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POWER PARTNERS

NEWS

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President's Message

We know that remaining competitive in the current environment requires cutting costs wherever possible. That is why we are working with TVA to offer a range of incentive programs. Recently, TVA has gone one step further and is making a commitment to offer competitive rates to its customers in the valley. We share TVA's long-term commitment to reasonable rates and cost reduction, without losing the reliable service for which we are known.

Dan Pratt, TVA's VP of Pricing/Contracts, had this to say: "TVA is working closely with customers on the development of a long-term pricing strategy. This will be a collaborative effort to define the pricing objectives and then the rate structure and pricing product options that will allow

us to best serve the valley. The process also will look at our competitive position across rate classes and assist in ensuring that rates remain competitive and affordable for years to come. The easiest way to control rates, of course, is to control cost. Bill Johnson's commitment to reduce O&M by \$500 million by the end of the fiscal year 2015 is a great step in that direction."

This issue also features TVA's plans for its changing generating mix and cost containment efforts. In the *Focus on Success*, we give you an update on the build-out of Ripley Power and Light Company's dark fiber. Leasing our dark fiber gives your company reliable and high-speed internet access to the world.

In the key account manager's message, you will find an overview of the new Valley Commitment Program, designed to attract, retain and expand jobs and foster economic growth in the region.

Inside, we highlight ultrasonic leak detection and the dramatic benefit it can have on utility costs. We also offer an overview of the Governor's initiative on "Drive to 55," a program designed to increase the percentage of 2- to 4-year degrees in the workforce to 55 percent.

Questions? Don't hesitate to call me at 731-635-2323.



FOCUS ON SUCCESS

Leasing Dark Fiber Gives Businesses High-Speed Access To Internet

Ripley Power and Light Company's dark fiber infrastructure can connect your business to the outside world through high-speed fiber.

"Companies that lease our dark fiber have the capability to exchange large files almost instantaneously, making them more efficient, competitive and profitable," said Mike Allmand, Ripley Power and Light President and CEO. "Ripley Power and Light's fiber system is capable of providing data transmission solutions well into the future."

Power and Light first installed a dark fiber loop around Ripley and up Highway 209 to Halls. It recently has expanded its infrastructure north of Halls to Dyersburg and south of Ripley to outside Henning. Its fiber now connects to high-speed fiber installed by other electric utilities and to a nationwide high-speed fiber network.

Outside of Halls, Ripley's fiber connects to fiber infrastructure installed by Forked Deer Electric Cooperative. At U.S. 51, Ripley installed dark fiber north for about two miles so it could connect to Dyersburg's fiber infrastructure and maintain the high-speed connectivity for its customers to the outside world. Fiber installed from the City of Ripley along Highway 209 to Henning connects to Southwest Electric Membership Corporation fiber.

From there, it is connected to high-speed fiber installed by other systems. A major benefit to Ripley's fiber network is that it has two paths to the outside world, which is a huge benefit to companies with critical data transmission needs, such as the school system.

Initially, Ripley Power and Light needed a fiber infrastructure so it could have "real-time" information about its substations and other facilities for security purposes and emergency outages. Since glass fiber can handle large amounts of data

almost instantaneously, the utility starting leasing its spare fiber to other businesses.

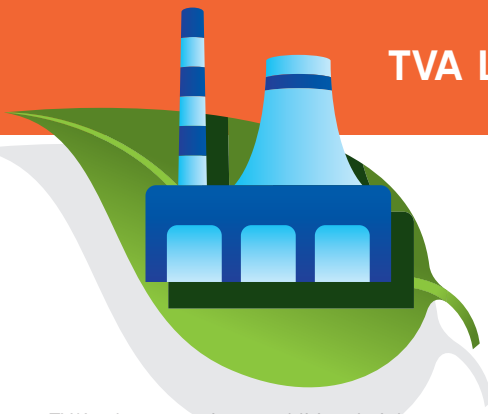
Income from leasing the fiber is put back in the system to help keep utility rates down, said Allmand.

Today, Ripley and Halls schools, medical facilities, banks, industry and other businesses use the fiber for high-speed Internet access and to exchange large data files within the community.

"Our fiber system can be used for computer networking, phone communications, video, facility monitoring, security and other technology needs," Allmand said.

Companies interested in leasing the dark fiber can call Mike Allmand or Chris Mooney at 731-635-2323.

TVA Looks Towards Energy Future, Cost Containment



TVA's plans to retire an additional eight generating units at three coal-fired power plants in Kentucky and Alabama demonstrate TVA's commitment to cleaner energy and a diversified generating mix that keeps pace with changing economic and regulatory conditions.

