




A Touchstone Energy® Cooperative 

**FOR IMMEDIATE RELEASE**

**Contact: Charles McDonald  
(931) 680-5880**

**News Release: 0452-07**

**Date: 08/21/07**

---

## **Energy Conservation, Environment Topics For Duck River Electric Annual Meeting**

Ways to save on electric bills and at the same time be a participant in improving the environment were topics for consideration Saturday as members of Duck River Electric Membership Corporation gathered for the cooperative's annual membership meeting.

Held in the auditorium of Shelbyville's Harris Middle School, more than 165 members and guests listened attentively as officers of the corporation gave their reports which centered around the theme: "Looking Out For You." In addition, members confirmed five members to serve on the Cooperative's Board of Directors and watched as participants in the Washington Youth Tour short story writing contest were recognized.

Re-elected to serve three year terms on the Board of Directors were: Glenn Norfleet, Coffee County; Buford Jennings, Moore and Lincoln Counties; John Moses, Marshall County; Robert DuBois, Maury, Lawrence, Lewis, Williamson and Hickman Counties; and Laura Willis was re-appointed by the Board of Regents to represent the University of The South. A re-organizational meeting of the Board of Directors was held immediately following the Annual Meeting and Brent Willis of Coffee County was re-elected President as were Buford Jennings, Vice-President, and Bill Randolph, Secretary/Treasurer.



Opening the meeting with his remarks, President Willis said, “Without question, ‘energy’ in whatever form is a topic on many people’s minds. Beyond the gasoline pump, energy and the environment are priority items on the minds of many Americans. Although it may be hard for some of us to grasp and understand, media accounts and survey data continuously point out to us that topics such as ‘global warming or climate change’ are just as important to the American people as is the War in Iraq or their fear of another terrorist attack. I know many of you may not equate the seriousness of ‘climate change’ with that of terrorism, but over and over, surveys of the American public say that is the case.”

“In response to those concerns and their constituents, Congress is moving at a fast pace toward passing legislation aimed at confronting the challenges of climate change. But the question remains, how do we meet the objectives of reducing the risks of climate change while at the same time holding down the cost of electricity, when nationwide more than 80 percent of our electricity is produced by fossil fuels?”, the president asked.

Responding to the question, President Willis said, “First and foremost, we must be honest with our members. We must talk straight about the rising cost of energy, how growth increases the demand for electricity and how the increasing demand for electricity impacts the need for more generating facilities and/or energy conservation.”

“Many of you may ask, ‘Well, what can I do to help hold down the cost of my electric bill,’ or some may ask ‘What can I do to combat global warming?’”, Willis posed, adding “While these are two completely different questions, there is one answer that can apply to both of these questions. It is Duck River Electric’s belief that energy conservation and the efficient use of electricity is the most direct way individuals can make a difference in both of these areas.” Referring to a host of energy conservation material given to each member as they registered for the meeting – including hundreds of compact fluorescent light bulbs that were distributed to those at the meeting -, Willis encouraged everyone to actively pursue conservation efforts to “reduce the amount of energy you use in your home or business and save you money. And if you are among those concerned about climate change issues, your efforts will address these concerns as well.”

Pointing to the energy conservation efforts being taken by the Cooperative within its own facilities, including the installation of a geothermal heating and cooling system in the Shelbyville headquarters office and two years ago installing a similar system when a new Columbia district office was built, Willis said, “Your Board of Directors feels very strongly that DREMC should be a leader in the communities we serve in promoting energy efficiency.”

Acknowledging that the Cooperative’s service territory is rapidly changing from rural to suburban, General Manager Jim Allison explained, “Spring Hill of Maury County is the best example of that. There are currently 3,000 lots platted there, many of which are now ready for construction. Because of the anticipated growth, Duck River Electric has planned a new substation in the Spring Hill area and we just went through a very difficult process to site the substation there. It is a ‘Catch 22’ situation. Lots of people want to move there because it is a beautiful area, land is cheaper and more open. But by doing so in droves, the area soon becomes just like the area they are trying to get away from.”

“Infrastructure has to be built to accommodate their needs. A substation is a part of that infrastructure and it has to be located in that area to supply all those new homes with electricity. But the folks that have already moved there don’t want it near them. It puts the Cooperative in an awkward position of trying to provide reliable power. But to meet the growing demand for reliable power, the substation must be built,” Allison explained.

Because of sustained growth and now with a total membership of just under 70,000, Duck River Electric is the 41<sup>st</sup> largest cooperative in the United States when compared to the nearly 1,000 electric cooperatives nationwide.

The General Manager went on to briefly discuss five significant areas that “have made the last 12 months very rewarding and productive.” These included DREMC’s relationship with TVA, the cost of power, reliability of the electric system, member services and the environment.

