MLGW

# Energy Edge

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

MARCH 2010

## MLGW bond refinancing saves millions

MLGW recently refinanced nearly $500 million in electric division prepay bonds, yielding $18.8 million of interest expense savings over the next eight years. The savings will help meet MLGW's operating budget needs, offsetting some of the impact the weak economy has had on residential and business energy use.

MLGW capitalized on the electric prepay deal it created with TVA eight years ago and the secure credit ratings of the utility's outstanding electric system revenue bonds, what are 'AA+' rated by Fitch and Moody's Investors Service. MLGW's high credit rating is aided by the $1.3 billion electric prepay of 2003 and manageable debt levels. Morgan Keegan & Company, Barclays (formerly Lehman Brothers) and number of local and small financial institutions across the nation provided underwriting for the bonds.

MLGW Vice President and Chief Financial Officer John McCullough said, "We're very proud to be one of the few utilities in the nation that was able to achieve this type of savings for our customers because of our high bond ratings and our unique prepay contract with TVA. With the volatile market, we were fortunate to be prepared to react quickly when conditions opened a window for us."

About one-fifth of the savings could be attributed to a rating upgrade that MLGW's electric revenue bonds received last month.

## Plan ahead to prepare for changes to bill presentment and payment features in My Account

At the end of April, MLGW will change the vendor who provides the bill view and payment functions for the My Account web service. The change will provide streamlined electronic retrieval of forgotten UserIDs and add new payment options for residential customers.

Some of the custom processes provided by the outgoing vendor will be lost, so we encourage you to utilize these features while they are still available:

## 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 | ($0.253) | na |
| G-7 | ($0.255) | na |
| G-8 / G-9 | ($0.301) | $0.521 |
| G-10 / G-12 | ($0.503) | na |

Monthly adjustment in $/Ccf to published natural gas rates for meters read on or after 3/3/2010.

### Fuel Cost Adjustment (FCA)

| TVA Rate Class | MLGW Rate Code | FCA Amount |
|---|---|---|
| GSA, Part 1 | E-2 | ($0.00576) |
| GSA, Part 2 | E-2 | ($0.00576) |
| GSA, Part 3 | E-2 | ($0.00569) |
| Residential | E-1 | ($0.00582) |
| Outdoor Lighting | E-3 | ($0.00582) |

**Monthly** adjustment in $/kWh to all firm kWh, beginning with meters read on or after 3/3/2010.

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**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 number of previous bills available will change. For customers enrolled in eBilling, only the previous six months of bills will be shown initially, growing to a 12-month list over time. For customers still receiving a printed bill, only the current month's bill will be accessible in My Account. If you wish to retain electronic copies of older bills, please download them prior to 4/30/2010. Login and click on the My Bills tab to access. If you have filed bills, you will find them under the My Filed Bills tab. Instructions for downloading as a PDF are contained in the Help tab.
- The ability to download up to 24 months of bill history through the Analyze link on the My Bills page will be removed. Accounts eligible to view the new Bill Analysis and Bill History features introduced in December will still have access to those tools. In addition, new Bill History tools will be added simultaneously for most large customers to view similar account information individually. But, if you've been using the Analyze button on the My Bills page to download billing history for all accounts at once, you will lose that feature. If this data is important to you, we recommend that you download it prior to 4/30/2010.
- Several new credit card payment options will be added, but only for residential accounts. Since MLGW must pay a fee based on the payment amount, a business decision was made to terminate credit card payments for non-residential accounts. Current options for fee-based Discover Card payments on commercial accounts also will be removed.

Watch the April issue of ***Energy Edge*** for more important information on this transition, which will occur at the end of April, as well as new electronic payment options for businesses and organizations.

## MLGW offers resources for corporate Earth Day awareness events

As Earth Day approaches, businesses have begun requesting materials to include in their employee awareness events. If your organization plans to host an employee event, please contact MLGW early to request materials. Topics include residential energy efficiency, new incentive programs, federal tax incentives, renewable power, My Account and more. For businesses using electronic communications, MLGW can provide materials in PDF to attach to emails or Intranet sites—making your efforts even greener.


Here's a great starting place: TVA has extended the residential free energy kit promotion through 9/30/2010. MLGW residential customers who register for My Account at www.mlgw.com and complete the "Home Profile" and "My Appliances" question sets under the "Home Energy Center" tab will receive a free energy kit containing compact fluorescent light bulbs, insulating outlet gaskets, thermometer, filter whistle and more. Delivery takes 2-3 weeks. Help your employees save energy at home and they'll bring their good habits to the workplace, too!
For ideas on what to include in your Earth Day communications, visit http://www.earthday.net/ If your organization does not plan to host an event, encourage your employees to look for MLGW information at the many community events scheduled in April, including *Down to Earth* at Shelby Farms, on 4/25/2010.