The action, coming on the heels of TVA's 2011 clean-air agreement with the EPA and others to close 18 older coal units by 2018, also is in keeping with TVA's commitment to keep electric rates low and service reliability high.

TVA President and CEO Bill Johnson says TVA must respond to challenging trends affecting the company and the industry from lower power demand, a slow economy, uncertainty in commodity pricing, and tougher environmental requirements, particularly on air emissions.

The decision to retire operating units at Widows Creek, Colbert and Paradise fossil plants was difficult because of the impact on some employees and their families, but TVA believes it is the right decision for customers, for ratepayers and for the future of TVA.

The coal retirements will reduce TVA's generating capacity by about 5,600 megawatts in total, but should not affect TVA's delivery of reliable electricity to the Valley with the completion of Watts Bar Nuclear Unit 2 by late 2015 and a new gas plant at Paradise.

TVA conducted detailed analyses, including an Environmental Assessment, to review options for meeting stricter air quality regulations at the Paradise plant, including installing additional emission controls on two of the three generating units, building a gas-fired generating plant at the location or taking no action. The TVA board's decision to retire two coal units at the site after completing a gas plant will bring an approximately \$1 billion investment to Paradise.

TVA Executive Vice President and Chief Operating Officer Chip Pardee says TVA is working toward a future generation portfolio of approximately 40 percent nuclear, 20 percent coal, 20 percent gas, and 20 percent hydro, renewables and efficiency. At the same time, TVA is working to gain efficiency and reduce debt, critical elements to keeping rates low and reliability high and continuing to fulfill TVA's mission. Throughout 2013, TVA has focused on creating a sustainable organization structure and staffing level that provides greater efficiency, collaboration and flexibility.

Priorities for 2014 and beyond include bringing operations and maintenance expenses in line with revenues, completing Watts Bar 2, evaluating the remainder of TVA's coal fleet, preserving the unfinished Bellefonte Nuclear Plant as a future option, and updating TVA's long-range Integrated Resource Plan.

Find Big Savings with Ultrasonic Leak Detection

Compressed air is a major workhorse in many industries, and new applications are being discovered every day. It takes a lot of energy to convert surrounding air into usable compressed air, so compressed air systems can be the most costly energy user in many facilities.

System inefficiencies lead to wasted energy, pollution, hazardous operations, quality issues, and they have a negative impact on the bottom line. Early detection can achieve dramatic cost savings.

For example, four compressed air leaks sized 1/8" each at 100 psi cost over \$16,800 per year, 25 such leaks could be costing over \$105,000 per year.

One West Tennessee industry recently had a compressed air leak survey completed at their facility. A member of TVA's Comprehensive Services Program scanned the facility's compressed air system with an ultrasonic probe and revealed the opportunity for tremendous savings at the plant.

Compressed air is a key element in their manufacturing process. The ultrasonic survey of their compressed air system found 88 leaks of various sizes. Each leak was tagged and a tear off portion of the tag with the location was given to the maintenance staff. The estimated annual savings is approximately \$21,350.

Do not let your efficiency and profitability quietly slip away. Contact your local power company to arrange for ultrasonic testing. Through TVA, we can provide inspections of water, steam, air and vacuum systems. Industry sources estimate on average 20-35 percent of air compression energy costs could be saved.

For a complete list of Comp Services contact your local power distributor.

A Familiar Face Returns To West Tennessee



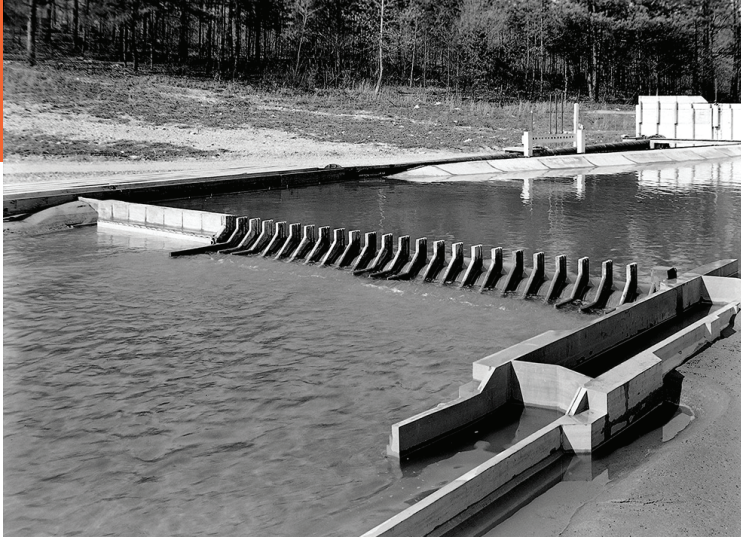
Laura Campbell, General Manager, West Tennessee Customer Service, was recently promoted to Vice President of Customer Delivery for TVA. In her new role, Laura is responsible for maintaining relationships between TVA and the 155 local power companies that TVA serves. Laura's office remains in Memphis, giving TVA an executive presence in West Tennessee.



