

CEMC billing charges explained

Seventeen months ago, your Cumberland Electric Membership Corporation board of directors and management began listing “customer charge,” “energy charge” and “TVA Fuel Cost Adjustment” separately on our bills. The reasoning behind this was twofold: to be transparent and to have the opportunity to explain what the different components of electrical service are.

Customer charge

Regardless of sales, many activities take place every month to assure proper voltage and capacity is present at each member’s meter terminals. Right-of-way maintenance, pole testing, metering, billing and many other administrative costs are incurred throughout the five-county CEMC system. The purpose of the customer charge is to recover these costs. If a member used a minimal amount of energy, compared to the CEMC investment for necessary capacity, sales would not begin to cover the expense of providing service.

Energy charge

Energy charge is the amount in dollars per kilowatt-hour CEMC bills for energy consumption. It is registered on the meter and varies greatly with weather. For the CEMC system, winter is the peak sales period, followed by summer. The fall and spring seasons render significantly lower electrical energy consumption.

The customer charge and energy charge amounts are not arbitrarily

selected. Cost-of-service studies by the Tennessee Valley Authority and a consultant group indicate where costs are incurred within each rate classification. By adhering to the results of the cost-

of-service studies, we prevent subsidization of rate classes. In other words, each class supports itself. In addition to being the wholesale power provider to CEMC, TVA also serves as our regulator. Any rate action requested must be approved by TVA prior to implementation.

Fuel Cost Adjustment

The TVA Fuel Cost Adjustment is a charge by TVA to CEMC for fuels such as coal, uranium and natural gas used to generate electricity. This cost varies monthly and is passed on from TVA to the consumer: in our case,

CEMC members. The FCA was at its highest point in October 2008. We will display the FCA in the same format TVA utilizes. This

representation accounts for all TVA fuel-related costs.

Distribution of electrical service is a complex industry. At CEMC, we are determined to provide this service for our membership reliably and at a reasonable cost while assuring public safety and the safety of employees who work on these energized power lines. We welcome any questions and would suggest that additional information can be found on our website, www.cemc.org.



Jim Coode
General Manager
Cumberland Electric
Membership
Corporation

At CEMC,
we are determined
to provide (electrical) service
for our membership
reliably and at
a reasonable cost.

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Dover office
Terry Odom, District Operations Supervisor

Gallatin office
Allan Cook, District Operations Supervisor

Portland/White House offices
Homer Mayes, District Operations Supervisor

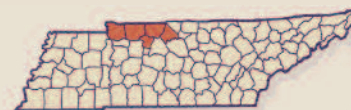
Springfield office
Larry Richardson, District Operations Supervisor

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Mission Statement

Cumberland Electric Membership Corporation is committed to providing dependable, affordable electric service through the expertise and dedication of competent leadership and a well-trained and responsive workforce.



Cumberland Electric Membership Corporation

Serving Cheatham, Montgomery, Robertson, Stewart and Sumner counties.

New seasonal retail rates for CEMC

Beginning April 1, there will be two big changes to Cumberland Electric Membership Corporation's energy rates: (1) rates will have seasonal energy components — that is, metered kilowatt-hours will have a different cost associated with summer, winter and transition (spring-fall) months; (2) rates will be realigned to reflect fuel and non-fuel components. Many of you are already familiar with the Tennessee Valley Authority monthly Fuel Cost Adjustment (FCA) presented on

