TVA

RIPLEY POWER & LIGHT COMPANY

Summer 2014

POWER PARTNERS NEWS

Providing Powerful Solutions For Business & Industry

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President's Message

We see many of our commercial and industrial customers working hard to reduce their energy costs, especially in the summer. Ripley Power and Light Company and TVA also are committed to doing all we can to reduce costs to end-use customers.

Besides valuable efficiency and improvement programs like energy audits and comprehensive services, TVA continues to move forward with cost containment strategies with an end goal of lower rates before 2020.

Early January marked the first implementation of the EnerNOC program, with remarkable results. A number of customers volunteered to share the load reduction and made the implementation go smoothly. In this edition, we offer an overview of interruptible products available and some of the advantages of the EnerNOC program in particular.

Inside, we give you an overview of the first new nuclear project to come online in the 21st Century — the Watts Bar Unit 2 nuclear plant! We also introduce TVA's new board chairman, elected at the recent board meeting, and new Customer Service Manager Kevin Wren. Inside, you'll also find an update on the Valley Commitment Program, Valley Investment Initiative and the Allen Steam Plant.

Questions? Please contact me at mallmand@ripleypower.com or 731.635.2323.

FOCUS ON SUCCESS

Port of Cates Landing is America's Newest Multimodal Inland Port

Research conducted by TVA indicates that river cargo moves at an average transportation savings of $10.67 per ton as compared to the cost of shipping by alternative modes. If your business is looking to hold down costs and maximize cargo efficiencies, your logistics solution may be the Port of Cates Landing.

Located just north of Tiptonville, the nation's newest multimodal inland port is open for business and ready to help you connect your business to the global marketplace. Port of Cates Landing is on one of the most strategic points along the Mississippi River, and it offers loading/unloading capabilities for various raw and finished products, onsite storage, and transportation of freight via barge and ground transportation.

Positioned at River Mile Marker 900 on a 9,000 linear foot slack-water harbor, the port's 400-acre landside development is constructed above the 100-year flood plain. The port complex has the distinction of being located on the only developable Mississippi River frontage below the confluence of the Mississippi and Ohio Rivers that offers natural elevation not requiring levee protection. With a draft 14 feet below the low water reference plain, a 262-foot wide load-out port berthing area, and an unimpeded inland waterway (no locks and dams south to the Gulf of Mexico), the Port of Cates Landing is well suited for year 'round traffic of modern barge equipment.

The Port of Cates Landing, just north of Tiptonville, is located at Mississippi River Mile Marker 900.

Leading the Way: How Watts Bar Unit 2 will Power Prosperity for Region

Editor's Note: The Tennessee Valley Authority uses nuclear energy to produce about 30 percent of the electricity that serves our region. Additional nuclear capacity will help TVA further its mission to provide cleaner, lower-cost and reliable power to the Tennessee Valley. This is an update on TVA's progress to complete a second unit at its Watts Bar Nuclear Plant near Spring City, TN.

TVA's Watts Bar Unit 2 is making steady and deliberate progress toward completion and providing the safe, affordable and reliable power our region needs for continued growth and prosperity.

"TVA is proud to be among the leaders for new nuclear in the U.S. with the completion and safe operation of Watts Bar 2," said Mike Skaggs, Senior Vice President of Watts Bar Operations & Construction. "TVA provides affordable and reliable power through a balanced portfolio of energy resources, with the goal of producing ever-cleaner energy over time. Watts Bar 2 will help us achieve that goal."

The 1,150-megawatt unit will be the nation's first new nuclear generation to come on line in the 21st Century. Its sibling, Watts Bar Unit 1, was the last commercial nuclear unit to come on line in the 20th Century in 1996.

With more than 3,000 people working at the site, Watts Bar Unit 2 remains on track to begin commercial operation alongside Watts Bar Unit 1 by Dec. 2015, adding enough generation to power 650,000 homes.

