FALL 08

RIPLEY POWER & LIGHT COMPANY

POWER PARTNERS NEWS

Providing Powerful Solutions For Business & Industry

General Manager's Message

We're Not Alone

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Whether it's at the gas pump, in the added cost of materials, or on our utility bills, rising energy costs are affecting all of us.

We can't control energy prices, but we can control how much energy we use in our homes and workplaces. As your electric provider, Ripley Power & Light can help you find ways to reduce your electric use. Together, we can lessen the impact of rising electric rates on your bottom line. The first step is to contact us about a free energy audit of your industrial plant or business. We'll then have the information we need to help you use your electricity more efficiently.

Inside this issue of Power Partners, you'll find information on comprehensive services we offer you through TVA, our wholesale provider of electricity. You'll learn about fuel cost pressures on TVA and ways all of us can conserve energy.

The days of inexpensive TVA power aren't necessarily over. When we compare TVA's rates to those charged by other electricity providers, we still have lower rates than most of the country.

No one likes higher electric rates. No one likes the impact higher energy costs are having on our community's homes, businesses and industry. That's why we are taking steps at Ripley Power & Light to control our costs without affecting the service and reliability you expect from us. That's why we will continue to work with TVA to limit as much as possible the impact of higher energy costs on our customers. That's why we offer our expertise to help you lower energy costs.

Let's face this challenge together. Give me a call at 731-635-2323.

FOCUS ON SUCCESS

DeVilbiss Saves More Than 25% after Lighting Upgrade

With energy cost reduction becoming a major focus for many businesses, lighting retrofits have become increasing popular. High-bay fluorescent lighting systems are a good energy-efficient alternative to metal halide lighting systems for many applications.

DeVilbiss Air Power Company, a subsidiary of Black and Decker Corporation located in Jackson, Tennessee, recently implemented a lighting system retrofit that resulted in a 25 percent decrease in electric demand. After a thorough evaluation, DeVilbiss replaced 1,140 metal halide light fixtures with T5 high-output fluorescent lighting fixtures. An important consideration was the quality of light as well as the quantity of light.

"While cost reduction was a major objective of this project, it was important for us to also maintain our required lighting levels and consider the quality of light in the production area," said Jim Vest, Facilities Manager of DeVilbiss.

Metal halide fixtures typically lose about 55 percent of their light output over the life of the bulb. A halide lighting system's design may exceed required lighting levels to allow for this diminishing effect, so it is important to know what your minimum required lighting level is for each area when comparing lighting systems.

DeVilbiss set up a "mock-up" area with fluorescent lighting to compare actual lighting levels for the fluorescent lights and the existing metal halide lights. Their comparison found the lighting level for a T5HO 4-bulb fluorescent fixture exceeded the required lighting level and produced significant cost savings. DeVilbiss recorded the actual kW demand of the plant's lighting load before and after the installation of the new high-bay fluorescent lighting system.

The energy usage reduction was significant, Vest said. The electric kW demand attributed to lighting was reduced 237 kW or 25 percent due to the lighting upgrade.

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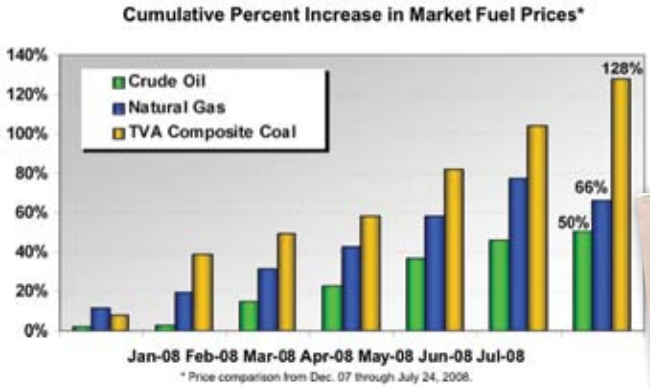
National Rate Pressures

Oil prices make national news, but market prices for coal have increased twice as much as oil in the same period.



