

TVA moves forward with plans for major rate structure change

Will result in cost increase to DREMC members

Despite concerns expressed by many of its power distributors, including Duck River Electric, the Tennessee Valley Authority appears determined to move forward with plans this fall to implement a major rate structure change that will ultimately affect how wholesale and retail electric bills are calculated as well as potentially impact the total cost of energy. The change could come as early as October of this year.

While TVA asserts the rate change is “revenue-neutral” to TVA as a whole, it will have varying impacts on different TVA power distributors. Unfortunately, the impact on DREMC and its members will be to increase the rates TVA charges to DREMC and ultimately to its members for power consumed. DREMC is still analyzing the degree of the impact and methods to mitigate it, but it is now clear that TVA’s charges to DREMC will be going up.

For approximately two decades, TVA has billed its power distributors through a rate methodology known as “end-use wholesale rates,” which in lay terms means all municipal and cooperative customers of TVA power are billed each month for the amount of energy sold or used and metered by that individual power distributor to that specific class

of customers. This particular method of billing does not take into account the peak demand for power during a given period of time by all consumers nor does it matter what time of day, day of the week or season of year the energy is used.

TVA began discussions with power distributors through the Tennessee Val-

ley Public Power Association’s Rates and Contracts Committee, along with representatives of 13 other power distributors across the Tennessee Valley.

“The new ‘seasonal demand and energy’ rate structure TVA is proposing represents a major change in the way DREMC and our members will be billed for the electricity they con-



sume,” Allison said. “Not only will rates to DREMC and its retail members vary by the season of the year (higher rates in winter and summer; lower rates in spring and fall), but it also stands to affect the cash flow of Duck River Electric, potentially to the point of creating a situation in some months where, based on the demand for energy set by DREMC’s members

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DREMC Annual Meeting

Saturday, Aug. 21, 2010

Registration: 8:30 a.m.

Meeting: 9:30 a.m.

Franklin County

High School Auditorium

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due to an extreme weather event, the cooperative's wholesale power bill to TVA could be greater than the retail revenue received from DREMC's members. This is obviously a situation that needs to be avoided, and the Rates and Contracts Committee continues work with TVA to attempt to arrive at wholesale and retail rate structures that will have the least impact on power distributors, their retail customers and TVA."

In addition to being the generation and transmission provider for the 158 power distributors in the Tennessee Valley, TVA also serves as the rate regulatory authority and must approve all retail rates charged by its distributors.

"TVA is very concerned that its peak-load demand is growing faster than its energy growth, and the value of the power generated or bought varies significantly by the time of day and by the season of the year," Allison noted. "The current rate structure does not take these variations into account nor does it give power distributors or retail customers any incentive or opportunity to manage peak demands or save money by directing energy use to off-peak times. TVA's concerns are certainly legitimate and

understandable, but its proposed changes would raise the rates charged to systems like DREMC and our retail members, who are mostly residential and small commercial consumers, and also substantially increase our financial risks.

"My concern as CEO of Duck River Electric is that we arrive at some rate recovery method that prevents DREMC from setting an extremely high demand for energy during a short period of time, say on a very cold day or two in early February, then the temperatures warm up for the remainder of the month and energy sales to our members drop off to the point that our retail sales do not generate enough revenue to pay our wholesale power bill, not to mention cover our other overhead expenses. Under the 'demand and energy' rate structure as it is currently being proposed, this scenario could very well happen, and the end result would have to be even higher energy rates for DREMC's members."

Also being considered as a part of the new methodology will be the introduction of "time-of-use" rates, although it is not anticipated this structure will be implemented on a mandatory basis during the 2010 calendar year. Preliminary discussions indicate that, once implemented, residential, commercial and

industrial members would be looking at retail rates that would vary according to the season of the year and even time of the day, all based on the value of generated or purchased power during those times. "One of the guiding principles of the Rates and Contracts Committee is to ensure that any new wholesale rate structure will facilitate the most efficient use of electricity by consumers by establishing rates that more accurately reflect the value of electricity as it is consumed," Allison said. "When implemented, time-of-use rates will help meet that goal, and our members will have an opportunity to take advantage of lower energy costs by shifting their energy use from high-demand, on-peak times to off-peak, low-demand times of the day. However, great care must be taken to assure that those members who are unable to shift the time of their use are not adversely impacted to the point that the energy they use becomes unaffordably expensive."