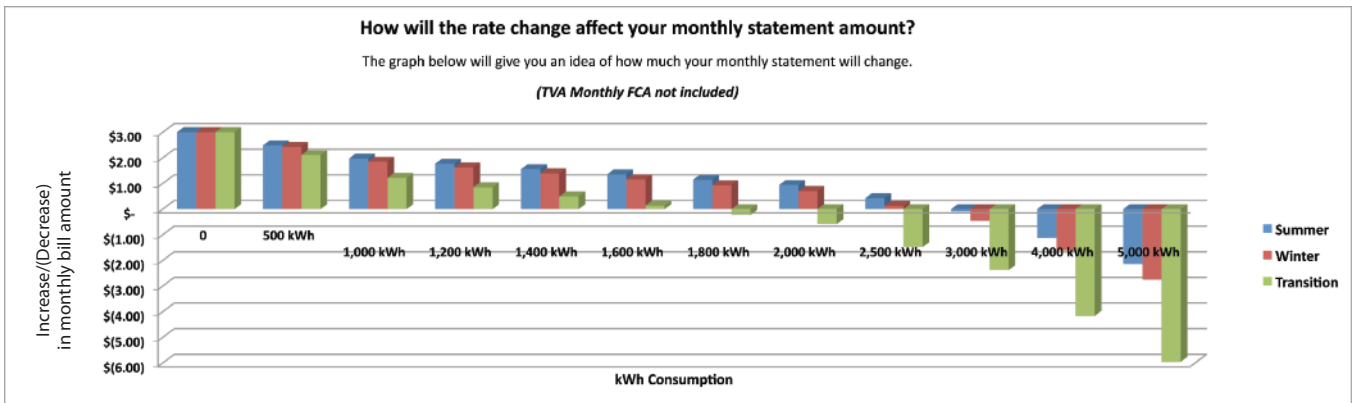
our statements. The new rates will move a portion of the energy charge (base fuel) into the TVA FCA. This new philosophy reflects the wholesale (TVA) cost of power during the different times of the year.

The Customer Charge is the amount of a monthly bill assessed to cover the fixed costs of providing electric service, regardless of sales. The cost-of-service studies used to determine the amount of the fixed costs are approved by TVA.

Residential Rates

April 1, 2011	Summer	Winter	Transition	Customer Charge
Base Energy/kWh	\$0.06496	\$0.06484	\$0.06420	
Base Fuel/kWh*	\$0.01967	\$0.01967	\$0.01967	
Total	\$0.08463	\$0.08451	\$0.08387	\$20.00
Prior to April 1, 2011				
Energy/kWh	\$0.08566	\$0.08566	\$0.08566	\$17.00

Rates reflect changes per season and realignment of fuel and nonfuel components. * The TVA monthly FCA amount will be added to the Base Fuel amount.



General Power Rates — The TVA monthly FCA amount will be added to the Base Fuel amount.

GSA-1 (<50KW)

April 1, 2011	Summer	Winter	Transition	Customer Charge
Base Energy/kWh	\$0.07404	\$0.07392	\$0.07328	
Base Fuel/kWh	\$0.01940	\$0.01940	\$0.01940	
Total	\$0.09344	\$0.09332	\$0.09268	\$32.50
Prior to April 1, 2011				
Energy/kWh	\$0.09389	\$0.09389	\$0.09389	\$31.00

GSA-2 (51-1,000KW)

April 1, 2011	Summer	Winter	Transition	Customer Charge	
Demand > 51 KW	\$12.42	\$11.63	\$11.63		
1st 15,000 kWh	Base Energy/kWh	\$0.07200	\$0.07188	\$0.07124	
	Base Fuel/kWh	\$0.01940	\$0.01940	\$0.01940	
	Total	\$0.09140	\$0.09128	\$0.09064	\$190.00
Additional kWh	Base Energy/kWh	\$0.03690	\$0.03690	\$0.03690	
	Base Fuel/kWh	\$0.01940	\$0.01940	\$0.01940	
	Total	\$0.05630	\$0.05630	\$0.05630	
Prior to April 1, 2011					
Demand > 51 KW	\$14.46	\$14.46	\$14.46		
1st 15,000 kWh	Energy/kWh	\$0.09395	\$0.09395	\$0.09395	\$150.00
Additional kWh	Energy kWh	\$0.04764	\$0.04764	\$0.04764	

GSA-3 (1,000-5,000KW)

