

Cumberland Electric Membership Corporation

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Kenny Davis,

District Operations Supervisor

Dover office

Terry Odom,

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Gallatin office

Allan Cook,

District Operations Supervisor

Portland/White House offices

Homer Mayes,

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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.

AS I SEE IT

Manager's Viewpoint

Balancing act

According to our members, cost and reliability are the two main concerns when considering electric service. In fact, perhaps the only times electricity is considered at all is when the lights go out and when the monthly bill arrives. At Cumberland Electric, we certainly understand these concerns, as they are two primary drivers of our business model. It is something that is taken very seriously by our employees. We are committed to providing affordable and reliable power to all our members. That has been our objective for the past 74 years and will continue to be the goal of Cumberland Electric.

Because CEMC is a member-owned utility, it is our responsibility to educate and inform our member-owners of the financial aspect of our business. The first thing to note is that Cumberland Electric, like other cooperatives served by the Tennessee Valley Authority, is a nonprofit organization. Approximately 76 percent of every dollar paid to CEMC goes directly to TVA to purchase wholesale power that is then distributed to our members. The remaining 24 percent must cover operating and administrative costs incurred by the co-op. That is an awfully small margin to operate within, considering what must be spent on expenses such as substations, bucket trucks, service lines, metering, outage repairs, routine maintenance and accounting costs. During times when energy use is minimal and revenue is low,

sales would not begin to balance the expense of providing service to the 90,000 meters in our five-county service area.



Jim Coode
General Manager
Cumberland Electric
Membership
Corporation

The customer charge that appears on your bill each month is used to recover the fixed costs associated with providing electrical service. It assures a stable monthly income that is not affected by increases or decreases in energy sales due to changes in weather. Regardless of sales, we must be able to provide the electricity upon which our members rely. A large factor that determines the amount of the customer

charge is the number of meters divided by the number of miles of power line. We refer to this as density. Utilities that serve metropolitan areas may be able to charge a lower rate than those that serve rural areas since one pole and one transformer may be all that is needed to feed several homes; in rural areas, three or four poles may be needed to feed just one residence. Today the customer (member) density for CEMC is 12 per mile, compared to our neighbor, Nashville Electric Service, with a density of 63 per mile.

Balancing cost and reliability is an ongoing challenge. We perform a cost-of-service study on a regular basis to analyze our rate performance. We also calculate outage hours per cus-

tomer each year and report the results to our lending institutions. Although power costs have risen over the past several years, our revenue will continue to be invested in the electric system you own.

“Balancing cost and reliability is an ongoing challenge.”

CEMC pays \$3.3 million in property taxes

For the year 2011, Cumberland Electric Membership Corporation paid \$3.3 million in ad valorem, or property, taxes to local governments. This was a total increase of 9.72 percent over taxes paid in 2010. The tax amount paid to each government is based on CEMC's investment in lines, buildings, substations and other items needed to provide electric service to CEMC's growing membership.

Within the CEMC service areas, all but five communities received more taxes than last year. The five that received less showed less growth in 2011.

The local governments invest the tax payments for many different purposes, which include roads, schools and public safety, ultimately improving the communities in which we live.



CEMC Clarksville District Operations Supervisor Kenny Davis presents a check for \$1,096,017 to Brenda Radford, Montgomery County Trustee, as payment for CEMC's 2011 taxes.

Comparison of 2011 and 2010 valorem taxes

	2011 taxes paid	2010 taxes paid	Dollar difference	Percentage change
Cheatham County	\$326,216.00	\$307,139.00	\$19,770.00	6.21%
Ashland City	13,604.00	13,516.00	88.00	0.65%
Dickson County	5,098.00	5,502.67	(404.67)	-7.35%
Montgomery County	1,096,017.00	983,167.00	112,850.00	11.48%
Clarksville	103,498.00	102,658.00	840.00	0.82%
Robertson County	763,825.00	670,618.00	93,207.00	13.90%
Adams	2,455.00	2,500.00	(45.00)	-1.80%
Cedar Hill	647.97	607.88	40.09	6.60%
Greenbrier	14,694.77	14,394.74	300.03	2.08%
Springfield	9,372.00	7,304.00	2,068.00	28.31%
White House	14,784.00	13,484.00	1,300.00	9.64%
Ridgetop	11,011.00	15,703.00	(4,692.00)	-29.88%
Portland	6,374.94	6,127.71	247.23	4.03%
Millersville	2,788.00	2,907.00	(129.00)	-4.44%
Stewart County	250,325.00	242,116.00	8,209.00	3.39%
Cumberland City	2,874.53	2,733.96	140.57	5.14%
Dover	36,770.00	30,242.00	6,528.00	21.59%
Sumner County	558,164.75	512,694.95	45,469.80	8.87%
Gallatin	13,222.94	13,706.95	(484.01)	-3.53%
Hendersonville	12,748.00	12,153.00	595.00	4.90%
Millersville	3,379.00	3,243.00	136.00	4.19%
Mithcellville	6,917.65	6,779.32	138.33	2.04%
Portland	61,760.30	56,998.32	4,761.98	8.35%
White House	16,769.00	11,600.00	5,169.00	44.56%
Total Taxes Paid	\$3,333,306.85	\$3,037,896.50	\$295,410.35	9.72%

Prepaid is here! Read all about it!

