



# Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS  
MARCH 2008

## TVA Board authorizes increase in wholesale electric rates

In late February, the board of the Tennessee Valley Authority (TVA) approved an increase in firm wholesale electric rates, effective April 1, to help fund new power generation and energy efficiency initiatives needed to meet the growing power demand of the Tennessee Valley.

The increase impacts MLGW and the 157 other locally-owned electric distribution companies that buy power from TVA. By law and under the terms of MLGW's contract with TVA, the utility is required to pass the increase on to customers. MLGW receives no additional revenue from this increase.

"We certainly recognize the financial challenges that consumers face as we make a recommendation to the Board on the need to increase power rates," TVA President and CEO Tom Kilgore said. "TVA is taking steps to reduce its non-fuel operating and maintenance costs by more than \$400 million over the next three years. However, additional revenue is needed for long-term investments to keep the power system reliable and lessen our dependence on volatile energy markets. That will help us keep electricity reliable and affordable in the years to come."

TVA's 2008 budget includes \$2 billion in capital expenditures for the addition of new power plants and work to complete Unit 2 at Watts Bar Nuclear Plant. TVA needs the additional power plants to meet power demand that is growing by about 2 percent a year during peak periods. Last summer, TVA met 13 all-time summer records for power demand during the record-breaking August heat wave and has met three all-time winter records since 1/1/08. When power demand is at its peak, TVA often pays four or five times normal costs for additional power from other energy suppliers.

Kilgore also reported on the lingering effects of the drought and its continued impact on reduced hydro generation—TVA's least expensive generation source—and increases in purchased power costs. These and all other fuel-related costs are recovered through TVA's Fuel Cost Adjustment (FCA) mechanism. The FCA, which is part of monthly MLGW bills, is adjusted quarterly and can be a charge or a credit. The amount of the FCA for the upcoming quarter is expected to increase because of continuing impacts of the drought.

### MLGW Rates

MLGW's electric, natural gas and water rates are published at [www.mlgw.com](http://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	\$0.127	na
G-7	\$0.131	na
G-8 / G-9	\$0.042	\$0.459
G-10 / G-12	\$0.045	na

Adjustment in \$/Ccf to published natural gas rates for meters read on or after 2/25/08.

#### Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.00278
GSA, Part 2	E-2	\$0.00278
GSA, Part 3	E-2	\$0.00275
Residential	E-1	\$0.00282
Outdoor Lighting	E-3	\$0.00282

Adjustment in \$/kWh to all firm kWh, beginning with meters read on 12/26/07 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](mailto:crc@mlgw.org)

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR BILL ONLINE AT [www.mlgw.com](http://www.mlgw.com)

# Deadly storms cause massive damage, widespread power outages

Just one week after a damaging windstorm struck Shelby County and left some 61,000 customers in the dark, tornados and strong winds whipped through the area on 2/5/08, affecting approximately 64,000 customers. In addition to damaging homes and businesses, the storm also damaged TVA and MLGW transmission towers, interrupted water pumping station operation, caused “shrapnel-like” damage to substation 71 that it was knocked offline and resulted in numerous gas leaks.

Staff at MLGW’s SCADA Center monitored the approaching storm and its initial impact as the first front struck. By 7:00pm, members of MLGW’s Electric Crisis Team—representing engineering, construction, customer service, communications, information systems and other areas—were assembled at the command center to assess damage, obtain resources and begin the restoration process. The initial assessment projection was up to three weeks to replace and repair damaged infrastructure.

Although restoration work was hampered by a second storm front moving through the area after 9:00pm, subsequent weather was cooperative—which allowed MLGW to restore power for all but 500 customers before the weekend. Had the storms occurred during cooling season, when electric load is much higher due to air conditioning use, MLGW’s ability to reroute electric circuits to their secondary substations would have been limited. As it was, most customers had service restored through alternate circuits even before substation 71 was re-energized.

To keep customers updated on restoration progress, MLGW posted maps, photos and other information on a special Storm Restoration link on its website. The data was accessible to those using the Internet from laptops and PDAs, or from locations where power was unaffected. The Storm Restoration link has since been removed, but will reappear as future events warrant.



