

Cumberland Electric Membership Corporation

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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.

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Co-op Concerns

News from your community

General manager addresses membership

These are the remarks made by Chris A. Davis, general manager of Cumberland Electric Membership Corporation, at the cooperative's annual meeting Sept. 21 at White House Heritage High School.

Good morning, and welcome to the 81st annual meeting of Cumberland Electric Membership Corporation.

As cooperative members, you have a say in the direction of this co-op by participating in the election process. By attending this meeting, you are participating in one of the most important aspects of cooperative membership — the democratic process of electing directors.

I would like to recognize each of the three board members who were re-elected today: Wes Aymett, Jeannie Beauchamp and David Morgan. These individuals, along with the rest of the board, do an excellent job of representing your interests and working for the good of the entire membership. They attend meetings and training sessions, spending time away from their families and their regular jobs to stay informed of the

changing technology and information in this industry. We are very fortunate to have such capable, dedicated people serving on our board.

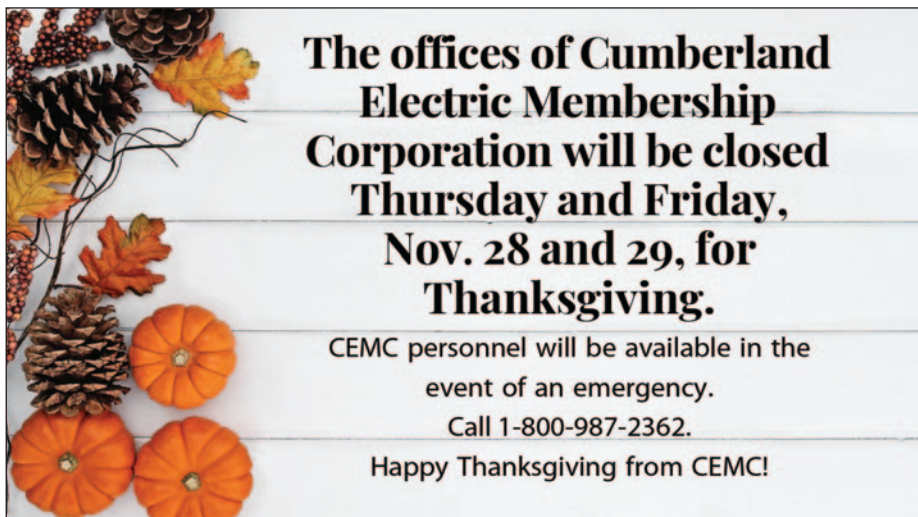
Unfortunately, outages are a part of life in this business. We do our very best to keep the lights on 100 percent of the time; however, sometimes events occur that are simply beyond our control. When the power does go out, we expect it to be restored within a few hours. But when a major storm or natural disaster causes widespread damage, extended outages may result.

Unfortunately, restoring power is not as easy as just “flipping a switch.” Our linemen work long, hard hours to restore service safely to the greatest number of



By Chris A. Davis
General Manager,
Cumberland Electric
Membership
Corporation

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The offices of Cumberland Electric Membership Corporation will be closed Thursday and Friday, Nov. 28 and 29, for Thanksgiving.

CEMC personnel will be available in the event of an emergency.
Call 1-800-987-2362.

Happy Thanksgiving from CEMC!

General manager addresses membership

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members in the shortest time possible. We follow a five-step process to do so.

First, we repair high-voltage transmission lines, which supply power to the substations and thousands of members. They rarely fail, but when damaged, they must be repaired before other parts of the system can operate.

Next, we inspect our distribution substations, which can serve hundreds or thousands of members, to determine if problems stem from transmission lines feeding into the substation, the substation itself or if problems exist further down the line.

If the problem cannot be isolated at the substation, distribution lines are checked. These lines carry power to large groups of members in our communities.

If local outages persist, supply or tap lines are checked. These lines deliver power to transformers outside homes and businesses.

Finally, if your home remains without power, crews will then check the service line between a transformer and your home.

Power outages can be caused by a number of things, but the most common for CEMC are storms, trees that come into contact with lines, animals and vehicle accidents.

In the past 12 months, our system was hit with two significant outages: an ice storm that struck in December and a wave of severe thunderstorms that struck in June.

The Dec. 9 winter storm caused serious damage to our system and resulted in more than 500 separate outages that affected more than 19,000 members across our five-county service area. At the peak of the storm, as many as 12,300 members were without power, with Robertson County being the most affected area.