Food, gasoline, cell phone minutes; these and many other goods and services are paid for before we use them. Electricity now joins those ranks with Cumberland Electric Membership Corporation's Prepaid billing program. With Prepaid, members can manage their electric accounts in a way that suits their individual needs by taking advantage of a flexible payment option. Prepaid allows members to see and pay their electric bill as it occurs daily, rather than seeing and paying it all at once at the end of the month.

Prepaid has major advantages. It allows residential members to avoid high deposits and benefits residential members who struggle to pay bills on time. Prepaid eliminates the need for large deposits to establish service and late charges on past-due bills. Members can monitor their use on a daily basis, and because of this, they tend to be more aware of their use patterns and find ways to stretch their energy dollars.

Don't pay that large deposit! A member setting up a new service may have to pay a deposit of \$400-\$500. If this member enrolls in Prepaid, he or she would only have to pay \$145 — a deposit of \$50, a prepaid balance of \$50, a \$35 meter set fee and a \$10 membership fee. Under this scenario, enrolling in Prepaid could offer a savings of \$255 to \$355!

Don't have your service interrupted! Members with delinquent balances who are subject to disconnection can enroll in Prepaid as an alternative to having their service interrupted. CEMC will collect 50 percent of the past-due balance and a Prepaid deposit of \$50. The remaining balance plus any current or unbilled charges will be placed into a Prepaid arrangement. Once a customer is enrolled in

Prepaid, every payment the member makes will be divided so that 25 cents of each dollar will be applied to the arrangement amount, with the remaining 75 cents applied to the Prepaid balance. This will allow members to maintain electric service while paying down delinquent balances over time.

Prepaid on a daily basis: We will read the meter each day, calculate the dollar amount of the energy used for that day and deduct those dollars from the member's Prepaid balance. Simple! When the Prepaid balance decreases to a \$20 credit balance, we will notify the member by email or voice message of the balance so he or she can make another payment. If the Prepaid balance declines to \$0.00, the member's service is interrupted until a payment is made, and then the meter is reconnected within minutes!

Members will have around-the-clock access to their account information via the CEMC website, www.cemc.org. This data is presented through daily use graphs, account "vitals" such as most recent payment and Prepaid balance and information such as daily history, arrangement balance and projected days remaining. Members can also call or visit their local office to obtain this information.

Enrollment into CEMC's Prepaid program is voluntary, and members can return to regular monthly billing at any time provided no delinquent balances remain on the accounts. These accounts would be subject to normal deposit and collections procedures. Prepaid members can make payments using any existing payment mode currently offered by CEMC. For more detailed information on the Prepaid billing program, please visit us at www.cemc.org, give us a call at 1-800-987-2362 or stop by and see us in your local district office.

Member Appreciation Days are here!

Come to your local Cumberland Electric Membership Corporation office in April to meet your co-op staff at Member Appreciation Days. CEMC employees will serve lunch to our members each day from 10:30 a.m. through 1:30 p.m. In addition to lunch, you are invited to register to win an electric grill; one will be given away at each office. This year's schedule is:

Tuesday, April 10 — Gallatin and White House

Wednesday, April 11 — Ashland City

Friday, April 13 — Portland

Monday, April 16 — Springfield

Tuesday, April 17 — Clarksville

Friday, April 20 — Dover

We hope you will join us at one of our springtime cookouts!



Members attending Cheatham County's Member Appreciation Day at the Ashland City office will see that their office has a new and improved look.

Rivers and Spires celebrates 10th birthday

Tuesday, April 19-Saturday, April 21 • Clarksville

Clarksville is gearing up for its 10th annual Rivers and Spires Festival. As usual, there will be tons of free concerts, entertainment and activities. The event will be celebrating its birthday with several surprises that you will not want to miss.

Rivers and Spires Festival offers something fun for all ages and promises a great time for all who attend. Downtown streets will be lined with craft and food vendors, six music stages, kids' activities and artisan booths. Clarksville's historic downtown transforms each year as the festival goes into full swing. Music is a big part of the event, with at least two artists on one of the many stages at any given time.



Louie the Lightning Bug will join several other mascots in the youth section Saturday, April 21, from 10:30 a.m. to 3:30 p.m.

But it doesn't stop at just music. There are arts and crafts, a children's parade, food, drinks and fun to be found on every corner. From 10:30 a.m. to 3:30 p.m. Saturday morning, the youth section will be swarming with many popular mascots visiting the area, ready to pose for pictures with attendees. Be sure to watch them in the Mascot Mania relays, providing additional entertainment for all ages.