*View of damage at MLGW’s substation 71 in Hickory Hill area. The substation sustained shrapnel-like damage from flying debris, as well as the loss of electric transmission lines feeding into the facility.*

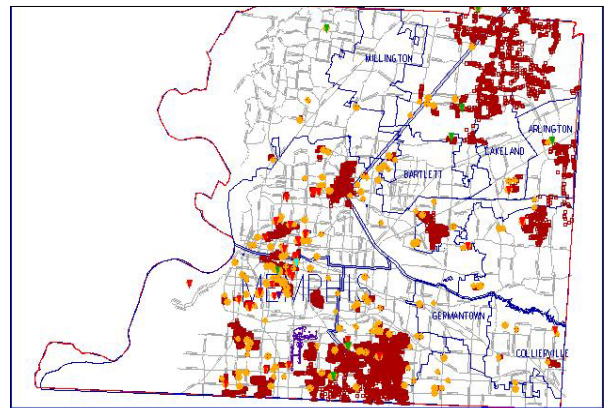


*This view of Shelby Drive and Malone Road illustrated damage to utility distribution poles snapped by strong winds.*

## Tell Us What You Think...

Take a few minutes to email your thoughts on MLGW’s recent storm restoration to [crc@mlgw.org](mailto:crc@mlgw.org). Please type “Storm Restoration Comments” in the subject line and reply by 3/31/08. Your feedback will be shared with the Electric Crisis Team as it reviews and plans for future emergencies.

- Did your facility experience an outage? How long (approx)?
- Did you use the automated hotline, call MLGW’s Commercial Resource Center or speak to other MLGW staff?
- Did you receive the information needed to make decisions? Through what channels?
- What suggestions do you have for making it easier to obtain information next time?



*One of the computer-generated outage maps posted at [www.mlgw.com](http://www.mlgw.com), showing outages (red areas) as of 11:00pm on 2/5/08.*

## Storm season raises questions about proper generator installation

Last month's storms raised questions from customers—and concerns from utility officials—about ensuring that back-up generators are properly installed.

There are two basic types of generators: permanent and portable. Permanent installations include an automatic transfer switch that disconnects the facility's electric load from the grid when the generator begins operation. Portable generators do not typically include this feature, which means proper installation is vital to prevent backfeeding electric current onto the grid, which could injure crews working to restore power in the area.