Lynn Dabney, a familiar face to TVA in West Tennessee, has been promoted to the position of General Manager for West Tennessee Customer Service. Dabney has been with TVA for 13 years. She began as a project manager responsible for the development, interpretation and implementation of power contracts. From 2008 to 2010, Lynn served as the Customer Service Manager for West Tennessee based in Memphis. She then returned to Nashville to assume the role of Senior Customer Service Manager. In this role, Lynn served as the principal point of contact between TVA and nine local power companies served by TVA in Middle Tennessee.

Before coming to TVA, Lynn's experience as a licensed civil engineer includes consulting, customer service, design and engineering management. In addition to airport and highway design projects, Lynn provided implementation consulting and training classes for seven Departments of Transportation and more than 40 other government and private engineering firms.

Welcome back to West Tennessee, Lynn!



Pickwick Celebrates 75th Anniversary

Congratulations to Pickwick Dam for celebrating 75 years of service to the West Tennessee region. Pickwick Dam has helped TVA provide low cost electricity through hydro power, and it has allowed easy Tennessee River navigation through channel locks for commercial, industrial and recreational boaters.

Before the dam was built, boaters were not able to navigate the entire Tennessee River. Pickwick has made it possible for industrial and commercial customers to safely ship their products by barge along the river. From the Tennessee River they connect with the Ohio River, and then to the Mississippi. Once they reach the Gulf of Mexico they can go anywhere in the world.

Pickwick was the third dam built by TVA, and the second on the main stem of the Tennessee River. TVA historian Pat Ezzell attended the 75th anniversary celebration; she gave an interesting and informative presentation of the history of TVA and the dam as well as its impact on the area around it. Local, state and federal leaders were present, and TVA conducted tours of the facility.



WTIA Updates

Good news of growth and development is being announced throughout West Tennessee. Not just new prospects, but actual announcements. Dot Foods is building a new distribution center in Dyersburg. Jackson recently announced Champion Power Systems. Union City introduced 9 to 5

Seating. Selmer is the new home for a solar farm, and the list continues. Much effort and persistence has resulted in these announcements. There continues to be an increase in prospect activity and visits, and we continue to support the efforts of our communities.

Port of Cates Landing Update



The Port of Cates Landing is evaluating Operators for the facility. Construction is complete and efforts to bring rail service to the site are well underway. Rail service will be the last component to completing this multi-modal facility. Users and prospects are being pursued daily to take advantage of this unique facility.

'Drive to 55' Initiative

A key factor in recruiting new industries is having a quality, skilled workforce. Governor Haslam has recently launched 'Drive to 55' to enhance the quality and skills of Tennessee's workforce. Currently 32% of our workforce has jobs that require at least a two year degree, a skill certification, or higher degrees. Within the next 10 years, in order for Tennesseans to be able to qualify for quality jobs, our workforce needs to achieve a 55% level of training and education. This is a big challenge, but one that is critical for our workers to be ready to fill the job requirements for business and industry.

The 'Drive To 55' goal is to better prepare students to reduce the need for remedial courses, increase dual enrollment & dual credit, improve mentoring, reduce financial barriers to education, enhance programs to increase graduation rates, better serve the 940,000 adults with some college but no degree and identify and proactively fill the skills gaps of the future. There can't be enough emphasis placed on developing our workforce, and this is definitely a step in the right direction.

You can get more details at www.Driveto55.org and more details about West Tennessee at www.wtia.org

Did You Know?

TVA's Commercial and Industrial customers have free access to E Source's Business Energy Advisor. Business Energy Advisor (BEA) is a hosted, web-based library of energy-efficiency advice tailored to the needs of business customers. It provides more than 100 web pages of unbiased guidance on ways to improve the energy efficiency of customers' specific facility types.

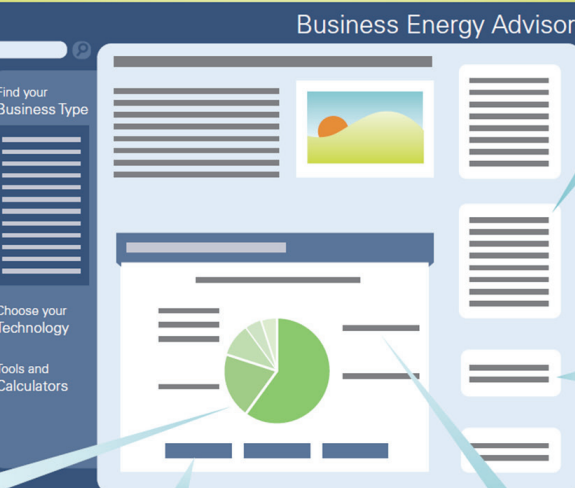
Easy navigation.