U.S. Electric Utilities Are Seeing Rate Increases Up To 30%

The Commercial Appeal — **Entergy urges electricity conservation in passing along 28 percent rate increase** - *June 24, 2008*

The Virginian-Pilot — **Dominion's 18 percent increase likely only the beginning** - *May 27, 2008*

San Francisco Chronicle — **Supply-Demand Imbalance Boosts Oil Prices** - *May 27, 2008*

Wall Street Journal — **Expect A Jolt When Opening The Electric Bill** - *May 7, 2008*

USA Today — **PRICE JOLT: Electricity bills going up, up, up** - *June 24, 2008*

Wall Street Journal — **Coal Producers Struggle To Meet Demand** - *June 24, 2008*

What TVA is Doing

Mitigation Strategies

- TVA's overall fuel strategies help limit exposure to volatile energy markets.
- Disciplined purchasing approach. Securing long-term coal and purchased power contracts to reduce TVA price exposure. For example, at one of our plants, a coal contract expiring later this year at $35 per ton will need to be replaced – and coal at the current market price is running $125 per ton.
- Proactive hedging strategies. Hedged a portion of expected gas needs for 2009.
- Increased storage. TVA doubled the amount of gas storage this year, reducing spot market purchases.

While TVA's coal costs are up 43% over the past five years, if TVA had purchased that coal on the spot market, costs would be up 240%.

Long-Term Strategic Planning

- TVA's plan for energy efficiency and demand reduction seeks to reduce the growth in peak demand by up to 1,400 megawatts by the end of 2012.
- Local power distributors are partnering with TVA to help raise consumer awareness on energy efficiency.
- TVA's new generation will help reduce dependence on purchased power:
  - Browns Ferry Unit 1
  - Nuclear uprates will increase capacity of plants
  - Watts Bar Unit 2
  - 2,535 megawatts of combined cycle and combustion turbine generation acquired in the past two years
  - Considering future options for Bellefonte Nuclear Site

TVA is strategically building its nuclear generation portfolio, which will reduce the Valley's exposure to volatile commodity fuel prices.

One area of cost that is not going up is TVA's non-fuel operating and maintenance costs, which include labor and administrative costs. TVA is holding these costs essentially flat from 2008 to 2009.

Frequently Asked Questions About TVA's Fuel Cost Adjustment

What is the TVA fuel cost adjustment?
The Fuel Cost Adjustment (FCA) is the mechanism TVA uses to help recover largely uncontrollable fuel and purchased power costs. A variety of factors affect these costs, including weather, and global supply and demand issues.

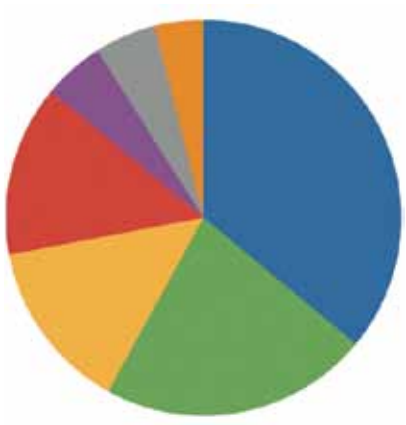
Why does TVA need a fuel cost adjustment?
About 56% of TVA's power supply comes from fossil fuels used to make electricity – coal, oil and natural gas. TVA began its FCA in October 2006 after experiencing the spike in fuel costs caused by Hurricanes Katrina and Rita the previous year. The FCA ensures TVA recovers costs as they occur, to better match its revenues to expenses. Many utilities use similar mechanisms to adjust their rates.

Why is the October 2008 FCA so high?
Coal costs have more than doubled since December 2007; natural gas prices are up by more than 65%. In addition, the TVA region is in the third year of a historic drought that continues to reduce its cheapest power source – hydro-generation – forcing it to use more expensive power.

How is the FCA calculated?
The FCA is calculated every three months as generation fuel costs and the cost of power TVA purchases from other suppliers rise and fall. The FCA calculation works by capturing the difference between the amount that TVA forecasts to pay for fuel during a given quarter and the amount that is collected through rates. This formula has two main components: the first is a forecast of anticipated fuel and purchased power costs; the second is a reconciliation of any fuel costs TVA under or over collected. The FCA can be a charge or a credit depending on these differences. It is included on consumers' bills as a per kilowatt-hour charge or credit.

For more information contact your local power distributor.

2007 TVA's Costs To Make Electricity



- **36% Fuel & Purchased Power**
- **22% Non-Fuel O&M**
- **14% Interest Expense**
- **14% Capital Projects**
- **5% Reduction in Total Financial Obligation**
- **5% Tax-Equivalent Payments**
- **4% Other Costs**

Your Local Power Distributor & TVA Offer Money Saving Energy Services

Our experts will analyze energy use at your facility and provide design, development, installation, and monitoring of improvements to help you increase productivity and lower costs.