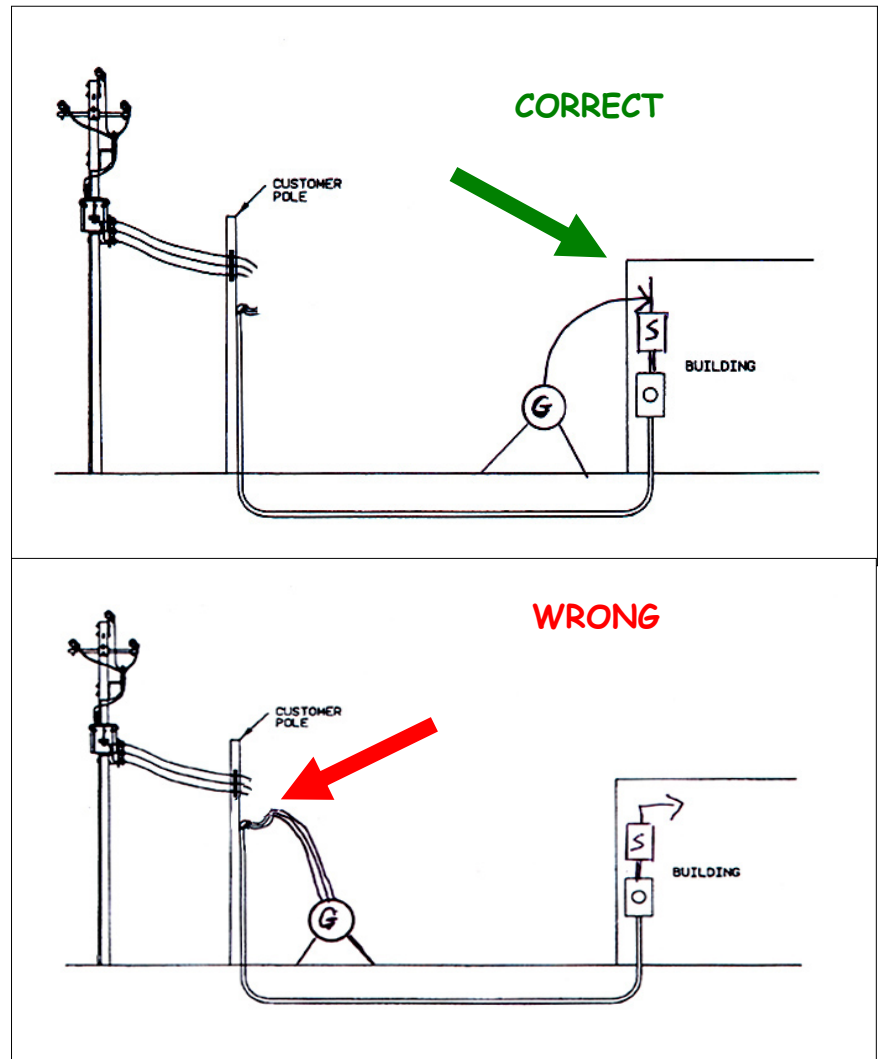
### Proper Installation

In a proper installation, a portable generator is installed on the load side of meter with the breaker open, eliminating risk of backfeeding onto the grid. Electrician also can request to have jacks opened, to further protect from backfeeding, but that step is not required since the generator is on secondary side.

### Improper Installation

In an unsafe installation, the generator is installed improperly on line side of meter, backfeeding onto the grid and putting utility crews at risk. To do this safely, MLGW would need to drop the service line before the generator was installed, then reconnect after the generator was removed—processes that would be delayed during outage restoration.

Remember that generators should only be installed by qualified professionals in outdoor areas with good ventilation. The safety of MLGW crews, your employees and customers—as well as your equipment—depends on your actions.



## MLGW develops plan to issue payment reminder calls prior to cut-off

### Businesses, organizations can now benefit from service previously offered to residential customers only

As a way to alert businesses and organizations about late utility payments and reduce service disconnections, MLGW will launch a telephone-based payment reminder campaign later this year. An automated system will dial the specified phone number with a recorded message. To participate, MLGW's commercial and industrial customers must provide a designated phone number for their accounts payable staff.

MLGW plans to make the call two days before a cut-off order would be generated. Full payments made within that period would then prevent service disconnection and the interruption it causes for your operations.

If you wish to participate in this payment reminder service, please submit a list showing your business name, each MLGW account and its affiliated accounts payable phone number (including area code). Lists can be emailed to MLGW's Commercial Resource Center at [CRC@mlgw.org](mailto:CRC@mlgw.org) or faxed to 901-528-4547. Watch for more details as the service is finalized later this year.

## City Council approves new MLGW Board member

The City Council has approved the nomination of Darrell Cobbins to fill a vacancy on the five-member MLGW board. The council also approved the reappointments of V. Lynn Evans, chairperson, and Rick Masson, past chairman.

Cobbins, 35, is owner of Universal Commercial Real Estate, a commercial real estate and community development services firm he founded in 2007.

For information on Board members, Board meeting calendar and minutes of past meetings, visit [http://mlgw.com/SubView.php?key=about\\_board](http://mlgw.com/SubView.php?key=about_board)

## Fleet managers, fuel buyers invited to March 12 ethanol workshop

Local fleet managers and fuel buyers are invited to attend an ethanol workshop, sponsored by the West Tennessee Clean Cities Coalition (WTCCC). If you are using or considering alternative fuels, this is your opportunity to learn about what's happening in the region regarding ethanol blending, storage, sales and regulations. The session will be held on 3/12/08, from 9:30am to 12:30pm in the board room at MATA Central Station, located at the corner of South Main Street at G. E. Patterson Avenue. There is covered parking to the west of the building, under the train trestle.

To register, email Andrew Couch of the WTCCC at [andrew@wtccc.com](mailto:andrew@wtccc.com) by 3/7/08. Provide your name, organization name, contact info (phone or email) and number of attendees. For more information, call Andrew at 448-1974 or visit [www.wtccc.com](http://www.wtccc.com)

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