Acknowledging that signing a new “evergreen” contract with TVA put DREMC “back in the fold” and on the same terms as other power distributors in the Tennessee Valley, Allison pointed out that TVA and DREMC have agreed on a long-term power

delivery plan that promises to enhance the availability and reliability of wholesale power delivery for many years to come.

Regarding electric rates, the General Manager explained that members can anticipate paying more for their power as TVA continues to implement their quarterly Fuel Cost Adjustment (FCA) plan that was begun in October, 2006. Since that time rates have gradually increased as a reflection of the cost TVA is paying for fuel to power its generating units. "TVA has just announced a major FCA increase to go into effect October 1 of this year. The FCA is becoming a major component of your bills. This new FCA adjustment will amount to a six to seven percent increase on your bills as DREMC has no choice but to pass these increases through to our members," Allison said, adding, "Duck River Electric has only had one very small increase, 1.5 percent, in the last 11 years. And for fiscal year 2008, our budget calls for no increase in our rates other than the pass through of any TVA rate increases.

Discussing the reliability of service to its members, Allison explained that DREMC embarked on a reliability improvement program about five years ago. "We had been averaging our members being without power for four to five hours per member per year. We concluded that with the changing needs of our membership, those numbers were not good enough. Our engineers mapped out a strategy to improve and set a target of less than two hours per member per year. This strategy included new substations, improved protection schemes and equipment, improved lightning protection and grounding of system equipment and a variety of other steps. The price tag to achieve this was millions of dollars, spread out over many years," he explained.

"Although we have not fully completed the planned program, I am pleased to report to you that we have reached our target. For the last three months in a row, and looking at a rolling 12 month average, we are under two hours per member per year. We are extremely proud of this accomplishment as we are making major strides forward," Allison said.

Highlighting DREMC's membership in Touchstone Energy, a national network of more than 600 cooperatives, the general manager introduced an award winning video segment as an honor to the American troops around the world, many from cooperatives like DREMC, that are serving on foreign soil.

“Another piece of our efforts to try to meet your needs, and through our association with Touchstone Energy, is a systematic approach to measuring member satisfaction with their electric service,” Allison told the Annual Meeting audience. As the first cooperative in Tennessee to join Touchstone Energy, DREMC was selected to participate in a quarterly survey effort analyzed by the University of Michigan Business School and the American Society of Quality Assurance. Known as the American Customer Satisfaction Index (ACSI), DREMC has been a participant for the past year. “I am happy to report that DREMC scores at or very near the top in virtually all measures. We are very proud of this achievement and I commend the hard work done by all of Duck River Electric’s employees and directors in achieving these high marks,” he added.

Concluding his remarks by addressing the issue of the environment and how Duck River Electric could weigh in on the issue, Allison pointed out that there are varying opinions about climate change...those that strongly believe this is the biggest issue of our time, those that emphatically say this is nonsense, and those that just don’t know. “As your cooperative, we have come to the conclusion there is plenty we can do without having to decide who is right or wrong. It is clear there is plenty we can do that makes sense, including energy conservation and energy efficiency. Regardless of where we stand on climate change, it makes sense to conserve and be efficient. It will save money and at the same time lower carbon dioxide emissions and other greenhouse gases,” he explained.

Secretary/Treasurer Randolph highlighted the financial position of the cooperative to the audience, explaining that the assets of DREMC have grown to more than \$150 million with a net worth at the end of the fiscal year of over \$80 million, or 53 percent of assets.

Operating revenues and other income for fiscal year 2007 total over \$135 million, with the increase over 2006 being attributable to membership growth and increases in rates by TVA that have been passed on to members. “Expenses in 2007 were more than \$133 million with payments to TVA totaling nearly \$104 million, clearly the single largest cost incurred to provide you with electric energy. A margin of \$1,185,912 remained to operate your cooperative after expenses and normal loan principal payments were made. The Board of Directors passed a motion at their July 2007 meeting that this

margin be designated for capital improvements, new member facilities and system operating and maintenance expenses,” Randolph pointed out.

“Consistent membership and load growth, as evidenced by an increase of 1,540 new members this fiscal year, is expected to continue,” he noted, adding, “The directors and employees of your cooperative will constantly strive to provide you with quality electric service and sound planning to meet continued growth in our area and to prudently face the challenges of the future.”

Ramsey Clark, a high school student from the Hillsboro community in Coffee County was presented with a cash award for being the area winner in DREMC’s Washington Youth Tour short story writing contest and other participants were recognized on stage.

The business session of the meeting was concluded with the naming of members to serve on the 2008 Committee on Nominations. These included: Lonnie Norman and Austin Anderson, Coffee County; Kelly Moore, Franklin, Grundy and Marion counties; Leonard Lewis, Moore and Lincoln counties; Amy Martin, Bedford and Rutherford counties; Jerry Hooper and Terry Jackson, Marshall County; Burgess Guinn, Giles County; Willard Grimes and David Edwards, Maury, Lewis, Williamson, Hickman and Lawrence counties; and Susan Askew, University of the South.

