Missouri. Rick Faulkner, President, called the meeting to order and Clyde Hawes led in the invocation. The following board members were present: Rick Faulkner, John Bledsoe, Tim Coppage, James Deneke, Clyde Hawes, Charles Marshall, Carl Eftink, Butch Dirnberger, Jerry Moore, Dicky Hanor, Keith Haynes, and Dennis Fowler. Also in attendance was Reuben L. Jeane, General Manager, acting as secretary, Rod Widger, Cooperative Attorney, and staff members.

A motion was made to amend the agenda adding System Tour under New Business. Motion was seconded and carried to approve the amended agenda.

Motion was made, seconded and carried to approve the minutes of the December 15, 2008 meeting.

### STAFF PRESENTATIONS

Randal Tennison, Financial Manager, gave the preliminary year-end financial report pending the receipt of M&A Power Cooperative capital credits and any corrections or adjustments by the auditors. Year-to-date operating revenue was \$25.7 million, slightly below the budgeted amount of \$26,000,000. Cost of purchased power was \$14.6 million. All other expenses were well within budgeted expectations. Year-to-date margins were \$1,735,063, which was below budgeted expectations, but still a strong financial position for the Cooperative for the year. The balance sheet showed \$74 million in utility plant with the total assets of the Cooperative being \$75.7 million. Year-to-date key statistics along with the electronic disbursements were reviewed. The General Manager's expenses and Directors' expenses were also reviewed. After a discussion of the financial report, the Board President then called upon the following staff members for their respective reports: Jerry Dockins gave the customer service report; Larry Kelly gave the engineering report; Marty Vineyard gave the operations report; Ron Montgomery gave the materials and equipment report; Marla Wood gave the human resource report; and Glen Cantrell gave the communications report. After a discussion of these reports, motion was made that the staff reports be accepted as presented. Motion seconded and carried.

### GENERAL MANAGER'S REPORT

The General Manager was then called upon to give his monthly report to the Directors. So far cold weather has not been a problem for the Cooperative this year. A peak of 70,781 KW was set back in December. M&A Power Cooperative and Associated Electric have continued to hit new peaks in power usage.

The rebate program from Associated Electric continues to be adjusted. The Cooperative's rebate policy will be reviewed in the upcoming months to insure that we are sending the proper signals to our membership.

The attendees of the NRECA Annual Meeting were given instructions on which meetings to attend.

Preliminary work has already begun on labor negotiations.

The Cooperative is still receiving many calls on high usage concerns from the membership.

Motion was made to accept the General Manager's presentation. Motion was seconded and carried.

### POWER SUPPLY REPORT

Clyde Hawes gave the power supply report from the last meeting with M & A Power Cooperative. Motion was made, seconded and carried to accept the report.

### AMEC REPORT

John Bledsoe then gave the AMEC District VI report. Motion was made, seconded and carried to accept the report.

### FUNDING FOR 2009 WORK PLAN

The Board President then called on the Board to discuss funding for the 2009 work plan. After a discussion, motion was made, seconded and carried authorizing the General Manager to draw funds as necessary to complete the 2009 work plan.

### ANNUAL MEETING

The General Manager then recommended that the date for the Cooperative's annual meeting be set for May. Motion was made and seconded that the annual meeting be set for May 21, 2009, at the Sikeston Field House. Motion carried unanimously.

### OLD BUSINESS

There was no old business to be brought before the Board.

### NEW BUSINESS

Motion was made for membership action to be taken to receive new members and to

cancel memberships with those members who have moved off the line. Motion was seconded and carried.

The Board President then called for membership concerns. Asa Asphalt voiced a concern about power usage for a new plant.

The General Manager recommended the replacement of a 30-year-old roof in the oldest part of the Sikeston office. Motion was made to accept the bid from Pyramid Roofing for a rubber roof. Motion carried unanimously.

The General Manager then recommended that the Cooperative make a donation of \$1200 to the AMEC Pac this year. Motion was made, seconded and carried.

The Board President then requested nominations for delegates and alternates to annual meetings at the NRECA Annual Meetings. Motion was made and seconded that Carl Eftink be appointed delegate to NRECA with the alternate being Dennis Fowler. Motion carried. Motion was then made to appoint Keith Haynes as CFC delegate with James Deneke as alternate. Motion carried. Motion was made to appoint Reuben Jeane as NRTC delegate with Rick Faulkner as alternate. Motion carried. Motion was made to appoint Reuben Jeane as delegate to Federated with Butch Dirnberger as alternate. Motion carried.