Then in June, we were impacted by a series of rapidly moving thunderstorms that began Friday, June 21, and lasted through Sunday, June 23, bringing strong winds that resulted in 1,362 separate incidents and affected nearly 30,000 members across our service area.

Severe winds tore through the area, bringing down trees and limbs across power lines and breaking 22 power poles.

In both cases, we were fortunate to have outside help from neighboring co-ops and contractors, allowing us to keep restoration efforts going around the clock. And for that, we are thankful. We are also thankful for the patience and words of encouragement received from our members during these extended outages. And I cannot go without

thanking the employees who worked these storms. Due to their hard work and determination, we were able to restore power to most of our members within 24 hours.

I know many of you are interested in electric rates, so I want to take this time to share some information with you.

First, I am pleased to be able to tell you that there has been no CEMC rate increase in two years.

You might be wondering how our rates compare to other electric companies across the country. The national average for residential electric rates is 13.34 cents per kilowatt-hour. The average for the state of Tennessee is 11.05 cents per kilowatt-hour. CEMC's rate is quite a bit lower at 9.51 cents per kilowatt-hour.

All electric utilities use a similar billing method; however, the line items may vary depending on rate structure. A CEMC bill typically consists of three line items: a fixed billing component and two variable rate charges based on power consumption.

The customer charge is assessed to cover the fixed costs of providing electric service. Regardless of sales, many activities take place every month to ensure proper voltage and capacity are available to each member when he or she needs them. Right-of-way maintenance, pole testing, metering, billing and many other administrative costs are incurred throughout the system. The purpose of the customer charge is to recover these costs. If a member uses a minimal amount of energy, compared to the investment for necessary capacity, sales would not begin to cover the expense of providing service.

The variable costs consist of the energy charge and TVA fuel charge.

The energy charge is the cost of the power consumed in the home in a billing cycle. Monthly energy consumption is registered on the meter and may vary greatly based on weather. For our system, winter is the peak sales period — the time in which energy consumption across all the CEMC membership tends to be highest — followed by summer. The fall and spring seasons render significantly lower electrical energy consumption.

The TVA fuel charge is often misunderstood; it is not for the fuel in our vehicles. It is a monthly charge set by TVA to cover the cost of fuels and natural resources such as coal, uranium and natural gas used to create power at the power plants. This cost varies monthly based on rainfall amounts that contribute to hydroelectric generation, total system demand for electricity and shifting market conditions.

Both variable rates do adjust but normally no more than a fraction of a cent up and down as needed.

Distribution of electrical service is a complex industry. We are committed to providing our members safe, reliable electric service at an affordable price.

Our co-op made one of the biggest decisions we've ever made this year. In April 2019, our board of directors voted to proceed with plans to offer high-speed fiber internet, phone and television services through the formation of our wholly owned, nonprofit broadband subsidiary, Cumberland Connect.

CEMC and Cumberland Connect are working hard on design and engineering of the fiber optic network for this monumental, multi-year, multi-phase project. Our mainline contractor will begin installing fiber in Stewart County in November, and we hope to have the first subscribers connected by early 2020. The project will focus first on our unserved and underserved members, starting in areas with the greatest need first because we felt that was the right thing to do. Completion of the entire project is expected to take between five and six years.

We are committed to bringing the same member-focused customer service to this business as we have for

the last 80 years on the electric side. We will offer fair and competitive pricing with no installation fees, no introductory teaser rates that increase over time, no contracts for residential service, no data caps on use and no throttling of speeds. We will offer symmetrical service, meaning you'll have the same speeds for uploads as you do for downloads. And since Cumberland Connect is a subsidiary of CEMC operating as a separate entity, the fiber project will have no effect on electric rates.

I hope that you all share our excitement around this project. We are thrilled to be able to invest in our communities and increase the livability for our members in this way. This is a big project — CEMC is the largest co-op in the country to take on a broadband project — and it will take some time to complete, but we are committed to seeing this through and providing an excellent service to our members.

I would like to thank our board and our employees for their patience, hard work and determination in making this decision, and I would like to thank you, our members, for embarking on this endeavor with us. Please visit our website, cumberlandconnect.org, to sign up for program updates as they become available.

Incumbent directors re-elected to CEMC board

Three incumbent directors earned new three-year terms during Cumberland Electric Membership Corporation's 81st annual meeting Sept. 21 at White House Heritage High School.

Since each director ran unopposed, voting took place by voice acclamation during the business session.

Re-elected were Wesley Aymett of Ashland City as director for Cheatham County, K. Jean Beauchamp of Coopertown to serve South Robertson County and C. David Morgan of Cunningham to represent South Montgomery County.



