



Energy Edge

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

DECEMBER 2007

Memphis City Council approves MLGW's 2008 budget with rate changes

Memphis City council members on 11/20/07 approved MLGW's \$1.7 billion operating budget for 2008. By a vote of 7-5, the Council also approved rate adjustments that include a temporary electric rate decrease and natural gas rate increase that begin in January 2008, plus a water rate increase scheduled for July 2008. These rate changes were necessary to maintain MLGW's service reliability levels.

The temporary electric rate decrease, or weather credit, is attributed to higher than expected revenues collected as a result of warmer weather over the previous few years. Warmer weather increased electric sales, which bolstered the financial position of MLGW's electric division. The one-year decrease is credited

Table 1 ELECTRIC RATE DECREASE effective with meter readings taken on and after 12/26/07	
Rate Class	Impact
Residential	(4.4%)
GSA 1, 2, 3	(2.8%)

back to customer classes that were most impacted by the weather and had generated excess sales relative to the budget. The net impact is displayed in Table 1.

Three rate actions were approved for MLGW's gas division. First, structural changes to the rates will be implemented to stabilize MLGW's margin and encourage conservation. Second, the projected baseline cost of natural gas will be increased in the base tariff, or customer charge, to minimize the Purchased Gas Adjustment (PGA) component, which varies monthly based on

Table 2 NATURAL GAS INCREASE effective with meter readings taken on and after 12/26/07	
Rate Class	Impact
G-1, G-3	7.5%
G-7	7.9%
G-8, G-9	1.1%
G-10, G-12	8.7%
IT-Prime	5.9%
IT-1	14.9%
IT-2	3.0%

market conditions. Third, an increase in the rate was approved to meet operating expenses. Actions one and two are revenue-neutral to MLGW, as they reallocate margin between customer charges and consumption charges for all customer classes. The impact of the third action is shown in Table 2.

MLGW Rates

MLGW's 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	\$0.1002	na
G-7	\$0.1017	na
G-8 / G-9	\$0.1243	(\$0.0727)
G-10 / G-12	\$0.3479	na

Adjustment in \$/Ccf to published natural gas rates for meters read on or after 11/26/07.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.00450
GSA, Part 2	E-2	\$0.00450
GSA, Part 3	E-2	\$0.00444
Residential	E-1	\$0.00456
Outdoor Lighting	E-3	\$0.00456

Adjustment in \$/kWh to all firm kWh, beginning with meters read on 9/25/07 and lasting for three consecutive billing periods.



Important Contact Information:

Commercial Resource Center:
Monday-Friday
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Phone: 901-528-4270
Fax: 901-528-4547
E-mail: crc@mlgw.org

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR MLGW BILL ONLINE
AT www.mlgw.com

A rate increase was approved for MLGW's water division to meet operating expenses. The Council delayed implementation of this rate change until the July 2008 billing period. The impact is outlined in Table 3.

“Any rate action we take always considers the customer impact. We are working to balance our customers’ desire for low-cost, reliable utility service with the increasing costs of running MLGW,” noted recently appointed MLGW President Jerry Collins. “We offered this rate structure with the assurance that it has the minimum impact on our customers.”

Rate actions are exclusive of any changes in wholesale electric power and natural gas costs, which are recovered through the natural gas PGA and electric Fuel Cost Adjustment (FCA) rate components. Impacts on individual customers will vary based on consumption levels. Cost of service studies were used to determine the impact on individual rate classes. Full rate tariffs are published on MLGW's website at: http://mlgw.com/SubView.php?key=comm_genrateinfo; the new tariffs will appear as the effective date nears.

Rate Class	Impact
W-1	14.9%
W-2	14.9%
W-7, W-10	15.0%
W-8, W-11	15.1%
W-9	15.3%
FP	15.2%
W-51	14.9%
W-57	15.2%

TVA continues to evaluate electric rate increase for 2008

In October, TVA announced plans to raise its wholesale power costs in 2008. While details have not been finalized, an April 2008 rate increase of 6% to 8% is being considered. While final details are unknown, this rate change should be factored into your operating budget for the New Year.

Unlike MLGW operating budget rate increases, which require City Council approval, TVA rate actions are passed automatically to end-use customers.

Customer response to online billing service exceeds 1st month goals

Adoption of MLGW's new, convenient web-based My Account services has already surpassed first-month goals by 50%, as 19,000 users have enrolled and 9,000 accounts have converted to paperless billing. Some 500 businesses have accessed the program in the first four weeks. *Is your business one of them?*

We encourage you to take advantage of the My Account service to:

- View your organization's MLGW bills online, including up to 12 months of previous bills
- View payment history online
- Receiving billing notices, payment reminders and late payment notices via email
- Pay electronically—with no added fee, as separate accounts or single, consolidated transactions (when you enroll in eBilling)
- Allow multiple authorized users within the organization to access utility bills for energy management, accounts payable and budgeting purposes.

Customers with 25 or more MLGW accounts can receive assistance in establishing their online access. See the November 2007 issue of *Energy Edge* for information, or go to www.mlgw.com and click on the My Account link. You will need to enter your 16-digit account number and 6-digit My Account Access Code for each enrolled account. Multiple accounts can be accessed through the same UserID, making it easy to handle separate locations and facilities. Enroll today!