

The Red, Blue & Green



This Too Shall Pass...

April 2006

Thank goodness, it is April. There were a number of events in February and March that were not any fun for us at the EPB nor were they any fun for hundreds of families here in our community. However, Glasgow is not a place that takes these blows without hitting back. Let's talk for a few minutes about how we are responding to adversity.

First, if you buy electric power from the EPB, this month your bill is 8% to 9% higher (depending

on your energy usage) than it was last month. You might not notice it because TVA was pretty crafty in putting this into effect during a month when power consumption is usually low. That hides the increase, but it is in there just the same. This punch in the belly is brought to you by TVA, from whom we presently buy all of the power for Glasgow. They, in turn, blame this increase on the cost of coal, the cost of transporting coal on railroads, the cost of natural gas, Hurricane Katrina, and the cost of power purchased from other utilities, among other things. Some of these items are legitimate, some are a little shaky, and some are a bit ridiculous, but all of these items are among the reasons we are responding by giving TVA notice (which we did back in 2003) of our intention to find a better deal



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for power from someone else. We are not going to take these increases any longer without searching the earth for every possible alternative. Still, we have a contract to buy all of our power from them until December 2008, so we are stuck with them

until then and we fear that this is not the last increase they will pass along to us before we can (hopefully) leave for a better deal.

Then there were the blows from two of our largest customers, J.L. French and Dana Corporation. As you will recall, both of these corporate giants filed for Chapter 11 bankruptcy protection within a few days of each other. That does not mean that any of the employees or management of the local plants owned by these corporations did anything wrong. Rather, it means that their corporate parents wound up with too much debt compared to their income and they asked the court system to allow them to reorganize in the hope of eventually emerging stronger than before. All of that sounds good unless you are in the position of the EPB, or several other local small businesses who have done work for them, or if you or your family members work at one of these industries. Then you take these blows personally and with a great deal of fear about how this might affect us all in Glasgow. For the EPB's part, by the time we process a monthly meter reading and turn it into a bill, the customer has used nearly another full month's worth of energy. So when a customer refuses to pay a bill (or when a Bankruptcy Court tells us that a customer does not have to pay a bill because the bankruptcy laws give them that protection), we are owed for about two months worth of energy. This happens with some regularity on relatively small accounts in the residential and commercial world and we are ready for these. Thankfully, it happens seldom on businesses the size of J.L. French and Dana Corporation. But as we saw over the last few weeks, it can happen to anyone and we found ourselves not ready for those. In fact, these two filings may result in the EPB losing over \$400,000 in unpaid electric power bills. A similar story can be told by many other local businesses, not to mention the worry and concern being spent by the hundreds of affected families. See why we are glad it is April? Since only ten customers in Glasgow use about 50% of the energy we sell, it is clear that we must find a way to protect all of our other customers from a failure of

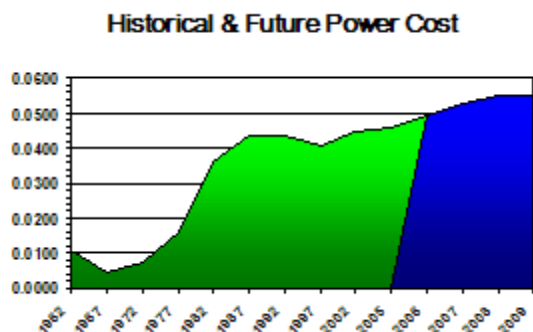
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one of these big customers. There are several ways we might do this, and we are presently working through those options, but just raising rates for everyone to recover these losses is not among them. We will find more clever ways than that.

Still things could be a lot worse. We are comforted by the expression “*This too shall pass*”, which is attributed to an ancient advisor to King Solomon. Everyone in the community should also be comforted by the fact that J.L. French and Dana Corporation both have plans to emerge from this trouble with even more robust local facilities than they have today. Their plans call for even more local jobs and that will help buoy our local economy as they have in the past. The EPB has plans to help them do just that. The TVA rate increase, while very painful for our customers, will only force us to redouble our resolve to swallow hard and jump into the unknown world of finding a new power source. This is a perilous journey and it is reassuring to know how many of our customers now feel that the journey is worthwhile.

Perhaps the primary result of the financial reversals of the last few weeks was an immediate gut-wrenching fear associated with our bold plans for system improvements. Going forward with our plans to build a storm-proof bunker facility, a second power delivery point and substation, and the first phase on a fiber-to-the-home project, after the horrible financial setbacks we have recently endured might be better described as “crazy as...”. But really, what would be crazier: going forward

with our plans, or stopping all progress toward these improvements which are so necessary for the future economic vitality of our community? Would stopping on our plans for the storm-proof building make us any less vulnerable to severe weather destroying the nucleus of our power and broadband networks? Would shelving our plans for a second power delivery point cause the aged existing delivery point to start becoming new again? Would delaying our plans for an upgraded broadband network halt the forward march of internet delivered services? No, no, and no.



Remember Victor Kiam? He was the executive who “liked a shaver so much, he bought the company.” He also was famous for saying, “Procrastination is opportunity’s assassin”, and we believe he is right. The knee-jerk reaction for a community which has been rocked the

way we have been of late would be to pull up and think about things for a while, but we think pulling up would just put Glasgow’s future opportunities at risk. To us, these plans for system improvements are the careful way to proceed toward the future of Glasgow. Not making plans for these improvements would be the most reckless response to these recent challenges.

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Feel free to use any of these means to contact me with any questions or comments!

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