Safety and quality are guiding forces as work progresses. A key milestone for the unit is Open Vessel Testing, which highly skilled craft workers, engineers and technicians are currently focused on completing. The tests ensure key safety and operating systems will work as designed by pumping water through the systems and into the open reactor vessel.

"This is part of the rigorous testing that will ensure systems, structures and components are ready for commercial operation," said Skaggs. "Nuclear Regulatory Commission regulations, the nuclear industry and TVA's own standards set an extremely high bar to ensure Watts Bar Unit 2 is ready for fuel load and that Watts Bar Nuclear Plant safely transitions to a dual-unit site."

Watts Bar Unit 2 will be the first nuclear plant in the U.S. to incorporate additional modifications and safeguards based on lessons learned from the 2011 earthquake and tsunami that struck the Fukushima Nuclear Plant in Japan.

Nuclear Energy Makes Good Sense for Customers

WATTS BAR UNIT 2 FIRST NEW NUCLEAR GENERATION

Energy experts agree that more nuclear power makes sound economic and environmental sense. Industry-wide, nuclear is second only to hydroelectric power in low costs for production, fuel, operations and maintenance.

"Nuclear power is integral to keeping reliability high and rates competitive for TVA's customers," said TVA Chief Nuclear Officer Joe Grimes. "Our relentless focus on safety and operational excellence enables nuclear to be among TVA's most reliable generation resources, providing direct benefit to our customers."

Laura Campbell, TVA Vice President for Customer Delivery, says the completion of Watts Bar Unit 2 is part of TVA's overall strategy to deliver competitive rates.

"Business and industrial customers have a choice to be here in the region," Campbell says. "TVA understands the importance of rates and reliability on their success and on overall quality of life. Watts Bar Unit 2 will join an increasingly diverse generating portfolio aimed at providing the best value and service to our customers and the nine million people of the Tennessee Valley." Stay tuned to Watts Bar Unit 2 progress at www.tva.com/wattsbar2.

TVA Customers Protect Grid During Heavy Winter Load

Prior to this past winter, it was a popular belief among the utility industry that peak system loads in the Southeastern United States would most likely take place during the summer months. Historical records revealed that over 85% of TVA system peaks occurred during late June through early September when temperature-sensitive HVAC loads combine with normal base loads. Consequently, when offering both reliability and economic-based interruptible products, we have generally considered summer months the most likely for a called event.

In January and February, the TVA service territory experienced some of the lowest temperatures on record. Demand for electricity was extremely high as customers tried to maintain comfortable living conditions in their homes and prevent pipes from freezing with the use of portable resistive heaters. During the worst of the cold weather, TVA briefly exercised all of its interruptible products including 5 MR and 60 MR interruptible, Reserve Preservation and EnerNOC in an effort to protect the grid. During one winter storm, TVA asked the industrial community not enrolled in any interruptible product to voluntarily reduce loads. For the good of all TVA customers, several industrial facilities in West Tennessee participated by adjusting production schedules and shifting demand to off peak periods.

Needless to say, this past winter has taught us that interruptible products are a necessary part of TVA managing supply and demand of electricity throughout the year. As we prepare for another summer and winter, please take another opportunity to evaluate TVA's interruptible products and determine if EnerNOC, Reserve Preservation 5 MR or 60 MR can add value to your operations. These products may or may not be available in your service territory. A brief summary of each product is listed below.

There are four different demand response programs available through your local power provider.

Reserve Preservation – 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.

Five-Minute Response- Five-Minute Response power, or 5 MR, allows participating commercial and industrial customers to quality for credits on their power bills in exchange for giving TVA the right to suspend the availability of 5 MR power to address reliability needs of the TVA system. A customer earns a $4.00 per kW credit on the highest maximum amount of 5 MR demand established in any billing month in which the customer's load factor exceeds 50 percent.

