



Summer 2013



POWER PARTNERS

Providing Powerful Solutions For Business & Industry

NEWS



Mike Allmand
President and CEO
mallmand@ripleypower.com
731-635-2323

President's Message

In this issue of *Power Partners*, we welcome Quaprotek, Ripley's new industry that has moved into the spec building off Hwy. 19. The German company chose our community after a two-year process of looking at communities in 10 different states. Quaprotek started production in June; it machines aluminum parts for automakers. We hope this is the start of other manufacturers realizing the benefits when they decide to locate in our community.

Inside this issue we introduce you to several new faces within TVA who will serve the needs of our industrial customers in West Tennessee. They include TVA's new President and CEO Bill Johnson, two TVA Board Members, including Mike McWherter from Jackson, and two TVA Economic Development representatives. Relative to TVA's comprehensive services program, we call your attention to a seasonally appropriate topic, HVAC efficiency. Through routine maintenance and equipment upgrades, energy efficiency of existing HVAC units can be improved for lower summer bills.

Under new leadership, TVA has recently targeted industrial rate competitiveness as a key area of focus. TVA recognizes

the importance of industrial electric rates for maintaining and recruiting industry to the valley. From a strategic standpoint, TVA will manage future capital investment, operating expense and rate design to restore its industrial rates to the lowest quartile compared with other national generators of electricity. Although it will take time, we are excited about TVA's recent strategic decision and what it means for our customers.

On the back page, in our *Key Accounts Manager* segment, we explain several interruptible products that could help you lower energy costs. These products are available to customers who can shed electric load during emergency and/or peak demand periods. These interruptible programs help TVA protect the electric grid during FERC events and help reduce the need to purchase expensive power during peak times.

As always, Ripley Power & Light Company, Inc. will remain focused on what is important to you — providing reliable, competitively-priced electricity supported by excellent customer service. Give us a call and we will make every effort to improve your utility experience.



FOCUS ON SUCCESS

Quaprotek Puts Down Roots in Ripley

Quaprotek, the German company that machines aluminum parts for automakers, opened its new plant in Ripley and started production in June.

The company has initially hired four machine operators to join the eight personnel already on site. It will hire 30-40 employees by the end of 2013, the bulk of which will be in September when production expands, and it could hire as many as 130 during the next five years.

"The arrival of Quaprotek is a wonderful thing for our community," said State Representative Craig Fitzhugh at a ribbon-cutting ceremony the company had in early June.

The spec building occupied by Quaprotek at Highland Street and Hwy.19 was built by the City of Ripley and sat empty for more than a decade before the company announced its plans in 2011. Plant Manager Ron Jackson said it has taken some time to find the right suppliers, but the company has its first customer so it can begin production.

Company owner Klaus Kielwein, eager to get underway, said Ripley reminded him of the farming region around his hometown of Stuttgart, Germany. In the German tradition, the company plans a grand community Oktoberfest celebration in Ripley this fall.

"We find the people here are like the people at home," Kielwein told community leaders at the ribbon-cutting ceremony. "That's why we are here."

Quaprotek opened its first plant in Germany in 1998 and decided to expand internationally in 2010. Landing in Ripley — the company's fourth plant — was a two-year process of researching and eliminating sites from 24 different communities in 10 states.

Now, company officials are planning for the future, optimistic that the Ripley venture will be successful for years to come. "Sustainable long-term profits are only possible with trust, loyalty and commitment," said Quaprotek Vice President Florian Kielwein.



Klaus Kielwein, Quaprotek's owner, right, explains why the German-based company chose Ripley for its new plant. Jennifer Baumann, Sales Manager, translates Kielwein's German into English.

Klaus Kielwein called Quaprotek a mid-size company, and said mid-size companies are strengthening the economy.

"People say we're traditional, but we're also innovative," Kielwein said. "We have the necessary courage to make short-term decisions."

(article continued on back)

TVA Welcomes New Leadership From West TN

Two of TVA's nine board members now reside in West Tennessee. V. Lynn Evans of Memphis and Michael McWherter of Jackson became part of the nine-member Board of Directors in January. Both bring a vast wealth of experience and knowledge to the board.

Evans is the owner of V. Lynn Evans, CPA, a certified public accounting and consulting firm established in 1983.