April 1, 2011	Summer	Winter	Transition	Customer Charge
Demand 1st Block	\$11.98	\$11.19	\$11.19	
Next KW Block	\$13.91	\$13.12	\$13.12	
Base Energy/kWh	\$0.03690	\$0.03690	\$0.03690	
Base Fuel/kWh	\$0.01910	\$0.01910	\$0.01910	
Total	\$0.05600	\$0.05600	\$0.05600	\$600.00
Prior to April 1, 2011				
Demand 1st Block	\$14.13	\$14.13	\$14.13	
Next KW Block	\$16.07	\$16.07	\$16.07	
Energy/kWh	\$0.05600	\$0.05600	\$0.05600	\$450.00

Understanding TVA's Fuel Cost Adjustment

Fuel: Fuel used to generate electricity — coal, natural gas, propane and uranium — and power purchased from other suppliers during peak times.

Cost: The actual cost of fuel compared to the budgeted cost.

Adjustment: The amount that has to be collected/returned per kWh, based on the cost.

TVA makes its best effort to anticipate what fuel costs will be during the year. Unfortunately, fuel costs are not that predictable. When the cost of fuel increases more than anticipated, TVA needs the FCA to recover the increased cost at the time it is incurred. Likewise, if the fuel cost decreases, the FCA allows TVA to return the lower cost. You may remember that the FCA was a negative amount from October 2009 to May 2010.

The purpose of the FCA is not new to the electric industry. There are many power generators like TVA across the nation that use some mechanism to assist in fuel cost recovery.

If you are new to the Tennessee Valley, you may be more familiar with the acronym PCA, or Power Cost Adjustment. This is the name used by many other power generators.

Now, the disclaimer: The FCA is a pass-through amount that TVA recovers from/returns to our members. The FCA provides no financial benefit/cost to Cumberland Electric Membership Corporation.

Co-op leaders take to Capitol Hill

On Feb. 22, representatives of the Tennessee Electric Cooperative Association enjoyed meeting with state legislators during their annual “Day on the Hill” in Nashville.

A couple of bills were discussed that have the backing of electric cooperatives, both dealing with safety issues. One would add utility service vehicles to Tennessee’s “Move Over” law, which requires drivers to give extra room on highways when they see law enforcement or other emergency service vehicles stopped on the side of the road. The other would increase the allowable minimum clearance distance required to be maintained from high-voltage lines from 6 feet to 10 feet.

Co-ops will continue to oppose the efforts of for-profit cable TV operators to set a lower rate for attaching to our poles. This has been an ongoing dispute for 20 years but one cooperative leaders hope to see settled once and for all this session.

Representing Cumberland Electric Membership Corporation at the meetings on Capitol Hill were Jim Coode, general manager; Lynne Wilson, administrative services manager; Randy Holt, operations manager; Barbara Harper, member services manager; and Chris Davis, engineering manager. These members of CEMC’s board of directors were also in attendance: Joe Whitaker, president; Wesley Aymett, vice president; Shela Williams, secretary-treasurer; and Stephen Douglass and David Morgan.

We would like to acknowledge and thank these busy lawmakers for taking time to listen to our concerns: Rep. Tim Wirgau of Camden, Sen. Tim Barnes of Adams, Rep. Phillip Johnson of Pegram, Reps. Joe Pitts and Curtis Johnson of Clarksville, Sen. Ferrell Haile of Gallatin, Rep. Debra Maggart of Hendersonville, Rep. Mike McDonald of Portland, Rep. Joshua Evans of Greenbrier and Sen. Roy Herron of Dresden.



At left, visiting with Rep. Debra Maggart (R- Hendersonville) are, from left, Jim Coode, CEMC general manager, and board members Wesley Aymett and Joe Whitaker. At right, Coode explains the position of Tennessee’s electric cooperatives on a particular bill as Sen. Roy Herron (D-Dresden) looks over a briefing paper.

Member Appreciation Days are here!

Come on out to your local Cumberland Electric Membership Corporation office and help us celebrate the return of Member Appreciation Days! Lunch is on us, and you’ll be invited to register for an electric grill to be given away at each location.