Sixty-Minute Response – Sixty-Minute Response power, or 60 MR, 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 60 MR power to address reliability needs of the TVA system. A customer earns a $1.70 per kW credit on the highest maximum amount of 60 MR demand established in any billing month in which the customer's load factor exceeds 50 percent.

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 DR application.

These programs vary in suitability for different industries, so contact your local power distributor if you are interested in the benefits of interruptible products.

Joe Ritch Takes Helm as New Chair of TVA Board

Joe Ritch of Huntsville, Ala., is the new chairman of the TVA board. He succeeds Bill Sansom of Knoxville, Tenn., who served as chairman on three occasions since joining the board in 2006.

Ritch has been an attorney with the Sirote & Permutt law firm since 1982. A native of Selma, Ala., Ritch received a Bachelor of Science degree from the University of Alabama in Huntsville, a law degree from Samford University, and a postgraduate law degree in taxation from New York University. He has served on the University of Alabama board of trustees, currently chairs the University of Alabama-Huntsville Eminent Scholars Foundation and in 1979-1982 was founder and first head coach of the University of Alabama-Huntsville ice hockey program.

The board of directors guides TVA in achieving the objectives and missions established by the TVA Act for the benefit of the people of the Valley. As provided by the TVA Act and the TVA Bylaws, the principal responsibilities of the board are to establish the broad strategies, goals and objectives, long-range plans and policies of TVA and to ensure that those are achieved by the TVA staff led by the Chief Executive Officer.

TVA Welcomes Kevin Wren Back to West Tennessee

TVA veteran and Memphis native, Kevin Wren was recently named Customer Service Manager. He will now work with Benton County Electric System; Carroll County Electrical Department; Chickasaw Electric Cooperative; Covington Electric System; Dyersburg Electric System; Gibson Electric Membership Corporation; Lexington Electric System; Memphis Light, Gas and Water; and Paris Board of Public Utilities.

"I am very blessed to have worked for only one company my entire adult career and as I come home to West Tennessee, I look forward to reacquainting myself with all the things that makes this area so great," Wren said.

Valley Investment Initiative – Awarding Companies That Commit to Economic Growth

The Tennessee Valley Authority (TVA) and local power companies offer the Valley Investment Initiative (VII) to help recruit new companies and support existing industries in the TVA region. VII rewards end-use power customers in targeted business sectors who make five-year commitments to the economic development of the region. VII incentive awards are paid out over a five-year period and appear as line items on a participant's monthly power bill.

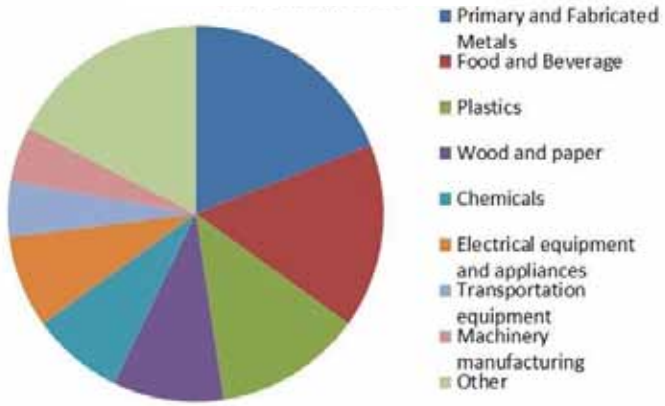
Last year, TVA implemented new enhancements to VII in order to more effectively recruit and retain eligible companies. These program changes produce awards that effectively discount power costs by 10-30 percent in most cases.

The following are five-year economic impacts from West Tennessee area companies enrolling in the program during the period October 2009 through April 2014.

Jobs New/Retained	Investment	Payroll
24,400	$3.3 billion	$5.0 billion

If you think your company may qualify for an award, obtain more information at TVAed.com/VII or contact our regional economic development specialists: Chuck Marquis, ctmarquis@tva.com, 901.577.2626 or Josh Thornton, jthornton@tva.com, 901.334.6210.