Aymett



Beauchamp



Morgan

Pole testing in CEMC service area

Osmose Utilities Service Inc., a contractor working for Cumberland Electric Membership Corporation, will be working to inspect, test and treat wood utility poles within the cooperative's service area. Workers are expected to be present for the next several months.

The purpose of the program is to inspect and treat the poles on a cyclical basis. CEMC hopes to prolong the life of existing poles by applying decay-preventing

treatments and replacing those that are no longer safe enough to keep in its plant.

Osmose workers can be identified by the hard hats and brightly colored safety vests they wear. They will also carry laminated ID badges, and their vehicles will be marked with magnetic signs. Members who have concerns about the legitimacy of workers on their properties are encouraged to contact CEMC at 800-987-2362 for more information.

Annual meeting made winners of these members

Congratulations to all of the winners at Cumberland Electric Membership Corporation's 81st annual meeting! In addition to the major door prize winners shown on these pages, 12 members were awarded bill credits valued between \$50 and \$250. Bill credit winners are:

\$250 winners — Kenneth Smith, Ashland City; and Danny Green, White House.

\$100 winners — Horace Newberry Jr., Cedar Hill; Joe Fort, Ashland City; James Settle, Clarksville; William Archer, White House; and Daniel Schussler, Greenbrier.

\$50 winners — Sandra Berrang, Springfield; Rita Banks, Greenbrier; Judy Black, Cunningham; Susan Sanders, Pleasant View; and David Davis, Greenbrier.

Bill credits of \$100 were also awarded to these members who participated in early registration Sept. 20 at CEMC district offices: Jerry Johnson, Ashland City; Pi Turner, Clarksville; Don Bailey, Dover; Thomas Cox, Gallatin; Kenneth Morris, Portland; David Burton, Springfield; and Jackie Hunley, White House.



The grand prize was awarded to Kevin Dorris of Cottontown. He won a \$1,000 Lowe's gift card.



Nellie Perry of Ashland City claimed the Gatlinburg Retreat Package.



Winner of the Pick Tennessee Package was Mrs. Phil Welker of Cedar Hill.





Winners of \$500 college scholarships, in no particular order, are Mrs. Edward Tidwell, Springfield; Leigh Blick, Cross Plains; Mrs. John Hicks, White House; Judy Black, Cunningham; Katina Martin, Cross Plains; and Kevin Dorris, Cottontown.



Rita Banks of Greenbrier took home the Roomba vacuum.



The Home Entertainment Package went to Dan Rader of Springfield.



The Home Energy Savings Package was awarded to Sandra Berrang of Springfield.



Youth Corner prize winners — Bicycles: Hayden Merchant, Cayden Franklin, Annabelle Barnhill and Taylor Lowe. Gift cards: Kasie, \$50 Old Navy and \$50 Amazon; Jonathan Heard, \$100 American Eagle; and Finley Denton, \$100 American Eagle. "Aladdin" movie: Laci Cook.