Evans also serves on the board of directors of First Alliance Bank in Memphis. She resigned from the board of commissioners of Memphis Light, Gas and Water Division in January 2013. Her TVA term expires May 18, 2017.



McWherter is owner and president of Central Distributors Co. and Volunteer Distributing Co., Tennessee-based beverage distribution companies. McWherter previously practiced law in Nashville and clerked for the Tennessee Supreme Court.

He also serves on the board of directors of First State Bank of Union City. McWherter resigned from the board of the Jackson Energy Authority in Jackson in January 2013. His TVA term expires May 18, 2016.



Evans and McWherter were nominated by President Barack Obama and received congressional approval last fall and began their service terms in January.

TVA welcomes Joshua Thornton to the West Tennessee Economic Development team. His primary responsibility is to market the TVA service territory and its communities to prospective industries, expanding industries, and other large business prospects.



Thornton is responsible for covering Carroll, Chester, Crockett, Gibson, Haywood, Hardeman, Henderson, Madison, McNairy and Shelby counties. He works in partnership with local power companies, regional industrial development associations, local communities, and other economic development partners to facilitate economic growth.

Josh is passionate about helping West Tennessee communities thrive. "I get the opportunity to assist communities with economic and community development opportunities and help them solve issues to make their community better. The tools our ED department has are amazing and I put every one of them to use when it comes to either helping a community land an ED project or getting them better prepared for future opportunities," he said.

His economic development career began in 2008 as the project manager for the Lawrenceburg Chamber of Commerce in Lawrence County. In September 2008, he was recruited to serve as director of economic development for the Baldwin County Economic Development Alliance (BCEDA) in Baldwin County. He was eventually promoted to Alliance vice president.

During his tenure, BCEDA was recognized in 2010 by *Site Selection* magazine as one of the top 10 economic development organizations in the U.S. Thornton served as the vice president of economic development for the Area Development Partnership in Hattiesburg, beginning in the summer of 2012, before being recruited to TVA in 2013.

Thornton is a member of the Southern Economic Development Council, a member of TEDC-2013, and a certified forester. He completed the Tennessee Basic Economic Development Course in 2008 and the Auburn Intensive Economic Development Course in 2010. Thornton holds a bachelor's degree in forestry management from Mississippi State University.

He and his family reside in Collierville.

Josh joins Chuck Marquis in the West Tennessee Economic Development office. Chuck has more than 20 years of experience in economic development and commercial real estate. He joined TVA in 2003 and works to foster and sustain job growth in the Tennessee Valley region.



Before working in economic development, Chuck was the project manager for the Valley's retail development program and as a target market specialist for Life Sciences and Emerging Technologies. Before that he served as vice president of economic development for the Memphis Chamber of Commerce, assisting new and expanding companies in the region.

Bill Johnson Takes the Helm at TVA



Steve Bowers of Jackson Energy Authority interviewing Bill Johnson, new CEO of TVA, for the "Dialogue" program that runs on JEA's E-Plus TV.

When Bill Johnson became TVA president and CEO in January, he promised to make customers a top priority. For the past seven months, he's been making good on that promise.

Johnson has traveled more than 6,000 miles across the Tennessee Valley region so far, meeting with about 2,500 TVA employees and many of the 155 local power companies and 56 large industries and government facilities that TVA serves.

"My focus has been to talk to our employees, customers and key public officials and hear first-hand what's working and where we have opportunities for improvement," Johnson says.

One of his first stops was in Memphis where he met with TVA's largest customer, Memphis Light Gas and Water, and others. Johnson returned to West Tennessee in June to meet with other customers and community leaders. He also has spoken frequently at distributor and industrial customer conferences, sharing TVA's vision for low-cost and cleaner energy.

"A major focus of my job involves rates," Johnson says. "Low rates lead to economic development, which creates good jobs and quality investments in our region."

Johnson is committed to making TVA's rates better by working with his management team to find ways that TVA can reduce costs and improve productivity.

"It's important that we be safer, better, faster and leaner at everything we do," Johnson says.

It's a challenge for which Johnson is uniquely qualified. He brings more than 30 years of experience in the electric utility industry, most recently as chairman, president and CEO of North Carolina-based Progress Energy.