Infrared thermography. This technology can prevent electrical and mechanical failure by spotting heat-related problems before they disrupt operations.

Power factor correction analysis. Low power factor means electricity is being used inefficiently at your facility. We can find solutions to the problem.

Energy audits. We'll survey your energy use patterns and recommend improvements in the areas of energy-efficient lighting, infiltration of outside air, insulation, alternative heating and cooling methods, and compressed air systems and processes. For quick access to energy-saving tools and ideas, go to the Business Energy Center and fill out our online survey. It offers energy-efficiency tips for schools, hotels, and many other types of commercial establishments.

Power quality analysis. If you have concerns about the quality of power at your facility, your local power company can temporarily install monitoring equipment to analyze power quality and make recommendations to alleviate any problems.

For more information contact your local Power Distributor.

Help for West Tennessee Expanding Industry

When a West Tennessee industry is ready to grow and expand, there are many sources of assistance. Your local power distributor and West Tennessee Industrial Association (the economic development organization representing the West TN power distributors) are here to help locate resources and assistance when your company is planning to expand.

Two recent West Tennessee Expansions:

United Stainless Steel, Inc. Expands in Selmer

United Stainless Steel, Inc. is expanding its Selmer plant and could create an additional 50 jobs within a year. The company will spend between $3 and $4 million to expand the plant.

The company produces laser welded, stainless steel tubing for the food, automotive and ornamental industries.

The Selmer plant opened in 1995 and is around 80,000 square feet. The planned expansion will add 50,000 square feet. This is the third expansion for the company that employs about 45 people.

Tennalum Plant to Expand in Jackson

Kaiser Aluminum will add between 40 and 50 new jobs to its current workforce of 200 at the Jackson Tennalum plant. The company will also add 13,000 square feet to the existing 310,000 square foot facility.

The majority of the $19 million investment will go toward the purchase of new equipment including an extrusion press, a heat-treat furnace and additional drawbenches.

For assistance with your expansion, contact Mike Philpot, Executive Director of WTIA, at 731.668.4300

All Lights Are Not Created Equal

If your facility is considering high-bay fluorescent lighting, keep in mind that all fixtures are not created equal. Since temperature is the most sensitive issue for most industrial lighting applications, make sure the model fixture you select is appropriate for your application to maximize your savings. Here are some factors to consider:

Available Bulb Sizes:
Select T8 or T5HO (high output). CFLs are not as energy efficient for high-bay applications.

Lamp Life:
Install a minimum rating of 20,000 hours.

Fixture Body:
Use aluminum construction with vents (holes) in the top of the fixture.

Reflector Design:
Reflector should be at least 4 inches wide and use only one lamp per reflector. Lamps should not extend below the reflector in the fixture.

Ballast:
Use a "program start" ballast if using occupancy sensors. "Instant start" are better suited if not using occupancy sensors.

Ballast Temperature Rating:
Rating should match the ambient temperature of the area the light will be installed. A rating of 125 degrees ambient and 158 degrees case temp is a good criteria for high-temperature applications.

Lighting Levels:
Research and know what level is required for the specific work area instead of comparing or designing to existing light levels.

Light Quality Ratings:
Kelvin and CRI ratings identify the color recognition capabilities of the bulbs.

Temperature not only affects the life of the bulb and ballast, but also the quantity of light produced. Installing several fixtures in a "mock up" area is the best approach to ensure the selected fixtures meet the performance criteria for your facility. Select a contractor with experience in recommending and installing fluorescent fixtures in applications similar to yours.

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DeVilbiss Saves More Than 25% after Lighting Upgrade

(continued from front)

Actual savings have proved to be even higher for DeVilbiss since many of its new light fixtures are equipped with occupancy sensors, allowing them to cycle on/off as needed. This feature is not available with metal halide lighting systems due to the longer re-strike time.

It is important to note that several factors will influence which type of lighting system is best for your particular facility. Environmental conditions such as ambient temperature and the cleanliness of the area must be considered. Extreme temperatures will shorten the life of an electronic fluorescent ballast and affect the quantity of light output versus a metal halide lighting system. The multi-bulb design of a fluorescent fixture allows for more efficient scheduling of bulb replacement in high-bay areas, but requires more time for fixture cleaning. The quality of the fixture's design can also affect the efficiency of its operation.

A thorough evaluation should be performed for each application before implementing any lighting retrofit project. Ripley Power & Light will be happy to work with you on the evaluation of the best lighting system for your particular installation. You might say we will light up the way to savings.