

Electricity is still a good value

Electricity: We use it every day, and in today's technological world, we could barely function without it. While the price of everything is increasing, including your electric bill, we believe it is still a great value for the money.

Did you know that through the years the price of electricity has remained an outstanding value, especially compared to the rising prices of related commodities? According to the U.S. Department of Labor's Consumer Price Index, the cost of 500 kilowatt-hours of electricity has increased just 5 percent from August

2004 to August 2005. The U.S. Department of Energy's Energy Information Administration, meanwhile, says regular grade gasoline prices in the United States increased by 43 percent between October 2004 and October 2005. Since 1999, natural gas prices have risen 400 percent.

We work diligently to provide for your power needs at the lowest possible costs. Because we are a nonprofit electric cooperative, we sell electricity at cost to our members — with no markup.

Costs to distribute electricity from the cooperative to your home or business have remained relatively stable. Those are the costs we manage here at the cooperative.

Costs we have little or no control over are TVA's (PEC's wholesale provider) cost of producing electricity. These costs include the price of fuels, transportation and construction, among others. Those costs make up about 75 to 80 percent of your electric bill.

Why are fuel costs rising? Coal and natural gas are two fuels used to produce electricity. High overseas demand and highly emotional futures markets have escalated the costs of these fuels signifi-

cantly in the last two years with a more recent spike in August and September 2005. Other factors are the recent coal mining accidents in Wyoming and West Virginia, which slowed supply and will bring on new safety and environmental regulations.

How do these rising fuel costs and changes in regulations affect you as a member of PEC?

TVA is the largest single utility buyer of coal in the U.S., purchasing some 45 million tons annually at a cost of about \$1.3 billion. The agency has 11 coal-burning plants that generate electricity for the

majority of its 8.6 million customers. Four of these plants and two freestanding sites also have 72 combustion turbines, which burn natural gas or low-sulfur fuel oil. The turbines cost more to operate than TVA's other power sources, but they are necessary for peak operating periods when the demand for electricity is high. Over the past two years, coal prices have increased by 25 percent and the price of natural gas increased by 32 percent.

Since the 1990s, the United States has seen demand increase for natural gas and coal. The principle of supply and demand tells us that when supply is plentiful, prices are low. However, when demand increases, so does the price.

At Pickwick Electric Cooperative, we work every day to keep electricity a great value, even as the cost of other commodities continue to increase. As always, we strive to keep rates as low as possible through sound, accountable oversight and careful management of your cooperative's assets. Your cooperative is managed to ensure that our members get the best value for your dollar — reliable, affordable and environmentally sound electric energy.

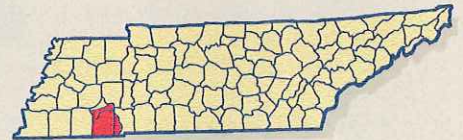


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Pickwick Electric Cooperative

Serving members in all of
McNairy County and
portions of Chester,
Hardeman and Hardin
counties in Tennessee and
Alcorn and Tishomingo
counties in Mississippi



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www.pickwick-electric.com

These five pages contain local
news and information
for members of Pickwick
Electric Cooperative.



PEC pays taxes, too



PEC Office Manager Steve King, right, presents a check in the amount of \$389,922 to McNairy County Trustee Stanley Mitchell for PEC's county ad valorem taxes.

Like most property owners in Tennessee, Pickwick Electric Cooperative has to pay taxes. Since PEC provides electric service to counties and towns located within its service area, the cooperative is required to pay ad valorem taxes to each of them.

Providing dependable electric service requires large

investments in materials and equipment. Although the property on which cooperative poles are located belongs to our members, we do own the poles, wire, transformers and other related equipment. This is what our taxes are based on.

Last year the cooperative paid \$518,586.84 in taxes. These local taxes are based on assessments by the Public Service Commission and are paid to McNairy, Chester, Hardeman, and Hardin counties and to the towns of Adamsville, Bethel Springs and Selmer.

Below is the amount of ad valorem taxes paid to each county and town:

Chester County.....	\$7,034.00
Hardeman County.....	539.00
Hardin County.....	66,427.00
McNairy County.....	389,922.00
Adamsville.....	8,764.89
Bethel Springs.....	1,525.95
Selmer.....	44,374.00
Total Taxes Paid.....	\$518,586.84

Janice Lawson appointed to PEC board

Janice Lawson has been appointed by the PEC board of directors to fill the unexpired term of director in district seven, effective Jan. 30. The vacancy was due to the untimely death of her husband, David Lawson, who passed away in December 2005. David had served as director of district seven since 1997. The district seven election will be held in August of this year.

