



A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS

NOVEMBER 2010

MLGW Board approves 2011 budget

No electric or gas rate increases; water rates to rise

MLGW's Board of Commissioners approved the utility's 2011 budget at their 11/4/2010 meeting. MLGW next presents the budget to the utility committee of the Memphis City Council on 11/23/2010, followed by presentation to the entire Council for approval on 12/7/2010. The budget is effective 1/1/2011.

Highlights of the \$1.87 billion budget include:

- 73% represents purchased power and gas costs to meet customer consumption.
- 18% (\$335.1 million) represents MLGW's operating budget, a 1.5% increase over 2010, primarily due to labor, pension and other operating costs.
- No electric retail rate increase; last was TVA increase effective 9/30/09; TVA Fuel Cost Adjustment to continue to fluctuate monthly.
- No natural gas retail rate increase; last was effective 12/26/07;
 Purchased Gas Adjustment to continue to fluctuate monthly.
- Approximately 5% increase in water rates; last was effective 6/26/08. Increase needed to avoid negative net income in water division during 2011, which could jeopardize MLGW's bond rating and low cost of borrowing funds in the future. Changes to MLGW pension contribution calculations allowed for a smaller rate increase than the 7% originally planned.

In developing the 2011 budget, MLGW staff addressed several major challenges, including:

- MLGW's controllable costs represent less than 25% of the customer's utility bill
- Zero to negative customer growth
- Poor economy increases write-offs of uncollectible accounts
- Increasing regulatory mandates

Officials announce new \$25 million Tennessee Small Business Jobs Fund

Governor Phil Bredesen and Commissioner Matt Kisber, Tennessee Department of Economic and Community Development, recently announced the launch of a new \$25 million Tennessee Small Business Jobs Opportunity Fund offering loans to small businesses in all 95 Tennessee counties.

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	(\$0.095)	na
G-7	(\$0.102)	na
G-8 / G-9	(\$0.214)	\$0.348
G-10 / G-12	(\$0.195)	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 10/29/2010.

Fuel Cost Adjustment (FCA)

TVA	MLGW	FCA
Rate Class	Rate Code	Amount
GSA, Part 1	E-2	\$0.00766
GSA, Part 2	E-2	\$0.00766
GSA, Part 3	E-2	\$0.00757
Residential	E-1	\$0.00774
Outdoor Lighting	E-3	\$0.00776

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 10/29/2010.



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

The public/private collaboration between the state of Tennessee, Member Banks of the Tennessee Bankers Association and Pathway Lending will bring together capital resources to maximize statewide impacts for job creation and business expansion.

"Small businesses are the backbone of Tennessee's economy and ensuring their success means the state as a whole will thrive," said Governor Bredesen. "The business climate we've worked hard to create should be just as attractive to a small business as it is to a major corporation, and this new public/private partnership will support Tennessee's small businesses by providing them with the resources they need to grow and create jobs."

"This new fund will leverage the success we've already achieved through the Rural Opportunity Fund and create a sustainable funding source for businesses in urban and rural communities throughout our state," Commissioner Kisber said. "Access to capital for small businesses has been a key initiative for Governor Bredesen and the Tennessee General Assembly. By continuing to develop programs such as this, we are positively influencing how companies create jobs and grow their businesses in Tennessee."

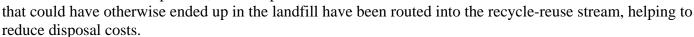
The Tennessee General Assembly appropriated \$10 million for the Small Business Jobs Opportunity Fund in the 2010-2011 fiscal year budget. Pathway Lending, formerly known as Southeast Community Capital, will be administering the fund and is currently raising an additional \$10-15 million in private capital from participating Tennessee Bankers Association Member Banks. Business owners interested in obtaining a loan should contact Pathway Lending at (615) 425-7171 or visit their website at www.pathwaylending.org

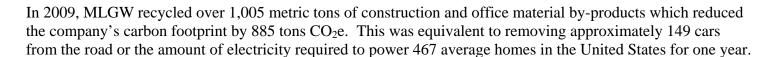
Recycling can lower operations costs, while greening environment

Like each of our customers, MLGW faces energy management and operating cost challenges. This article, written by MLGW Energy Use Engineer Marguerite Epps, P.E., addresses the utility's recycling practices. Epps provides occasional articles discussing MLGW's actions to reduce energy use and lower its carbon footprint.

Commercial and institutional wastes generated from businesses, schools, hospitals and other non-residential facilities account for 35% to 45% of municipal solid waste in the United States. Disposal of this waste can increase an entity's operational costs while also burdening landfills. A recycling program can reduce these costs and help a business to reduce its carbon footprint.

At MLGW, recycling efforts have expanded over the years to include items such as beverage containers, old cell phones, rechargeable batteries, mixed paper, cardboard and ink/toner cartridges. Construction waste recycling has also increased to include scrap metal, wooden pallets and retrofit materials. Materials





In addition to recycling, MLGW reuses materials such as brackets, bolts, racks, anchors and sleeves that are retrieved from the construction process, and returned to stock for future projects.

Any business can generate recyclable materials in its operations within many areas, such as offices, cafeterias, shipping centers or warehouses units, production and printing areas. Collecting recyclables has its cost—but it also saves money by reducing the volume of waste that you must pay to haul away. The sale of some recyclable



materials can generate a new revenue stream for a company and contribute to any regulated greenhouse gas reductions.

How to start a recycling program

The first step to any successful program is to obtain "buy-in" from the top management. Some research on program costs, revenue and market trends will need to be completed before meeting with upper management.

Once top management is "on board," a determination of what materials are economically feasible for recycling and have revenue potential should be made. Such items include paper, cardboard, plastics, glass, metal, wood, textiles and organic wastes. The best way to do this is to complete a waste assessment which will provide a baseline of the type and quantity of materials generated in a business' operations. Custodial and facility staff should assist with this step, which will also help during discussions with recycling companies.

Next, set goals which will reduce the amount of waste disposed of and route materials into responsible markets. Several companies are in the market for purchasing recyclable materials. These vendors can be located by state materials exchanges, yellow phonebook pages, advertisements, internet searches and sustainability organizations. Also, review your state's regulatory requirements for handling, recycling and disposing of materials generated by the company's operations.

Thought on how and where to establish collection points is required. Collection containers and signage should be purchased and sited in convenient locations for easy employee or point-of-generation access.

Employee education and participation is very important to the success of the program. Email or send a corporate memo to all employees announcing the kick-off of the recycling program. Soliciting feedback from the custodial staff and employees during the program's design and implementation will ensure their continued involvement.

Finally, monitoring and evaluating the program should be done on a regular basis. Maintain statistics, such as the types and amounts of material collected, prices paid by vendors, reduced disposal costs and emissions data. Use this information, as well as feedback from employees, to make changes as needed. Don't forget to share your success stories with clients and stockholders who may view your organization more favorably for its green commitment.

In already established recycling programs, the following improvements can be made: (1) increase the type and quantity of recyclable materials being collected, (2) create a green team to promote recycling, (3) reassess the structure of the recycling operations to improve efficiency and, (4) purchase products made from recycled content.

For more information on starting/expanding a recycling program at your company or institution, visit EPA's WasteWise Program at http://www.epa.gov/epawaste/partnerships/wastewise/index.htm.

Energy Edge is published by the Commercial & Industrial Customer Care department of Memphis Light, Gas and Water Division. Comments and distribution list changes may be e-mailed to: CRC@mlgw.org