Tuesday, April 12 - Dover Office, 420 Spring St.
Thursday, April 14 - Clarksville Office, 1940 Madison St.
Friday, April 15 - Gallatin Office, 745 N. Blythe St.
Monday, April 18 - Portland Office, 207 S. Broadway
Wednesday, April 20 - White House Office, 2285 Highway 31-W
Thursday, April 21 - Springfield Office, 1201 Fifth Ave. W.
Monday, April 25 - Ashland City Office, 315 N. Main St.



Serving hours are from 10:30 a.m. until 1:30 p.m., and all ages are welcome. Drawings for the grill giveaways will be at 1:30, and you do not have to be present to win. Hot-diggity-dog! We hope to see you at one of our springtime cookouts!

CEMC pays \$3 million tax bill for 2010

The amount of ad valorem — or property — taxes paid to local governments by Cumberland Electric Membership Corporation topped the \$3 million mark for 2010. The amount is 4 percent higher than the cooperative's tax bill for 2009.

The payments represent taxes on CEMC's substantial investment in lines, buildings, substations and other items needed to distribute electricity to the co-op's nearly 90,000 members.

Each of the towns and counties in the CEMC service area received a higher payment from CEMC this year, including White House and Millersville. Because these jurisdictions cross county lines, a loss White House experienced in Sumner County was offset by its gain in Robertson County, and Millersville's loss in Robertson County was offset by its gain in Sumner County.

Local governments use these tax payments for a variety of purposes, including roads, schools and public safety.



CEMC Dover District Operations Supervisor Terry Odom presents a check for \$242,116 to Wilby Williams, Stewart County trustee, as payment for CEMC's taxes.

Comparison of 2010 and 2009 ad valorem taxes

	2010 taxes paid	2009 taxes paid	Dollar difference	Percentage difference
Cheatham County	\$307,139.00	\$295,273.00	\$11,866.00	4.02%
Ashland City	13,516.00	12,965.00	551.00	4.25%
Dickson County	5,502.67	5,131.62	371.05	7.23%
Montgomery County	983,167.00	965,587.00	17,580.00	1.82%
Clarksville	102,658.00	101,575.64	1,082.36	1.07%
Robertson County	670,618.00	638,470.00	32,148.00	5.04%
Adams	2,500.00	2,405.00	95.00	3.95%
Cedar Hill	607.88	581.98	25.90	4.45%
Greenbrier	14,394.74	13,796.79	597.95	4.33%
Springfield	7,304.00	5,616.00	1,688.00	30.06%
White House	13,484.00	12,683.00	801.00	6.32%
Ridgetop	15,703.00	15,016.00	687.00	4.58%
Portland	6,127.71	5,080.03	1,047.68	20.62%
Millersville	2,907.00	2,925.00	(18.00)	-0.62%
Stewart County	242,116.00	210,191.00	31,925.00	15.19%
Cumberland City	2,733.96	2,651.03	82.93	3.13%
Dover	30,242.00	30,017.00	225.00	0.75%
Sumner County	512,694.95	504,636.54	8,058.41	1.60%
Gallatin	13,706.95	12,448.23	1,258.72	10.11%
Hendersonville	12,153.00	11,847.00	306.00	2.58%
Millersville	3,243.00	2,999.00	244.00	8.14%
Mitchellville	6,779.32	6,756.26	23.06	0.34%
Portland	56,998.32	48,335.12	8,663.20	17.92%
White House	11,600.00	11,856.00	(256.00)	-2.16%
Total taxes paid	\$3,037,896.50	\$2,918,843.24	\$119,053.26	4.08%

CEMC goes to school (and sometimes the school comes to CEMC)



On March 2, the birthday of children's author Dr. Seuss, guest readers from Cumberland Electric Membership Corporation entertained students at our Partners-In-Education school, Cumberland Heights Elementary, by participating in the nationwide Read Across America event. The purpose of the activity is to encourage literacy among younger students. Executive Assistant Kim Head is seen here reading "I Wish That I Had Duck Feet" to a third-grade class.