## TVA Fuel Cost Adjustment ends long downward trend

After a 14-month declining trend, TVA's Fuel Cost Adjustment (FCA) has increased, although the value is still negative, reflecting a reduction in per unit electricity costs. Colder than normal weather in January increased demand for electricity, thereby increasing TVA fuel costs, which reduced the credit consumers will see compared to previous months on the FCA portion of their power bill.

The FCA was implemented in October 2006 to enable TVA to recover fluctuating generation fuel and purchased power costs without requiring frequent changes to the base rates. In 2009, the FCA was changed from a quarterly variable to monthly. View FCA history at: http://www.mlgw.com/images/TVA_FCA.pdf

# TVA hydroelectric dams running at maximum capacity, post-drought

Higher than normal rainfall in 2009, along with recent rain and snow, have filled TVA reservoirs above seasonal levels. All nine hydroelectric dams on the Tennessee River and most of the 20 power-producing tributary dams are generating at maximum capacity for the first time in three years, since historic drought conditions in eastern Tennessee reduced hydroelectric capacity to approximately 50% of normal.

TVA's least costly form of electricity, hydro power has been running above normal since the 10/1/2009 start of TVA's 2010 operating year. Historically, hydroelectric represents about 10% of TVA's total generation mix, but dropped as low as 4% in 2008, requiring TVA to increase other generation as well as the amount of purchased power brought into the system.

An estimated one million gallons per second is moving through the Tennessee River at Chattanooga. TVA is spilling or releasing excess water at all main river and some tributary dams in the TVA system to reduce the potential for flooding. On 2/8/2010, the 10 largest tributary reservoirs were all above the flood guide, a seasonal elevation guide that shows the amount of space in a reservoir available to store water. The operating objective is to keep the reservoir level at the dam at or below the guide to be ready for heavy rains, so extra water can be stored to reduce the risk of flooding downstream.

The hydroelectric system's currently available output is about 3,100 megawatts (MW)—enough to power about 1.8 million homes.

TVA operates 29 hydroelectric dams, 11 coal-fired power plants, three nuclear plants and 11 natural gas-fired power facilities and supplies up to 36,000 megawatts of electricity, delivered over 16,000 miles of high-voltage power lines. Find more information using the interactive map of TVA generation sites, accessible at: http://www.tva.com/sites/sites_ie2.htm

**Power Supply from TVA-Owned Generation Facilities for TVA Fiscal Year Ending September 30**

| | Coal-fired | Nuclear | Hydro-electric | Combustion turbine & diesel generators | Renewable resources |
|---|---|---|---|---|---|
| **2008** | 62% | 33% | 4% | <1% | <1% |
| **2007** | 64% | 30% | 6% | <1% | <1% |
| **2006** | 64% | 29% | 6% | <1% | <1% |
| **2005** | 62% | 28% | 10% | <1% | <1% |
| **2004** | 61% | 30% | 9% | <1% | <1% |

The Tennessee Valley Authority, a corporation owned by the U.S. government, provides electricity for 156 utilities—including MLGW—and 58 direct-serve businesses in an 80,000-square mile area covering most of Tennessee and parts of Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia. TVA also provides flood control, navigation, land management and recreation for the Tennessee River system and works with local utilities and state and local governments to promote economic development across the region.

# Regional conference slated to address lighting as a strategy for building efficiency, sustainability

The Illuminating Engineering Society and the U.S. Green Building Council South Region will host a conference on lighting opportunities 3/21/2010 through 3/23/2010. The conference, "Sustainable Strategies That Improve Building Efficiency: Leveraging Lighting," will be held at the BancorpSouth Conference Center in Tupelo, MS.

Speakers from throughout the South will share their expertise and knowledge, giving insight on new sustainability developments and how to leverage lighting as a critical energy management tool.