Janice lives in the Eastview Community and attends Unity Church, where David served as a deacon.

She has two sons, Chris Lawson and Brandon Lawson of Haleyville, Ala., and four grandchildren.



Janice Lawson

Holiday closing

The Pickwick Electric Cooperative office will be closed Friday, April 14 in observance of Good Friday. Should you have an emergency, we will have crews on standby to take care of your needs. We can be reached by calling 645-3411, 632-3333 or 1-800-372-8258. Please have a safe and enjoyable holiday.

Knights' Sawmill carryi

“I’ve been in the sawmill business since I was 5 years old,” said Anthony Knight, who, along with his brother, Tim, are owners of Knight’s Sawmill.

“Mother said she took me out of diapers and put me in the pickup truck seat beside Daddy. I’ve been going ever since,” Anthony said.

Knights’ Sawmill was founded by Eugene Knight in 1962. He ran the mill until 1995, when he turned the everyday operations over to his sons.

“Daddy was the original owner,” Anthony said. “Even though he turned the mill over to us, he was still the boss until the day he died. If he was still here today we would still be taking orders from him.”

Tim got involved in the business when he was 8 years old.

“Daddy put me on a loader, sat me up on a Coke box and put a pillow behind my back,” Tim said.

“I told Daddy, ‘I can’t run this loader,’ but he didn’t give me a choice. He looked me in the eye and said, ‘Can’t never could do anything.’ By lunch I was a pretty good lift driver. That’s the technique he used to teach us both how to do things.”

Eugene Knight ran one diesel-operated mill until 1972, when he decided to install two new all-electric mills. He used electricity to power his mills until he switched to a



Tim Knight, left, and Anthony Knight are owners of Knight’s Sawmill. Anthony operates the saw while Anthony mans the loader.

diesel generator in 1984. This past year, Anthony and Tim decided to change back to electricity.

“Pickwick Electric Cooperative President Karl Dudley, along with some other cooperative employees, are the reasons we switched back to electricity,” Anthony said.



Anthony and Tim Knight stand with Brian Smith, center, of TVA. Smith performed a power factor study at the mill, which was founded some 44 years ago by the Knights’ father.



Local electrician Ronnie Coats installed the capacitors.

ng on a family tradition

“The whole crew at PEC has bent over backwards to help us this time around. I can’t say enough good about what they have done for us.”

Recently, Anthony requested that PEC and TVA perform a power factor study at the mill. He was interested in installing capacitors to reduce the power factor penalty at the facility.

The study resulted in a calculated power factor of 72.5 percent. It was recommended that the power factor be improved to at least 85 percent, but in order for this to be achieved, the Knights would have to install 85 kilovolt-ampere-reactance of capacitance.

The study also revealed that by increasing the power factor to 85 percent, the mill would save approximately \$300 a month in operating costs. Adding the recommended capacitance at \$40 per kVAR would result in a payback in a little over nine months.

“We didn’t realize how poor a power factor we had until the study was done,” Tim said. “It’s always a big plus anytime you can save money.”

“I was so impressed with the study that I went out and bought an infrared thermometer to use around the mill,” Anthony said. “I recently used it and found a bearing going out. Just that incident alone has resulted in a payback for my thermometer.”

The Knights are in the process of adding the necessary capacitors to reduce operating costs. They hope to have this done in the next couple of months so they can start reaping the savings.

When the Knights switched from diesel to electricity, they also realized a 25-percent to 30-percent weekly increase in production.

“It’s not that we are sawing any faster, but we’re getting more time in sawing,” Tim said. “Anytime you improve efficiency, production will automatically increase.”

The mill produces mostly cross ties along with lumber for making furniture, flooring and cabinets. Byproducts such as wood chips and sawdust are shipped to the paper mill.



From left: Corey Cagle; Jared Knight, Jerry Hurst, Justin Coats; Brian Smith, TVA and Ronnie Coats, Electrician.

The Knights currently have 12 employees working for them. The youngest employees are Anthony’s son and the Knights’ nephew, both of whom have worked at the mill since they graduated high school.