Customers can choose their business type or get started with a keyword or technology search.

Confidence-building tools. A host of calculators and maintenance check-lists provide actionable resources.

Benchmarking.

Customers can see the most energy-intensive areas of their business.



Increased program participation. Links to your utility's programs appear alongside the information customers have navigated to.

Flexible communication platform. We provide news articles with energy ideas that are relevant for each business type. You can also include content such as case studies or testimonials.

Targeted advice. Customers can see direct links to detailed information on the technologies that use the most energy at their facilities.

Regional data. Credible recommendations based on regional energy data help customers take action.

bea.tva.esource.com

Valley Commitment Program Offers Manufacturers Savings

The Valley Commitment Program (VCP) is designed to attract, retain and expand jobs and foster economic growth across the valley. Programs like VCP are designed to help drive economic recovery in this region as we collaborate on a longer-term plan.

The VCP is an optional program available to customers that meet the following requirements:

- Manufacturing customers must have contract demands greater than 1,000 kW. (VCP Customers eligible to receive Small Manufacturing Credits will receive the VCP credit on the same energy sales base).
- The Power contract term is through September 30, 2015. (If a customer's contract is set to end during the two-year commitment period, the customer must agree to extend its contract through at least September 30, 2015).
- VCP will not apply to energy priced under Start-up & Test Power, Real-time Pricing, Standby Power, or Interruptible Standby Power.

In any month when the metered demand for firm power exceeds 1,000 kW, a credit of 0.2 cents per kWh is applied to all eligible kWh of firm energy.

If you are interested in pursuing the VCP credit, contact Mike Demeris at 731-635-2323.

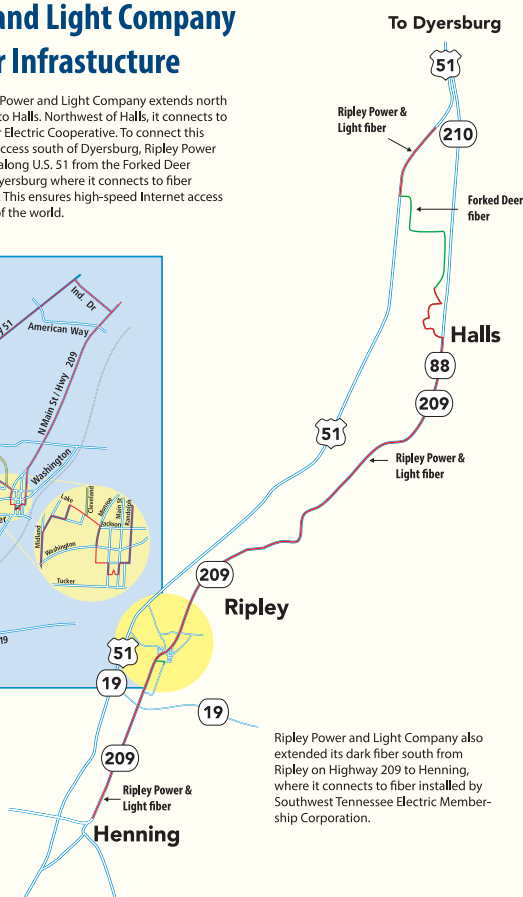
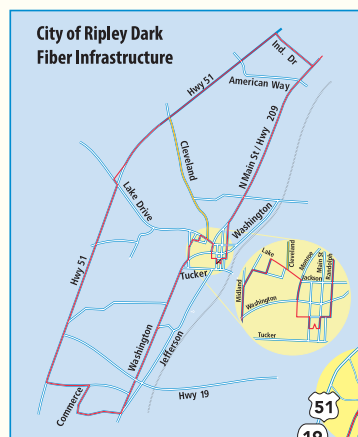


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Dark Fiber (continued from front)

Ripley Power and Light Company Dark Fiber Infrastructure

Dark fiber installed by Ripley Power and Light Company extends north from Ripley on Highway 209 to Halls. Northwest of Halls, it connects to fiber installed by Forked Deer Electric Cooperative. To connect this fiber to high speed Internet access south of Dyersburg, Ripley Power and Light also installed fiber along U.S. 51 from the Forked Deer installation to just south of Dyersburg where it connects to fiber owned by Dyersburg Electric. This ensures high-speed Internet access north of the area to the rest of the world.



Ripley Power and Light Company also extended its dark fiber south from Ripley on Highway 209 to Henning, where it connects to fiber installed by Southwest Tennessee Electric Membership Corporation.