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**POWER
PARTNERS**

Providing Powerful Solutions For Business & Industry

NEWS



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President's Message

TVA Rates and Programs Focus on Energy Efficiency Demand Reduction

TVA's Board of Directors recently approved a change in its wholesale power rate structure, effective April 2011. This will mean changes to the retail rate structure for Ripley Power and Light Company and other distributors across the Tennessee Valley. Designed to promote energy efficiency, reduce peak power demand and provide opportunities for savings to end-use customers, TVA's new rate structure will include time-of-use options that more closely reflect generation costs.

The cost to produce electricity can be significantly higher at peak times, such as on hot summer afternoons and cold winter mornings. Under a time-of-use scenario, qualifying customers willing to alter consumption patterns could pay less for electricity used during TVA's off-peak periods than that used during on-peak times.

While TVA considers these changes to be revenue neutral overall, it is anticipated that individual customers may see an annual change, depending upon their rate classes. We are monitoring these changes and are working hard to minimize potential impacts to each of our rate classes. It is TVA's hope, and ours, that as customers shift more of their electricity

usage to off-peak periods, TVA can avoid costly on-peak power purchases from the market and can avoid or delay construction of costly new generating plants.

We'll keep you posted on future changes that may affect your energy costs and our programs. In the meantime, we want you to know about three energy efficiency demand reduction (EEDR) programs offered by Ripley Power and Light, in partnership with TVA: The Commercial Efficiency Advice and Incentive (CEAI) program for commercial and industrial facilities with monthly demand greater than 50 kW; the Fast Cash program for small businesses with no monthly demand charge, and the Major Industrial Program for industries with contract demand of 5 megawatts or greater.

The Major Industrial Program offers incentives for a variety of efficiency measures that reduce demand during TVA's peak times, while the CEAI and Fast Cash programs' incentives are limited to HVAC and lighting upgrades that reduce kW use. You will find information about all three programs in this issue of Power Partners.

Meanwhile, for more information about our rates, programs and services, call us at 731-635-2323.

FOCUS ON SUCCESS

Participation in Multiple Programs Leads to Significant Returns

The Major Investment Program and the Valley Investment Initiative are two programs offered by Ripley Power and Light Company, in partnership with TVA, to award customers that contribute to the reduction of energy demand and economic development of the Tennessee Valley.

The Major Investment Program is designed to achieve maximum reduction benefits during the highest periods of demand on the TVA power system. Growth in the use

of electricity in the Valley has required TVA to increase its purchases of power from other suppliers to meet summertime peak demands. The Major Investment Program can help reduce the amount of power TVA buys from these costly sources. It is designed to encourage reductions in electric energy intensity in large industrial facilities that have a contract demand greater than five megawatts. Incentives are offered based on the kilowatt reduction made during TVA's critical peak period.

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Huntingdon Plant Sees Big Savings From TVA's Major Industrial Program

Norandal, USA Inc., a leading manufacturer of rolled aluminum foil and light gauge sheet products for consumer and industrial markets with operations in Tennessee, North Carolina and Arkansas, recently completed two energy efficiency projects at its Tennessee plants. Norandal's Tennessee plants are located in Huntingdon, Tennessee and served by Carroll County Electric.

Like most large industries, Norandal is constantly striving to increase efficiency, reduce cost and conserve energy. They welcomed the opportunity to team up with TVA and Carroll County Electric on energy conservation initiatives.

The Huntingdon Norandal facilities met the eligibility requirements of the TVA Major Industrial Program (MIP) that targets industrial customers with a contract energy demand of at least 5 MW. Facilities are evaluated for ways in which they can reduce energy demand during peak energy usage. Then the industrial customer implements recommendations from TVA. Participants are paid an incentive amount per kW reduced and those funds can be used to pay for the cost of efficiency improvements.