Discussions are expected to continue with TVA as the anticipated Oct. 1 implementation date approaches, and future articles in *The Tennessee Magazine* will keep you apprised of what the final rate structure and its impacts on DREMC and its members will be.

New Spring Hill substation planned in Maury County

Director of Engineering Services Blake Butler, shown at right, points to progress being made on the site and related power-line improvements for the new multimillion-dollar electrical distribution substation currently under construction in Spring Hill at the corner of Green's Mill Road and Mahlon Moore Road.

According to Butler, the substation will cost approximately \$2 million with an anticipated transformer delivery date as early as August 2010 and a projected in-service date of early November 2010.

The substation is necessary to provide added reliability for our members in northern Maury County as well as additional capacity for future growth in the area.



Mark your calendar

DREMC 74th Annual Membership Meeting
Saturday, Aug. 21, 2010
Franklin County High School Auditorium — Winchester

Cozart, Smith, Reavis to retire June 30 with more than a century of combined service

Wayne Cozart will retire from Duck River Electric Membership Corporation on June 30, completing 35 years of service with the cooperative.

Cozart grew up in Lewisburg and was previously employed with All Star Boat Factory and Inter City Products of Lewisburg. Cozart was drafted by the U.S. Army in 1967 and spent two years in Vietnam. When he returned in 1969, he was ready to embark on a new career, and a friend of his, Bing Spence, a former DREMC employee, suggested he apply for a meter reading job that was available.

Cozart began his DREMC career in December of 1974 as first-step meter reader. In December 1978, he entered the apprentice lineman program and topped out as a lineman in December of 1982. He was promoted to working foreman, his current position, in April of 1983.

"I remember the days when we only had one truck for the entire crew," Cozart said. "The addition of pickup trucks and bucket trucks alleviated lots of trips back to the office for supplies and made the work go much smoother and safer."

Acknowledging that dealing with members over the years has sometimes been challenging, especially during tornadoes and ice storms, Cozart said, "When we could get the lights back on, it was very rewarding." He added that although tornadoes were very devastating, they were more isolated whereas ice storms caused more widespread outages and made it more difficult for workers to negotiate hard-hit areas.



Cozart said he is very appreciative of Duck River Electric and the board of directors for giving him the opportunity to support his family over the years. He has enjoyed working with everyone in the Lewisburg district and especially Timmy Terry and Ronald Aldridge, with whom he has worked his entire career. "I will miss all the people I have come to know in Marshall and surrounding counties through the years," he said.

Plans upon retirement are to spend time doing more volunteer work at church, enjoy time with his seven grandchildren and work on antique tractors.

DREMC wishes Wayne and his wife, Janie, a happy retirement.

Also completing 35 years of service with the cooperative with his retirement on June 30 is David Reavis.

Reavis grew up in Manchester and studied engineering at the University of Tennessee at Martin and Motlow State Community College.

Following in the footsteps of his father, former DREMC line foreman Paul Reavis,

David began his career with DREMC in December of 1970 as a temporary laborer and in August of 1971 was laid off due to lack of work. He was rehired in January of 1972 as a first-year apprentice lineman. In January 1976, he topped out as a lineman and in February of 1985 was promoted to field engineer, the position he presently holds.

Working with new members and contractors has been part of his job as a field engineer. "Most of the time they have no idea what goes into getting

electricity run to their homes and businesses, but when I explain the procedure, I feel like they are more aware of what DREMC does and how we take care of our members," said Reavis. "This has been very rewarding to me."