A native of Pennsylvania, Johnson graduated summa cum laude from Duke with a bachelor's degree in history. He earned his law degree with high honors from the University of North Carolina at Chapel Hill, which honored him with its Distinguished Alumni Award in 2011.

Air-Side Energy Recovery

If your building or facility releases exhaust air, you may have an opportunity to save a significant portion of your heating and cooling expenses by use of a technology known as air-side energy recovery.

All air that leaves the building as exhaust is then replaced with air from outside the building. Air-side energy recovery technology takes energy from the exhaust air stream and uses it to precondition the outside air as it enters the HVAC system. The most popular variations of energy recovery the following:

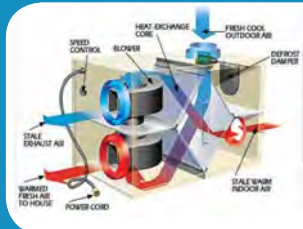
Heat Wheels/Rotary Heat Exchangers

A total enthalpy wheel spins between supply and exhaust air streams moving both sensible and latent energy (up to 80% effective) between the streams of air. This type of system is used primarily with toilet air exhaust where minimal cross contamination is acceptable.



Energy Recovery Ventilators/Fixed Plate Heat Exchangers

Where cross contamination is not acceptable, such as hazardous exhaust applications in a laboratory or highly noxious odors are present, a fixed plate heat exchanger is used. This device can only recover the sensible energy from exhaust air (up to 70% effective on sensible energy only).



Heat Pipes

Where outdoor air and exhaust air streams are separated by a long distance or where absolutely no cross contamination is acceptable, heat pipe technology is available to recover energy from the exhaust air stream. These devices recover up to 55% of the sensible energy only.



Adding air-side energy recovery to your HVAC system may also qualify for an incentive through TVA's EnergyRight Solutions for Business/Industry program. Contact your local utility provider for additional details.

Valley Investment Initiative Helps Local Companies Grow

The Tennessee Valley Authority (TVA) and local power companies are offering an incentive to help recruit new companies and support existing industries in the TVA region. This economic development incentive program is called the Valley Investment Initiative (VII). VII rewards end-use power customers in targeted business sectors that make a long-term commitment to the economic development of the region.

The following are five-year economic impacts from **West Tennessee area** companies enrolling in the program during the period October 2009 through March 2013.

Jobs	Investment/Payroll
4,362 new	\$2.1 billion investments
11,763 retained	\$3.2 billion payroll

What kinds of products do companies who have participated in the VII program manufacture?

- Plastics
- Food
- Metal
- Paper
- Chemicals
- Transportation
- Electrical
- Countless other products made in the TVA region

Qualifying criteria for participating in VII include:

- Minimum 250 kilowatt peak monthly demand
- Minimum 25 employees
- Minimum five-year capital investment of
 - 25% of an existing facility's plant book value, or
 - \$2.5 million in a new facility; and
- Standard power contract with a remaining term at least as long as the five-year VII incentive period.

Bottom Line: It is important to recruit new investments and retain and strengthen existing companies' competitive position so that communities can keep jobs for residents in our local communities.

If you think your company may qualify for an award, obtain more information at TVAed.com/VII or contact the following regional economic development specialists: Chuck Marquis, ctmarquis@tva.com, 901.577.2626 or Josh Thornton, jthornton@tva.com, 901.577.2630.

Comp Services List

Your local power provider can offer engineering and technical assistance through TVA's Comprehensive Services Program (CSP).

Here is a list of services that can help you implement the ideas presented in this issue of *Power Partners*:

- Power Quality** - Studies address voltage problems originating inside or outside the facility.
- Power Factor Energy Audits** - General survey of energy use in a facility, metering and recommendations to correct for low power factor.
- Grounding/Lightning** - Grounding study, grounding testing, and lightning-protection recommendations.

Demand-Side Management - Monitoring and testing electrical systems and recommendations related to managing peak demand, energy management opportunities, process, and facility improvements.

Water Heating - Studies explore heat-pump water-heater applications, standard energy-efficient water heaters, and cost comparison of electric versus fossil-fuel system.

HVAC - Studies examine the sizing of HVAC equipment, offer heating-and-cooling system comparisons, and investigate problems with existing systems.