TVA and Carroll County Electric met with Norandal about two years ago to explore the issue of energy efficiency and start participation in the Major Industrial Program. With the technical support offered by TVA, Norandal embarked on two energy efficiency projects: high bay fluorescent lighting and variable speed drives on four coolant pumps. The combined project savings for Norandal were impressive and a reduction of over 3.85 million kWh per year, a reduction in Norandal's peak electric demand by 458 kW. With these savings the capital investment was paid back in just two years time.

CEO and President Kip Smith said, "We are pleased to have partnered with TVA and Carroll County Electric toward the joint goal of conserving energy and cutting costs through more sustainable technology. The results are impressive and we look forward to doing more projects in the near future."

Participation of industrial customers, such as Norandal, in the MIP allows TVA and power distributors, such as Carroll County Electric, to have more capacity to serve other customers and results in peak energy demand reduction throughout the Tennessee Valley.



WTIA Seeking Foreign Trade Zone Benefits For West TN Companies

The West Tennessee Industrial Association is working to extend the Memphis/Shelby County Foreign Trade Zone (FTZ) #77 to include key sites in West Tennessee. A FTZ can offer cost savings and competitive benefits to new and existing industries.

Expanding Zone #77 into the outlying region of WTIA will allow more companies to realize tax savings and maximize cash flow on long-term import-export transactions. Large industries in the Memphis FTZ have had these advantages for years. Companies in West Tennessee that WTIA has met with so far expect to realize substantial savings from the extension of the zone.

Sites included in the expanded designation application include the Port of Cates Landing, the West Tennessee Megasite, the Brownsville Industrial Park, the Walker Industrial Park, the Rialto Industrial Park, Dyersburg Industrial Park, the Obion County Industrial Park and the Gibson County Industrial Park. The West Tennessee Industrial Association will continue to provide updates on this ongoing process, but if you have questions at any time about how you can benefit, call Mike Philpot at 731-668-4300.



Grounding Systems – What You Need to Know

Underground grounding systems in industrial and commercial facilities are often not properly maintained and tested after installation. Over time, connections can become corroded and the systems can develop undetected electrical discontinuities. These problems often continue for years, contributing to electrical problems, equipment failures and a decrease in personnel safety.

Proper grounding provides many benefits such as a reduction in system noise, protection from unwanted voltages, currents and power surges, and protection from lightning. Without proper low-impedance ground, standard protection devices such as breakers are rendered ineffective and some electronic equipment manufacturers may void their equipment warranties at sites where the ground system performance does not meet their explicit earth grounding requirements.

Grounding studies and testing are a few of the comprehensive services offered by TVA and your local power distributor. They can ensure that your grounding system is still effective or offer suggestions for improvements that need to be made. Contact your local power distributor to schedule a grounding system inspection or for information on TVA's other **comprehensive services** such as:

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



TVA Energy Efficiency Disaster Assistance Initiative

Seventy-three counties across the TVA service area have been affected by recent natural disasters (flooding, tornadoes, severe storms and mudslides). To help affected businesses recover from these events, TVA is offering incentives to encourage eligible commercial and industrial business owners to install higher efficiency lighting and heating and cooling equipment as they rebuild, helping them save energy and money on future power bills.

This program is for industrial customers with 5,000 kW or less contract demand, and all commercial customers located in federally declared disaster areas in the TVA service territory that have a FEMA Registration Number. TVA and participating local power companies offer a simple rebate process to reward companies for the installation of efficient lighting and HVAC systems selected from a list of qualifying equipment.

For affected businesses, TVA will waive pre-measurement requirements for qualifying installations. These incentives can be combined with other state and/or federal incentives.

For more information on the TVA Energy Efficiency Disaster Assistance Initiative, contact your local power company.

TVA Extend Demands Response Program for Western Tennessee Businesses



Power distributors throughout Western Tennessee have joined the ranks of power distributors throughout the TVA region that are offering Phase II of one of the largest demand response programs in the country. Operated by leading demand response company, EnerNOC, in partnership with TVA and local power distributors, the TVA-EnerNOC Demand Response program pays commercial and industrial electricity users to reduce consumption when TVA's system reaches critical highs.

