



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS
NOVEMBER/DECEMBER 2008

Council approves MLGW's 2009 budget No operational rate increases; more funding for conservation and reliability projects

The Memphis City Council has approved MLGW's 2009 operating budget following presentations on 11/4/08 and 11/18/08. The \$2 billion budget does not call for any MLGW rate increases while boosting budgetary dollars for reliability enhancement projects and the expansion of energy conservation/weatherization programs.

"This budget reflects our commitment to do what is in the best interest of our customers," said MLGW President and CEO Jerry Collins Jr. "We are striving to keep rates steady for at least the next three years while at the same time ensuring that our customers receive the same reliable service that they have come to expect from us."

"Since MLGW does not drill for gas or generate electricity, we must buy from companies who do. This makes up 80 percent of our costs. While we have little control over the cost of power and fuel, MLGW is committed to focusing on controlling our costs. In addition, we are also committed to educating customers on how they can control their own energy costs."

Budget highlights include the following:

- \$1.3 million earmarked for the expansion of energy conservation/weatherization programs to help customers use less energy and thereby mitigate impacts of rising wholesale energy costs. This includes expanding the MLGW My Account web service to include bill analysis for small- to mid-size businesses.
- \$5.5 million for increased emphasis on environmental stewardship.
- \$1.2 million reduction in overtime costs over 2008.
- Nearly half of the capital budget allocated for improvement projects including: a new substation near St. Francis hospital, increased reliability for customers in the Collierville area and seismic retrofit of the Sheahan Water Pumping Station.

MLGW's operating year begins 1/1/09.

MLGW Rates

MLGW's current and historic electric, natural gas and water rates are published at www.mlgw.com, along with updated Purchased Gas Adjustment and Fuel Cost Adjustment rates.

Purchased Gas Adjustment (PGA)

MLGW Rate	Consumption	Demand
G-1 residential	-\$0.004	na
G-7	-\$0.013	na
G-8 / G-9	-\$0.083	\$0.437
G-10 / G-12	-\$0.051	na

Adjustment in \$/Ccf to published natural gas rates for meters read on or after 12/1/08.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.01881
GSA, Part 2	E-2	\$0.01881
GSA, Part 3	E-2	\$0.01860
Residential	E-1	\$0.01902
Outdoor Lighting	E-3	\$0.01905

Adjustment in \$/kWh to all firm kWh, beginning with meters read on 9/25/08 and lasting for three consecutive billing periods.



Important Contact Information

Commercial Resource Center:

Monday-Friday

7:30am-5:00pm Central

Phone: 901-528-4270

Fax: 901-528-4547

E-mail: crc@mlgw.org

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR BILL ONLINE AT www.mlgw.com

Electric, gas rates fluctuate based on changing market conditions

Utility bills for meters read on and after 12/30/08 contain lots of good news. Several market activities, including the nation's economic downturn, are helping to lower wholesale energy costs across the country.

TVA drops FCA amount due to lower power costs

TVA's quarterly Fuel Cost Adjustment (FCA) will drop by approximately 25% in the coming quarter, beginning with meters read on 12/31/08. TVA cites recent reductions in purchased power and natural gas prices that have helped reduce actual costs and forecasts for the federal power generator's second quarter operations, which begin 1/1/09. TVA warns that coal prices remain significantly higher than they were a year ago and sustained drought conditions across the Tennessee Valley have cut TVA's hydro generation by more than 50 percent, so power prices are still in flux. Customers can track the quarterly FCA online at:

http://www.mlgw.com/images/TVA_FCA.pdf

Winter natural gas costs fall far below initial Department of Energy projections

Earlier this year, the U.S. Department of Energy predicted a significant increase in winter natural gas costs for customers in the southern region, at times forecasting as much as a 30% rise over last winter. The latest predictions, published in the department's November Short-Term Energy Outlook, show the increase could be less than 2% as a result of lower energy consumption triggered by the current U.S. and global economic downturn. Forecasts are updated monthly at: <http://www.eia.doe.gov/emeu/steo/pub/contents.html>

MLGW's temporary electric weather credit expires after 12th month

The one-year, temporary electric rate decrease MLGW enacted for January 2008 billing expires at the end of December, with meters read on 12/26/08. This weather credit was applied to residential customers on the E-2 rate, as well as non-residential customers on the GSA rate (parts 1, 2 and 3), for 12 months. The temporary decrease was approved as part of MLGW's 2008 budget, to credit customers whose electric consumption was impacted by the weather. The temporary rider applied a credit of \$0.00209 to each kWh consumed. Meters read on and after 12/30/08 will revert to the applicable rates prior to the temporary credit. Rates are available at:

http://www.mlgw.com/SubView.php?key=comm_genrateinfo

The University of Memphis goes green with campus initiatives

Known for blue and gray, The University of Memphis recently went green to announce several environmental commitments.

In October, U of M President Dr. Shirley Raines joined staff and officials in dedicating the new physical plant sustainability initiative, expected to save \$2 million over five years. The new technology utilizes state of the art equipment and a computer-driven pumping system to provide better, more efficient cooling to campus buildings while using less energy and reducing the campus' carbon footprint.