He added, "I thought I used to know most of our members, but that is not the case now since we

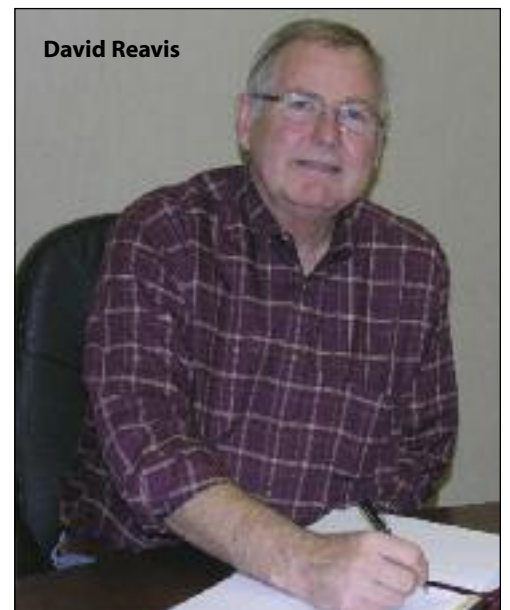
have added so many new members."

One of the biggest advancements Reavis has witnessed over the years has been the addition of safer and more efficient equipment. "I remember the days of digging holes by hand. Now we have hydraulic trucks and bucket trucks, and safety has always been a very important aspect of my job.

"I have enjoyed working with DREMC, and it has provided a good living for me and my family. DREMC has always been a part of my life from being a water boy with my dad and his crew when I was a small child to mowing grass and cleaning windows at the office as a teenager."

David plans to spend his retirement taking one day at a time, enjoying his children and taking care of his health. We wish David and wife Susan many happy years of retirement.

Completing 40 years of service with DREMC will



be Johnny Smith, who also retires June 30.

Smith grew up in Franklin County and graduated from Franklin County High School in Winchester. With his father being an electrician, he spent his high school career heavily involved in electronics. Following graduation he worked at Sears and Roebuck as a repairman in the service department and performed line maintenance at American Can in Shelbyville for about two years.

Smith began his DREMC career in Shelbyville as a temporary laborer in 1969 and became a permanent laborer in January of 1970. He became a first-step meter reader in February 1970. He entered the apprentice lineman program in October 1974 and transferred to Columbia in October 1976 as third-year apprentice lineman, topping out as a lineman in October 1978. He currently serves as working foreman in the Columbia District.

"I have enjoyed working with the crews and making our members' lives a little better," said Smith. One of his most recent job duties included being instrumental in getting the Columbia District set up on the Outage Management System. Smith believes this system has been a great timesaver in detecting trouble



spots during unexpected outages. Instead of patrolling several miles of line, problems can usually be located by the computer system to within 1,000-2,000 feet. Smith has also been responsible for locating underground cable for the Tennessee One Call call-before-you-dig program.

Over the years, Smith has worked his share of destruction left behind by tornadoes and ice storms. "It is amazing how during a tornado one house can be totally devastated and the one right beside it never touched," he said. "The degree of devastation is remarkable."

Although he admitted he didn't like being away from home for extended periods of time, his electronics experience came in handy in restoring power to radio towers needed for emergency communication during these devastating events.

Smith said he is very appreciative of the safety programs that DREMC offers to its employees and believes they are invaluable in the workplace and at home. "Our safety record

has greatly improved, and this is evident by our number of accident reports," he said. He wasted no time when he had to put his CPR skills to use in the past.

Smith has done a lot of different jobs while at DREMC. Whether it was collecting on a bad debt or providing electric service to someone for the first time, everyone understood he had a job to do.

Smith and his wife, Janice, plan to spend time with their three grandchildren as well as travel.

DREMC wishes Johnny and Janice many happy years of retirement.