Cumberland Heights Elementary School recently held a science fair with prizes provided by CEMC. Pictured at right are most of the winning students in this year's competition. Drake Couey, third from the right on the front row, was named winner of the prestigious Marva Brooks Award, which goes annually to the top science fair project in the school. Drake is in the first grade.



The CEMC Construction Crew Office in Coopertown recently hosted a home school group from Springfield on a field trip. CEMC employees spoke to the students about how electricity is generated and distributed. On display were bucket and digger derrick trucks and many of the tools of the electrical trade. In the photo at left, Ronnie Fuqua, construction crew supervisor, shows the students some of the safety equipment used by linemen. The group also viewed the Coopertown Substation next door. Finally, the students participated in an electrical safety demonstration.

Pleasant View farm family attends Tennessee Young Leaders Conference

Tommy Jordan and his wife, India, of Pleasant View participated in the Young Leaders Conference Feb. 25-26 at the Holiday Inn in Pigeon Forge. They joined more than 200 others from across the state for the annual conference.

Designed to bring young leaders together, the conference focused on “Communicating Leadership Cooperatively” and offered a variety of topics affecting rural Tennesseans.

Jordan operates a dark-fired tobacco farm in Cheatham County.

“I was raised up around tobacco and worked in it when I was growing up, but I fell into an opportunity where I started out sharecropping, and that’s how I got into it,” he says.

The desire to raise tobacco may really have started when Jordan watched his maternal grandfather working his crops.

“It’s something in the blood. Maybe I got it from him,” he adds.

Jordan has watched as the number of small, family-owned tobacco farms has declined in recent years, due in part to the stigma associated with smoking. But he is quick to point out that dark-fired tobacco is not used in cigarettes.

“Cigarettes contain burley tobacco. What I raise is used in snuff and chewing tobacco and cigar wrappers,” Jordan says.

But Jordan still feels like he is part of the brotherhood of tobacco producers that helped build a nation.

“This country was founded on tobacco,” he says. “If it hadn’t been for tobacco, this country might not have made it. And it generates a lot of money in the economy still.”

The Tennessee Farm Bureau Federation’s Young Farmers and Ranchers, which co-sponsors the Young Leaders Conference with the Tennessee Council of Cooperatives, is an organization within the Farm Bureau for men and women under the age of 40 with an interest in agriculture. The purpose of the group is to develop future agricultural leaders and generate



Tommy and India Jordan on the front porch of their Pleasant View home, surrounded by their children, (seated) Hope and Gabriel and (standing) Elijah, Georgia, Jeremiah and Jesse. Penny and Gee Gee are the family pets.

new ideas to help the Farm Bureau keep up with the constantly changing world of agriculture.

The Tennessee Council of Cooperatives is composed of a variety of cooperatives across the state — dairy farm, telephone, electric and tobacco cooperatives, farm credit banks and the Tennessee Farm Bureau Federation.

The Jordans were sponsored by Cumberland Electric Membership Corporation. As the parents of six children, they are beginning to see the next generation take an interest in farming.

“It’s good for them to know about working the land and farming,” Jordan says.

Read your own meter

Reading your electric meter doesn’t have to be a job just for Cumberland Electric Membership Corporation. You can read your own meter to better monitor electric consumption and help control your monthly bill.

Checking your meter monthly lets you track spikes or dips in your electric use. Having that information at your fingertips allows you to make better energy choices and nip potential unseen problems (such as a well pump that won’t turn off) in the bud.

Analog meters act like clocks — current drawn from power lines into your home or business turns a set of gears inside the meter. To read an analog meter, write down the numbers shown on the dials from right to left. If the pointer sits directly on a number, check the dial to the right. If it has passed zero, round up to the next higher number. If not, use the next lower number. If the dial falls between two numbers, use the smaller number.

If you have a digital meter, subtract the difference between consecutive months to record the amount of electricity used during that billing period.

Source: U.S. Department of Energy (EnergySavers.gov)