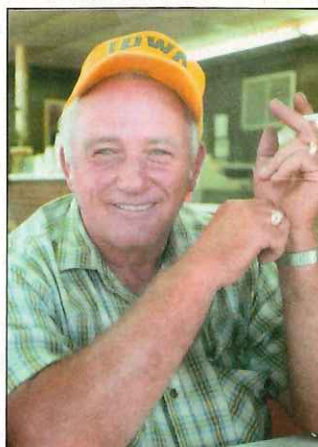
Anthony has another son who is a senior in high school. He plans to attend Northeast Mississippi Community College and major in forestry. Once he gets his degree, he plans on joining the family business.

“The whole group of employees are just like family to Tim and me,” Anthony said. “Sometimes we’ll all get together and have a big sawmill hug.”

Anthony and Tim agree that they are trying to pass on a family tradition, just like their father did.

“Years ago, I swore I wouldn’t be doing this very long, but I’m still here after 40-plus years,” Anthony said.

Tim looked at Anthony, grinned and said, “Neither one of us would have it any other way. It’s too late to quit and start over now. Sawmilling is already in our blood.”



Eugene Knight was the founder of Knight’s Sawmill.

Communicating Leadership in America

Young Leaders attend conference in Jackson

Roger and Rose Moore of Bethel Springs participated in the 2006 Young Leaders Conference Feb. 10-11 at the Doubletree Hotel in Jackson. The Moores joined 200 others from across the state for the annual conference.

Designed to bring young leaders together, the conference focused on “Communicating Leadership in America” and offered a variety of topics affecting rural Tennesseans.

“This is an educational experience these young leaders can take home with them,” says Jeff Griggs,

director of training for Tennessee Farmers Cooperative and president of the

Tennessee Council of Cooperatives (TCC). “Our mission is to perpetuate the cooperative way of doing business and to educate communities about the benefits of cooperatives. We feel one of the best ways to do that is by reaching out to young community members who show leadership potential.”

TCC, which co-sponsors the conference with the Tennessee Farm Bureau Young Farmers and Ranchers, is comprised of a variety of cooperatives across the state, including dairy cooperatives, farm credit banks, farm supply cooperatives, telephone and electric cooperatives, tobacco cooperatives, and the Tennessee Farm Bureau Federation (TFBF).

The Young Farmers and Ranchers is an organization within the TFBF for men and women ages 18 to 45 with an interest in agriculture. The purpose of the group is to develop future agricultural leaders and to generate new ideas to help Farm Bureau keep up with the constantly changing world of agriculture.

“Young leaders are vital to our communities and the life-line of our agricultural industry,” said Eric Maupin, chairman of the Young Farmers and Ranchers. “If we don’t keep young people involved, we’ll all suffer in the long run. This



Beverly Lambert, PEC member services representative, left, joined Rose and Roger Moore at the 2006 Young Leaders Conference in Jackson.

Young Leaders Conference is meant to give us a renewed enthusiasm and confidence in our leadership abilities.”

Participants are selected and sponsored by TCC businesses or TFBF’s Young Farmers and Ranchers to attend the motivational, recreational and educational weekend. The Moores were sponsored by Pickwick Electric Cooperative.

The conference gave the Moores the opportunity to learn more about areas of interest to young farmers and cooperative members. They participated in “Cooperatives and Agriculture,” a fun and education-

al Jeopardy-style game. In addition, a trade show gave participants a chance to learn more about the sponsoring organizations.

Robert Woodard of Upper Cumberland Electric Membership Corporation, one of the conference sponsors, inspired the group as he discussed the importance of the cooperative way of doing business, saying that “co-ops provide valuable services to our communities.” Roberta Smith of Bledsoe Telephone Cooperative, echoed his sentiments.

“If not for cooperatives, many of the technologies we enjoy today might not even exist, especially in rural areas,” said Smith. “Co-ops — agriculture, telephone, electric and lending — are a vital part of rural America. It behooves us all to support them with our patronage, with our attendance at events like this, and by sharing our knowledge of cooperative benefits.”

Dr. Ron Hanson, a professor with the University of Nebraska, gave three lectures. His lectures left the audience spellbound. He inspired the group to go home, discuss, make changes and become leaders on their farms, in their communities and in their states.