Current West Tennessee Primary Industries



TVA Comprehensive Services

Power Quality
Energy Audits
Power Factor Grounding/Lightning
Demand-Side Management
Water Heating
HVAC
Lighting
Wiring and Electrical Distribution Equipment
Infrared Scans
Ultrasonic Testing

For more information call your local power distributor.

Planning, Preparation and Production

It's what successful companies and communities do. At WTIA, we spend a lot of time helping your community plan and prepare for economic development opportunities, so that something productive can happen.

Recently, the Port of Cates Landing announced their new Operator—the R.J. Corman Company. This was a critical big step. We hope to see cargo being loaded/unloaded at the Port later this summer. The company will operate the Port exclusively through two six-month exploratory terms and out of the existing Port offices. At the end of either of the six-month terms, R.J. Corman will then have an option for a 10-year agreement with another 10-year option, for a total potential term of the agreement to 21 years.

The Port is a prime example of how planning and preparation has led to production. This will be an incredible economic development asset for our region, and it will create jobs and investment. If I can be of assistance to you in any way, contact Mike Philpot at 731-668-4300; mphilpot@wtia.org; or www.wtia.org.

Compressed Air Systems

While compressed air is necessary for many plant processes, it is an inefficient source of energy. In fact, compressed air production can be one of the major energy expenses in an industrial facility. Ensuring that your compressed air system is designed and maintained properly could reduce energy costs associated with compressed air production by 20 to 35%. Ways to reduce energy costs associated with compressed air systems include:

- Reducing pressure output from the compressor.
- Reducing pressure drop throughout the system.
- Eliminating poor compressed air applications.
- Locating and repairing leaks on an annual basis.
- Operating just one compressor at partial load.

For more information about efficient compressed air systems and how you can obtain a free Comprehensive Services Ultrasonic Leak Detection evaluation, please contact Mike Demeris, Energy Services Specialist, at mdemeris@ripleypower.com or 731.635.2323.

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Port of Cates Landing is America's Newest Multimodal Inland Port

(continued from front)

Strategically located adjacent to the port is Lake County's 345-acre industrial park that has earned the prestigious Select Tennessee Certified Site designation. This industrial park is above the 500-year flood plain and offers quick-turn construction solutions.

A 'super two-lane highway,' slated to be completed by the Tennessee Department of Transportation in August, is the gateway to the port complex from the intersections of Tennessee highways 78, 21, and 22. It is designed for heavy-duty traffic, offering 12-foot wide lanes, 12-foot wide gravel shoulders, grade separation at the rail crossing and a four-lane right-of-way for future expansion once traffic volumes increase. Interstates I-155, I-55, I-40, I-24, I-57 and I-69 also are in close proximity.

Plans are underway to build a 5 ½ mile rail spur, including on-dock rail facilities, that will connect the port complex to the TennKen Short Line and Canadian National Railroad.

Additionally, the port complex is located within a federal government 'qualified census tract' for New Market Tax Credits opportunities, is in an air quality Attainment Area, operates in compliance with Clean Ports USA guidelines, is mid-point of the NAFTA corridor, and operates as Foreign Trade Zone #283 with authority to grant sub-zones to industries within 100 miles of the port.

Northwest Tennessee Regional Port Authority, the three-county public entity that developed and has oversight of the facility, utilizes the engineering and design services of Forcum-Lannom Contractors, LLC. consulting services of Informa Economics, Inc. and terminal operator services of R.J. Corman Railroad Group. R.J. Corman's services include over-the-dock operations, management of transit shed and lay-down areas, and marketing assistance.

For more information on how the Port of Cates Landing can help you mitigate rising fuel and trucking costs; defer, reduce or eliminate import duties; and simplify freight management, call 731-253-3338 or email sprice@portofcateslanding.com.

www.ripleypower.com