Access the agenda, locate fees and register at:
http://www.dcolightinginstitute.com/LightingInstitute/coursecalendar.cfm#10.03.21

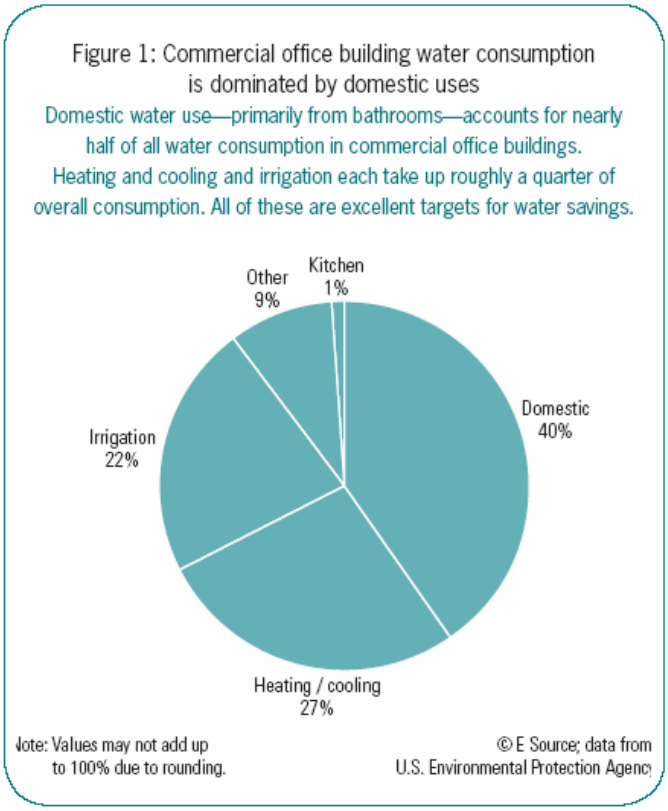
# EPA designates Fix-A-Leak Week in March to spur awareness, action

The U.S. Environmental Protection Agency (EPA) is gearing up for its second annual Fix-A-Leak Week, March 15-21, reminding Americans to check their homes and property for leaks to help save water for future generations.

According to the EPA, commercial buildings in the U.S. use large amounts of water each year—roughly 15% of the nation's overall water consumption. The majority of that water typically flows through domestic fixtures like toilets, faucets and, to a lesser extent, showers. Heating and cooling are the next largest consumers of water, followed by irrigation. Although specialized buildings involving such activities as food service or laundering may exhibit significant differences from these averages, all of these areas can be good targets for water savings.

This information from ESource, MLGW's source for technology trends, is the first in a three-part series of water-saving tips for businesses. This article addresses domestic water use in commercial buildings.

MLGW bills for water in hundred cubic feet (Ccf). One Ccf equals 748 gallons. In these examples, costs are based on the W7 water rate of $1.67 per Ccf for commercial and small industrial water users in the City of Memphis. In addition, lower water usage would also reduce sewer costs.




**Check for Leaks.** According to WaterSense, a single faucet, shower, or pipe leaking at a rate of one drip per second can waste over 3,000 gallons of water annually. Though the water cost savings of $7.00 per leak may not seem significant, when you consider the additional sewer and water heating costs—as well as the impact on a natural resource—leaky faucets warrant repairs. A leaky toilet can waste over 70,000 gallons, increasing water costs by $150 each year, plus related sewer fees.

Fortunately, it's generally a straightforward process to check for and repair leaks. Though a leaky faucet or shower may be easy to spot, a leaky toilet may not be. A simple way to see if a toilet is leaking is to add food coloring to the tank—if color appears in the bowl within half an hour (without flushing), there's a leak. (When using this method, make sure to flush after you've completed testing, or the food coloring may stain the porcelain surfaces.)

Although a plumber can be called in for repairs if leaks are found, it may not be necessary—faucets, showerheads, and toilets are typically easy to fix without one. Because replacement parts tend to be inexpensive and readily available, adopting a "do-it-yourself" approach when applicable can save your company additional money.

**Replace Faucets.** A typical faucet delivers around 2.2 gallons per minute (gpm) of water. By reducing the flow rate to around 0.5 gpm, businesses can significantly reduce their water consumption. This reduction can be achieved by purchasing a low-flow faucet or by installing an aerator or laminar flow attachment.

Aerators work by incorporating air into the water stream to make it feel more voluminous; laminar flow attachments produce many small parallel streams of water to maximize the wetting potential and apparent force of the water coming out of the faucet. In general, laminar flow attachments seem to be preferred over aerators because the stream of water they provide feels more substantial, better disguising the low flow rate.

Converting a faucet rated at 2.2 gpm to one rated at 0.5 gpm can save over 10,000 gallons of water each year, assuming an average use of 30 minutes each business day. At 13 Ccf per year, that's a savings of approximately $22 in water costs, plus reduced sewer costs. If the energy required to heat the water is also taken into account, the total annual savings increase further. Aerators and laminar flow fixtures range in price from around $0.50 to $10.00, providing quick payback.