EnerNOC and TVA recently signed an agreement to expand the program, which was started in 2008, to provide up to 560 megawatts of capacity throughout the TVA region. The expansion opens the door for more western Tennessee based businesses and organizations to capitalize on this revenue-generating and energy saving opportunity. Contact your local distributor for

Nearly 100 customers throughout western Tennessee are currently enrolled in the program, and combined, they provide approximately 31 MW of demand response capacity. Since 2009, participating customers throughout the region have received over \$1 million in total payments.

So far in 2010, the program has been dispatched nine times, due in large part to this summer's consistent heat, which caused a number of high demand days. Because participating business earn additional payments every time the program is called, this summer proved to be financially valuable to participants while providing a clean, sustainable, and reliable source of energy to the region.

Contact your local power distributor for further program details or to take advantage of the program.

\$ TVA Fast Cash Incentive Created For Small Business & Industry

TVA has created the TVA Fast Cash program to provide monetary incentives to small businesses and industries that install efficient lighting and HVAC systems selected from a list of qualifying equipment (visit www.tva.gov for a complete list).

The steps are simple:

- Complete and return your Business Incentive Application Package
- Receive a notification letter indicating application approval status (work should not commence prior to approval)
- Install qualifying efficiency improvements as indicated in approved application
- Notify TVA or your local power company when work is complete
- Receive incentives

To learn more about TVA Fast Cash, contact your local power distributor.

New Lending Program Created to Help You Reduce Costs

Recently, Governor Phil Bredesen and Tennessee Department of Economic and Community Development Commissioner Matt Kisber announced the launch of a new \$50 million Energy Efficiency Loan Program to help Tennessee companies finance investments in energy efficient technology, energy retrofits and renewable energy systems. The program is a collaborative effort among the State of Tennessee, the U.S. Department of Energy, the U.S. Economic Development Administration, Pathway Lending, Pinnacle Financial Partners and the Tennessee Valley Authority.

The program, administered by Pathway Lending, will offer access to below-market rate loans at 5 percent with terms extending to 10 years. Financing will be available for up to 100% of improvements aimed at reducing energy consumption, lowering overall costs and improving profitability. Applicable projects include building retrofits, equipment replacements or upgrades, lighting and renewable generation projects.

The program's most unique feature is the Shared Savings Option. This feature allows businesses to retain up to 50 percent of their monthly energy savings and repay the loan with the remaining percentage.

Energy efficiency improvements make businesses more competitive by reducing operating costs and improving productivity. It is estimated that every dollar spent on energy efficiency creates \$2.84 in benefits over the life of the installed measures, a 184% return on investment.

To be eligible for a loan, a business must have a complete energy audit, assessment or vendor proposal with detailed project energy savings. Once verified, these energy savings determine the amount and term of the loan and the applicant's ability to repay the loan with those savings. Businesses may apply online at www.pathwaylending.org

For more information on the Energy Efficiency Loan Program, contact Mike Demeris at 731-635-2323 today.



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Participation in Multiple Programs Leads to Significant Returns

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For the Valley Investment Initiative program, existing customers in targeted sectors must meet minimum program qualifiers to be evaluated for an incentive award. The amount of award that a customer could receive depends on its five-year projections and actual performance in a number of economic and power system categories, including capital investment, jobs, wages, load factor and energy efficiency. The award is paid in installments over a five-year period as a monthly credit on the customer's power bill.

A nearby West Tennessee industry recently decided to participate by improving its facility in a way that would qualify the industry for both programs. The results were substantial. After a careful evaluation and facility modifications, the industry qualified for credits in the hundreds of thousands of dollars over the next five years.

"The industry realized that these programs will help make it more competitive in today's marketplace," said Mike Allmand, President and CEO of Ripley Power and Light. "The programs make production and energy-efficiency improvement projects more economically viable."

For more information about these or other energy and money-saving programs offered by TVA through Ripley Power and Light, contact your power company at 731-635-2323.

www.ripleypower.com