MLGW President Jerry Collins presented the university with a Green Power Switch certification of participation and spoke of the university's commitment to renewable energy. Enrollment in Green Power Switch, a TVA renewable generation program, was the



MLGW President Jerry Collins (pictured, second from right), presented the Green Power Switch certificate to U of M students and staff, accompanied by TVA's Lynn Dabney (left). Photo courtesy of Lindsey Lissau

culmination of a student-led initiative to raise student fees to fund green power. The university now funds \$34,000 of green power annually—equal to 1,275,000 kWh of renewable power generated from solar, wind and methane resources. Each year, U of M's Green Power Switch participation will result in emission reductions equal to 953 tons of carbon dioxide (CO₂). U of M ranks fourth among participating colleges and universities across the region in supporting Green Power Switch.

Business Energy Advisor web content expanded, updated

Energy managers and facility managers can access a variety of resources at www.mlgw.com to assist in identifying energy-saving opportunities, finding operations and maintenance advice and exploring new technologies that may be applicable to your facility. The content, under the Business Energy Advisor umbrella, is expanded and updated regularly by E-Source, a third-party fuel-neutral energy information and research organization that includes MLGW among its members. The latest additions are outlined below and accessible at: http://www.mlgw.com/frameset.php?head=comm&content=comm_energyadvisor under the Purchasing Advisor, O&M Advisor or Commercial Energy Advisor sub-headings.

New Purchasing Advisor on Photovoltaics

Producing electricity with an onsite photovoltaic (PV) system can have several benefits, including lessening your carbon footprint, and serving a good public relations role. And although these systems typically have a high initial cost, there are a number of rebates, tax breaks, and other incentives that can substantially reduce the cost of installing on-site PV. A newly posted Purchasing Advisor on our web site offers information on the latest technologies, how to select equipment and installers, economics, and what the future may hold in this rapidly-evolving industry. (The federal tax credits have been extended another year and TVA's Generation Partners program is being re-vamped for 2009 to encourage greater customer adoption of PV. Watch future issues of *Energy Edge* for details.)

Updated Purchasing Advisor on Fluorescent Lamps

Do you think you've already picked the low-hanging fruit for lighting efficiency opportunities in your building? Well, think again—the latest high-performance T8 fluorescent lighting offers cost-effective retrofits not just over antiquated T12 systems, but over standard T8 ones as well. These systems can also be good choices for high-ceiling applications that have been traditionally served by high-intensity discharge lamps. See this and other options on our web site in the Purchasing Advisor article on Full-Sized Fluorescent Lamps.

Updated Purchasing Advisor on Packaged Rooftop Air Conditioners

Single-packaged air-conditioning rooftop units (RTUs) are used extensively in small one- and two-story commercial and institutional buildings such as schools, restaurants, motels, retail stores, and small office buildings. When selecting an RTU, the most important issues to consider are size, efficiency, cost-effectiveness, overall system design, and maintenance. Manufacturers of RTUs continue to strive for higher-efficiency units. In addition, manufacturers are required to produce RTUs that meet minimum federal standards. In fact, we've just updated the Purchasing Advisor information on our web site to reflect new Rooftop Air Conditioner efficiency standards that take effect in 2008 and 2010.

Updated Purchasing Advisor on Fans

Did you know that as much as 15% of the energy consumed by a commercial building goes into driving the fans and pumps in the HVAC system? The fans used to circulate conditioned air often are oversized and use of designs that are inherently inefficient. Both of these factors can waste a significant amount of energy. Our newly updated Purchasing Advisor on Fans will help you identify the type of circulation fan your system uses and help you determine whether "rightsizing" the fan could save you money.

Updated Guide to Managing Energy Costs in Restaurants

Have you ever wondered how you could improve the bottom line at your restaurant without compromising your

operations? Your operation could benefit greatly by implementing simple efficiency measures at little or no cost. There are also long-term investments you can make that will not only save energy, they'll improve comfort and safety. These can include upgrading your older equipment and your lighting system. We've just added new information in the Commercial Energy Advisor section on how to boost your profitability by reducing energy consumption in your restaurant. Check it out

Updated Guide to Managing Energy Costs in Hotels and Motels

Hotels and motels use large amounts of energy—in rooms, swimming pools, laundries, and kitchens—to keep guests comfortable and happy. There are many ways to cut down on energy costs without sacrificing comfort or quality. See which measures could be right for you by visiting the Commercial Energy Advisor category to access the Hotels and Motels section.

Updated O&M Guide to Making Motor Repair or Replacement Decisions

When a motor fails, it's not always clear whether to repair the motor or replace it. A newly updated article in the O&M Advisor category discusses making decisions about motor repair or replacement, identifies cases where it's clearly better to repair a failed motor and others where it's usually better to replace it. But the more common situation is somewhere in the middle, and the information in this article helps you think through the benefits and drawbacks of each option and identifies tools you can use to understand the economics of each choice.

Access these articles and others by visiting the Business Energy Advisor section at:

http://www.mlgw.com/frameset.php?head=comm&content=comm_energyadvisor Use the links labeled Purchasing Advisor, O&M Advisor and Commercial Energy Advisor to find specific articles and topics.

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