Energy-savings tips

Cool off your attic with a radiant barrier

In the summertime, what is the hottest part of your house? The answer, of course, is the attic area. Make sure that your attic has the proper venting to remove the heat. Excessive heat buildup will shorten life expectancy of your shingles and increase energy use during the cooling cycle of your air-conditioning unit.

You can help reduce the attic temperature by adding a radiant barrier, a layer of foil facing an airspace and installed in the interior envelope of a building. A radiant barrier reflects radiant heat energy instead of trying to absorb it. During the summertime, the main source of wasted energy in your home is caused by the heat gain when the roof and walls absorb radiant heat from the sun. This heat is then con-

ducted toward the attic space and eventually radiated into the attic. In the summertime, up to 90 percent of heat gain in your home is from the radiant heat from the sun.

A radiant barrier also provides several benefits, including greater comfort, substantially lowered fuel costs and reduction in the amount of investment dollars needed for heating and cooling equipment. It is unaffected by humidity or moisture. Installation requires no special tools or clothing, and the installed barrier needs no maintenance. The barrier is nontoxic and environmentally safe.

A radiant barrier can be installed easily in either existing or new homes still under construction. There are several different types of radiant barriers and several dif-

ferent applications. Check with your builder or local hardware stores for more information.



New employee added to Headquarters Operations Department

Sonya Montgomery has joined the staff of Duck River Electric Membership Corporation as an operations clerk in the Operations Department of the Shelbyville Headquarters office.

Montgomery began work on April 7. She grew up in Shelbyville, graduating from Cascade High School, and completed a four-year online degree from Baker College in Flint, Mich.

She was previously employed with Calsonic Manufacturing and also works with Bob Parks Realty in Shelbyville.

When not dealing with real estate or working in the dispatch center, Montgomery enjoys spending time with her two boys, Darrell Hardison and Heath Presley.

We welcome Montgomery to the DREMC family.



TVA and DREMC bring 'The Energized Guyz' to elementary schools across service area

The Tennessee Valley Authority and Duck River Electric Membership Corporation are committed to helping educate young people about our main product — electricity — and how to use energy resources wisely. One fun way to engage students is through the zany cast of "The Energized Guyz," a fun-filled 25-minute live theatrical interactive presentation showing the students how to save energy in their homes.

DREMC is pleased to partner with TVA in offering this program to educate students in the communities served by the cooperative.



Students at Marvin Wright Elementary School in Spring Hill listen intently as "The Energized Guyz" explain how the simplest measures can reduce electricity consumption in their homes.



Visit the Duck River Electric website at www.dremc.com and click on **Green Power** to view information that will be helpful to you and your family. The newsletter includes quick-and-easy ener-

gy calculators to estimate energy and cost savings under various scenarios such as upgrading your heating and cooling system or replacing appliances. Sign up today to begin your **FREE** electronic subscription.

Washington Youth Tour winners named

Eleven area high school juniors will tour Washington, D.C., June 11-17 as winners of Duck River Electric Membership Corporation's Washington Youth Tour competition. Students wrote short stories on "Electric Cooperatives — Energizing Our Communities."

The DREMC winners will join students representing other Tennessee cooperatives on the Washington Youth Tour. Danny Mooney, principal at Moore County High School, will join

the group as this year's chaperone, a duty that is rotated annually among area high schools.

In Washington, the Tennessee delegation will become part of a larger group of students from other states and foreign countries who also are participating in the event, which is coordinated by the National Rural Electric Cooperative Association. DREMC congratulates these students on winning as well as all other students who participated in the competition.



Georgia Ralston
Community High School



Shelby Sanders
Community High School



Savannah Clark
Coffee County Central H.S.



Christine Duke
Coffee County Central H.S.



Lindsey Dalton
Cornersville High School



Leland Brothers
Forrest High School



Sarah Hall
Franklin County High School



Jonah Bradley
Huntland High School



Jaycey Farrar
Richland High School



Shelley Brown
Culleoka High School



Melissa Clark
Moore County High School



Chaperone Danny Mooney,
Moore County H.S. principal