Lighting - Studies provide recommendations for the design of lighting systems in such places as sports fields, roadways, parking lots, and commercial and industrial plants.

Wiring and Electrical Distribution Equipment -

Studies analyze the facility's distribution system including the sizing of wiring and equipment.

Infrared Scans - Infrared scans of electrical equipment such as transformers, breakers, bus and conductor connections for hot spots, as well as scans for facility heating and cooling loss.

Ultrasonic Testing - Ultrasound technology can locate compressed air leaks caused by vibration, holes in hoses, loose joints and cracks.

For more information call your local power distributor.

Demand Response Saves Energy and Makes Money

Demand Response programs enable industrial customers to save on utility costs and drive energy savings by temporarily limiting power to alleviate load stress on the system. Four different demand response programs are available from TVA through Ripley Power & Light Company, Inc.

Five-Minute Response – Five-Minute Response power, or 5MR, allows participating commercial and industrial customers to qualify for credits on their power bills in exchange for giving TVA the right to suspend the availability of 5MR power to address reliability needs of the TVA system. A customer earns a \$4 per kW credit on the highest maximum amount of 5MR demand established in any billing month in which the customer's load factor exceeds 50 percent.

Sixty-Minute Response – Sixty-Minute Response power, or 60MR, allows participating commercial and industrial customers to qualify for credits on their power bills in exchange for giving TVA the right to suspend the availability of 60MR power to address reliability needs of the TVA system. A customer earns a \$1.70 per kW credit on the highest maximum amount of 60MR demand established in any billing month in which the customer's load factor exceeds 50 percent.

Qualifying 5MR and 60MR customers must have a contract demand greater than 1,000 kW, maintain an average load factor greater than 40 percent, and be able to reduce 500 kW of electric load during called events.

Reserve Preservation (RP) – Reserve Preservation customers receive monthly demand credits and event-based energy credits on their power bills in exchange for curtailing their power usage during times of power system need. Customers earn reserve preservation credits every month and energy reduction credits during interruptible events. When notice is given, customers must reduce load down to their designated protected load, which they have set based on their operations and is not subject to suspension under the Reserve Preservation product. Presently, qualifying customers must have a contract demand greater than 5,000 kW.

EnerNOC – Participants in the TVA-EnerNOC Demand Response Program receive recurring payments in return for agreeing to reduce electricity consumption in response to abnormally high electricity demand. There is no cost to participate. As a part of participation, customers also receive access to their facility's on-demand energy data through Demand SMART, EnerNOC's comprehensive demand response application. Qualifying customers must be able to achieve a load reduction of 100 kW from one metering point.

These programs vary in suitability for different industries. Please contact Mike Demeris, Energy and Customer Services Representative, at 731-635-2323 if you are interested in the benefits of interruptible products.



Mike Demeris
Energy Services Specialist
mdemeris@ripleypower.com
731-635-2323

Quaprotek Puts Down Roots

(continued from front)

Above all, Quaprotek is a family company, Kielwein said. In making its investment in Ripley, he said the company is thinking in generations, not just quarterly reports. The company could invest more than \$22 million in the community during the next five years.

Through teamwork with the state and the community, employees will receive the proper training, Kielwein said. He added that Quaprotek's customers will provide the work, and the company will bring the know-how and technology.

"We can be confident that if we all put in our efforts, we'll have a good harvest," Kielwein said. Officials say it was teamwork – from the city, Lauderdale County, State of Tennessee, Ripley Power and Light and its electric supplier TVA, local banks and other entities – that brought the company to Ripley.

TVA, through Ripley Power and Light, provided manufacturing incentives, including \$50,000 for engineering package, and the State of Tennessee

offered more incentives. Local banks joined forces to finance the operation, and USDA Rural Development guaranteed the loan.

Officials also cite the region's quality labor force, pro-business climate and infrastructure for the decision. Ripley Power and Light, for example, earned the American Public Power Association's RP3 designation for providing safe, reliable and efficient electric service.

People interested in applying for Quaprotek production jobs can contact the Tennessee Career Center on Lake Drive in Ripley.



State and community leaders and Quaprotek officials cut the ribbon to signify Quaprotek's opening in Ripley.

www.ripleypower.com