**Replace Toilets.** Although the 1992 Environmental Policy Act mandated that all toilets sold in the U.S. be rated at 1.6 gallons per flush (gpf) or lower, there are still a large number of older toilets that use up to 5.0 gpf. By verifying that toilets in business restrooms meet this rating standard and replacing obsolete models with new high-efficiency toilets, businesses can save large amounts of water. For example, a 3.4 gpf savings, for toilets flushed 100 times per day, Monday through Friday, would yield 113 Ccf of water savings, or $190 per year—plus reduced sewer costs. In researching super efficient models look for the WaterSense label, an EPA program designation for models that use 1.28 gpf or less.

Another option is to install a dual-flush toilet or tank retrofit. These systems allow users to choose between using the full tank capacity of the toilet or a smaller amount of water when flushing, and can yield an average gpf rating similar to that of a high-efficiency toilet. Though a dual-flush toilet tends to be comparable in cost to a normal toilet, a dual-flush tank retrofit typically costs less than $100, making it a cost-effective option for businesses.

Low-water or no-water urinals also offer savings potential. In comparison to typical urinals that use 1 gpf, these high-performance models offer water savings of 50% (for WaterSense-labeled models) to 100% (for waterless urinals).

**Replace Showerheads.** Many businesses have bathroom showers with a flow rate of approximately 2.5 gpm, compared to new showerheads that reduce flow rates to 1.5 gpm without compromising shower quality. By switching showerheads, and thereby reducing flow rates from 2.5 to 1.5 gpm, businesses can save around 5,000 gallons of water per showerhead each year, according to the U.S. Department of Energy—even more when energy costs are considered. At a cost of $20 to $30 per showerhead, simple payback can be achieved in less than one year when water, water heating and sewer costs are considered.

Watch future issues of ***Energy Edge*** for additional ideas on water use, or contact MLGW to request the ESource publication, *Water-Savings Tips for Business*. Visit the EPA WaterSense website for more ideas and statistics, accessible at http://epa.gov/watersense/pubs/fixleak.html

# Memphis Ranked in Top 10 Metro Areas by *Site Selection* Magazine

## MLGW, Chamber Economic Development Team fosters $552 million in new capital investment

*Site Selection Magazine* ranked Memphis ninth in its annual "Top 10 Metro Areas: Tier One New and Expanded Facilities" ranking of large communities with the most new and expanded corporate facilities. With 58 new corporate location and/or expansion projects recorded (according to the criteria of *Site Selection Magazine*), the

Greater Memphis Chamber's Economic Development Team assisted with bringing in 3,867 new jobs and over $552 million in new capital investment to the City of Memphis and Shelby County. The State of Tennessee ranked fifth overall with a recorded 234 new corporate locations.
MLGW's Economic Development staff works with the Greater Memphis Chamber, the lead economic development agency for Memphis/Shelby County.

"As a municipal utility, economic development is one of MLGW's most important tasks," noted Jerry Collins Jr., MLGW President and CEO "MLGW works shoulder-to-shoulder with the Greater Memphis Chamber on business recruitment and retention efforts to benefit the community and help businesses prosper. While the ranking does not address our relatively low energy rates and superior water quality, we believe these benefits—combined with programs and services to help businesses use utilities wisely—are part of what makes Memphis and Shelby County an economic development leader."

The Memphis Economic Development (MemphisED) Plan serves as the economic development component of a broader economic growth initiative for Memphis/Shelby County, called Memphis Fast Forward. MemphisED is led by the Greater Memphis Chamber. The plan is designed to ensure that Memphis/Shelby County has a strong and diverse economy, fosters innovation and entrepreneurship, and advance the region's global leadership in the bioscience, music/film and logistics industries.

"I think the most exciting thing about this recognition is that it confirms that the MemphisED plan is working. We continue to see a steady flow of existing and new companies looking at projects in Memphis, even during the sluggish economy," said Mark Herbison, Senior Vice President of Economic Development for the Greater Memphis Chamber.

The oldest publication in the corporate real estate and economic development field, *Site Selection*'s yearly analyses are regarded by corporate real estate analysts as the industry scoreboard. The magazine's New Plant Database focuses on new corporate location projects with significant impact. It does not track retail and government projects, nor schools and hospitals. New facilities and expansions included in the analyses must meet at least one of three criteria: a) involve a capital investment of at least US$1 million, b) create at least 50 new jobs or c) add at least 20,000 square feet of new floor area.

***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