The General Manager requested that a date be set for the Directors to take a tour of the Cooperative's system. The date was set for January 29, 2009, leaving at 8:00 a.m. The number of directors attending this group tour of the Cooperative's system was eight.

Rod Widger, Cooperative Attorney, then gave a legal report.

Following a short executive session, and there being no other business to come before the board, the meeting was adjourned at 4:20 p.m.

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Tim Coppage, Secretary

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Richard Faulkner, President

# MINUTES OF THE BOARD MEETING

## February 25, 2009

The regular meeting of the Board of Directors of SEMO Electric Cooperative was held Wednesday, February 25, 2009, at the Cooperative office in Sikeston, Missouri. Rick Faulkner, President, called the meeting to order and also led the invocation. The following board members were present: Rick Faulkner, John Bledsoe, Tim Coppage, James Deneke, Clyde Hawes, Charles Marshall, Carl Eftink, Butch Dirnberger, Jerry Moore, Dicky Hanor, Keith Haynes, and Dennis Fowler. Also in attendance was Reuben L. Jeane, General Manager, acting as secretary and staff members.

A motion was made and seconded to approve the agenda as printed. Motion carried.

Motion was made, seconded and carried to approve the minutes of the January 19, 2009, meeting as mailed.

Minutes for the February 6, 2009, special called board meeting were handed out and after a review, motion was made, seconded and carried to approve these minutes.

### STAFF PRESENTATIONS

Randal Tennison, Financial Manager, gave the monthly financial report. Year-to-date operating revenue was \$2.6 million, with the cost of power being \$1,400,000. All other expenses and expenditures were reviewed by the Board. Year-to-date margins were \$539,268. The financial manager noted that the financial report may be slightly skewed due to the ice storm restoration still in progress with accounting having to move dollars from in-progress to closed accounts. The balance sheet showed that purchase of materials and supplies increased significantly due to system repairs. Electronic disbursements, directors' expenses, and check disbursements were reviewed and questions asked were answered by staff.

Jerry Dockins gave the customer service report.

Larry Kelly presented the engineering report and updated the Board on the progress of the restoration.

Marty Vineyard then gave the operations report.

Ron Montgomery gave the materials and fleet report and Marla Wood gave the human resources report. After a discussion, motion was made to accept these reports as presented. Motion was seconded and carried.

### GENERAL MANAGER'S REPORT

After the staff left the meeting, the General Manager was then called upon to give his monthly report to the Directors. The Board was informed of the progress of the restoration process and of problems that occurred due to the ice storm. Following an extensive discussion, motion was made, seconded and carried to accept the General Manager's report.

### POWER SUPPLY REPORT

Clyde Hawes gave the power supply report from the last meeting with M & A Power Cooperative. Motion was made, seconded and carried to accept the report.

### NRECA ANNUAL MEETING REPORT

The NRECA Annual Meeting report was given by Dicky Hanor who attended the meeting. Motion was made, seconded and carried to accept the report.

### OLD BUSINESS

There was no old business to be brought before the Board.

### NEW BUSINESS

Motion was made for membership action to be taken to receive new members and to cancel memberships with those members who have moved off the line. Motion was seconded and carried.

Membership concerns were then discussed. The housing authority office in Bloomfield complained about ruts on their property made by the Cooperative's bucket trucks. Member, Roger Stepp, voiced a complaint about a connection with a tie line. The General Manager reported to the Board that he would take care of these issues and get them resolved as quickly as possible.

The General Manager then made a recommendation to the Board to purchase a four-wheel drive rough terrain forklift that would enable workers to move materials in a field location. After a review of available bids, the General Manager recommended the purchase of a used 2002 Mastercraft 4-wheel drive rough terrain forklift. Motion was made, seconded and carried to accept the recommendation with the approving purchase being \$21,000. It was then reported to the Board that a goose-neck trailer was borrowed to help haul material and load equipment during the recent ice storm. Having the trailer proved to be a tremendous benefit in carrying out the restoration effort. A recommendation was made to the Board to purchase a goose-neck trailer. After a review of two bids, the lowest bid of \$7,050 from Jerry James Trailers was approved. Motion was made, seconded and carried to purchase this trailer.

### NOMINATING COMMITTEE

With the upcoming annual meeting in May, the General Manager reminded the Board that it was once again time to nominate individuals to the nominating committee at the next board meeting. The date for the nominating committee to meet would also need to be set.

Following an executive session, the General Manager was directed to bring back to the Board proposed policies regarding areas of service that the board felt a policy was required.

There being no other business to come before the board, the meeting was adjourned at 3:50 p.m.

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Tim Coppage, Secretary

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Richard Faulkner, President