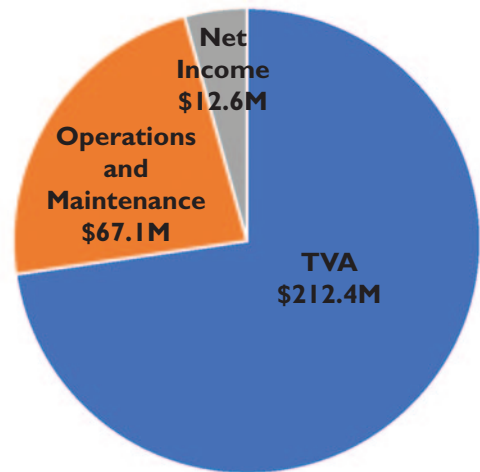
Annual financial statement

Cumberland Electric Membership Corporation maintains healthy financial condition

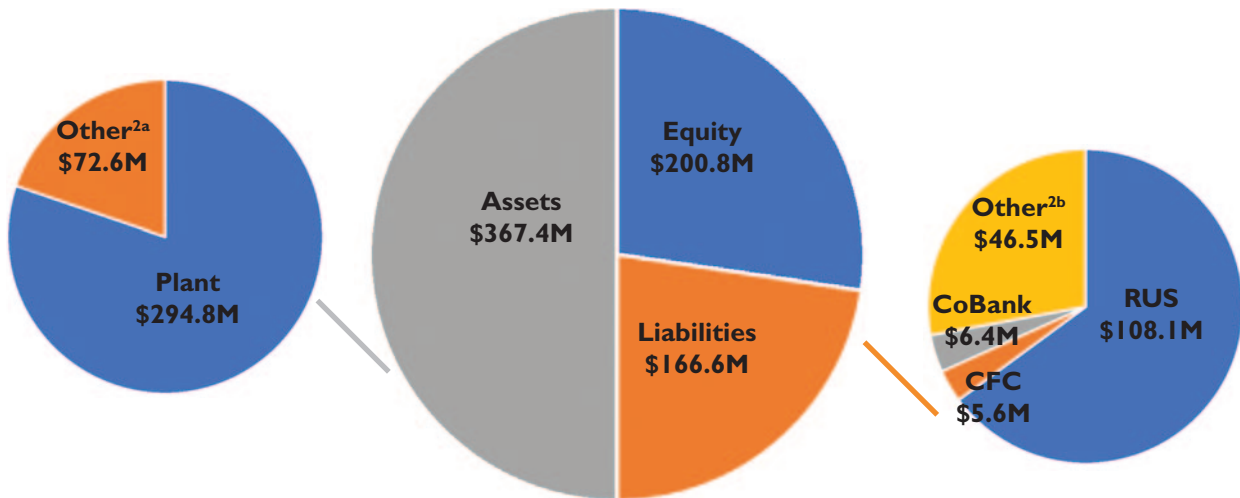
The following information was distributed to those who attended the annual meeting of Cumberland Electric Membership Corporation Sept. 21 at White House Heritage High School. It is published here for the benefit of those members who were not in attendance.

	<i>In millions</i>	
Operating Revenue	\$291.1	
TVA Power Cost	(\$212.4)	
Operating Income	\$78.7	
Operations	(\$31.8)	
Maintenance	(\$15.4)	
Depreciation	(\$15.7)	
Interest	(\$4.2)	
Total Operations and Maintenance	(\$67.1)	
Other Income	\$1.0	
Net Income ¹	\$12.6	

Revenue Distribution



Balance sheet



¹ CEMC is a 501(c)(12) not-for-profit organization. Net income received is thereby reinvested in the electric system to improve and maintain reliability.

² Other:

^{2a} Other Assets — Other assets primarily consist of amounts due us, cash on hand, inventory and prepayments.

^{2b} Other Liabilities — Other liabilities primarily consist of our amounts due others, member deposits and post-retirement benefits.

Don't be fooled by common energy myths

Eating carrots will greatly improve your eyesight; cracking your knuckles leads to arthritis; watching too much TV will harm your vision. We've all heard the old wives' tales, but did you know there are also many misconceptions about home energy use? Don't be fooled by common energy myths.

Myth: The higher the thermostat setting, the faster the home will heat (or cool).

Many people think that walking into a chilly room and raising the thermostat to 85 degrees will heat the room more quickly. This is not true.

Thermostats direct a home's heating, ventilation and air-conditioning system to heat or cool to a certain temperature. Drastically adjusting the thermostat setting will not make a difference in how quickly you feel warmer. The same is true for cooling. The Department of Energy recommends setting your thermostat to 78 degrees during summer months and 68 degrees in the winter.

Myth: Opening the oven door to check on a dish doesn't really waste energy.

While it can be tempting to check the progress of that dish you're cooking in the oven, opening the oven door does waste energy. Every time the oven door is opened, the temperature inside is reduced by as much as 25 degrees, delaying the progress of your dish and, more importantly, costing you additional money. If you need to check your food, try using the oven light instead.

Myth: Ceiling fans keep your home cool while you're away.

Believe it or not, many people think this is true. Ceiling fans cool people, not rooms. The fans circulate room air but do not change the temperature. A running ceiling fan in an empty room is only adding to your electric bill. Remember to turn fans off when you're away and reduce your energy use.

Myth: Reducing my energy use is too expensive.

Many consumers believe that reducing energy use requires expensive upfront costs like purchasing



Cooking Efficiency Tip

Every time you open the oven door to check on a dish, the temperature inside is reduced by as much as 25 degrees, increasing cooking time - and energy use! Try using the oven light instead.

new, more efficient appliances or construction upgrades to an older home. But the truth is that consumers who make small changes to their energy-efficiency habits such as turning off lights when not in use, sealing air leaks and using programmable thermostats can see a reduction in energy consumption.

Remember: Energy efficiency doesn't have to be difficult. Focus on small changes to save big. Learn more about ways to save energy by visiting energyright.com.