Award-winning vocal group Little Big Town



Little Big Town headlines the 2012 Rivers and Spires 10th birthday party. Band members are, from left, Phillip Sweet, Karen Fairchild, Jimi Westbrook and Kimberly Schlapman.

will be the featured headliner at this year's festival. Known for their string of hits over the past several years — including "Boondocks," "Little White Church," "Good as Gone" and "A Little More You" — Little Big Town will take the stage on Saturday night at 9.

Contemporary-Christian artist Lincoln Brewster will make his Clarksville debut this year on Friday night. Listen as Lincoln shares his story and sings the songs that have made him a celebrated musician. Known for his acclaimed albums "Real Life," "Today is the Day," "All To You" and "Amazed," Lincoln will both inspire and entertain while at Rivers and Spires.

Be sure to mark your calendar to attend April 19-21. Make your plans to come out and see for yourself!

Keep this number handy:

1-800-987-2362

Monitored 24 hours every day to serve you

When severe weather disrupts your electric service or if you see a situation that may cause a power failure (tree limbs on power lines, a broken/leaning pole, etc.), call Cumberland Electric Membership Corporation's 24-hour service number and let us know about it. With your help, we will be able to restore service to you and your neighbors much faster.



Residential retail rate change for CEMC effective April 1

Beginning April 1, CEMC's residential rates will change:

The new April 1 residential rates are listed in the table below. Please note that the **customer charge increased** and the **energy charge decreased**.

Please visit our website at www.cemc.org to obtain more information about our rates.

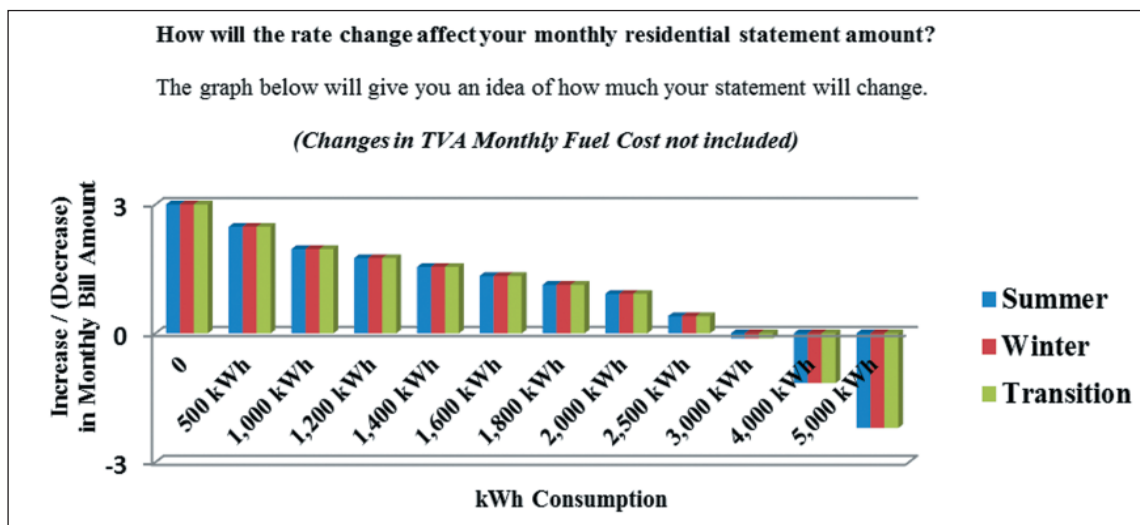
The **customer charge** is the amount of a monthly bill assessed to cover CEMC's fixed costs of providing electric service regardless of sales. The cost-of-service studies used to determine the amount of these fixed costs are approved by the Tennessee Valley Authority.

Residential Rates

<u>Effective — April 1, 2012</u>	Summer	Winter	Transition	Customer Charge
Energy/kWh*	\$0.06566	\$0.06553	\$0.06488	\$23.00
<u>Prior — April 1, 2012</u>				
Energy/kWh*	\$0.06670	\$0.06657	\$0.06592	\$20.00

* The Energy/kWh amounts do not include the **TVA Fuel Cost**. The **Fuel Cost** is determined by **TVA** on a monthly basis.

The **TVA Fuel Cost** is **TVA's** cost of the **fuels — coal and natural gas —** and **power purchased** from other power generators.



What's your story?

Cumberland Electric Membership Corporation will celebrate 75 years in 2013. In preparation for this milestone, we are gathering members' stories of when power first came to their homes or businesses. Your story may be a fond memory told by a family member who shared the experience with you. While 2013 seems like a long time off, we need the time to organize the stories and possibly to come visit you for a photo to go with your story.

We are looking forward to hearing your story about how electric power changed the lives of your family 75 years ago! Contact the Member Services Department at 800-987-2362.



Energy Efficiency

Tip of the Month

Don't get your electric bill caught in a spin cycle! When doing laundry, use cold water. If your dryer has a moisture meter, use it to prevent over-drying clothes — 50 minutes often works best for a full load. And remember to check your lint filter before every load to help your dryer run more efficiently (and save energy). Find more ways to save at TogetherWeSave.com.

Source: Touchstone Energy® Cooperatives