



# Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS  
MARCH 2011

## TVA electric rate restructuring prompts introduction of seasonal rates, new fuel cost allocation method

Changes begin with meters read 4/1/2011

Two important changes are coming in the retail electric rates applicable to general power customers (businesses and organizations) with electric loads under 5,000 kW, as well as all residential customers. One change will have zero impact on your annual electric costs, while the other's effect will be based on your ability to adjust consumption to price signals.

To understand the changes, it is important to distinguish between "fuel costs" and "electricity costs." "Fuel costs" are the costs TVA pays for coal, natural gas and other resources used to generate electricity, as well as the cost for purchased power when demand exceeds TVA's generation capacity. Think of them as raw material costs. "Electricity costs" are the costs associated with generating electricity, including power plant operation and transmission line maintenance, but exclusive of the fuel costs.

The first upcoming change affects fuel costs. Currently, the majority of fuel costs are built into each rate's standard "energy charge," with the remainder represented in the fluctuating monthly "Fuel Cost Adjustment" (FCA). In April, TVA will remove all fuel costs from the standard energy charge, so that 100% of the fuel cost is represented in the FCA component, making actual fuel costs more transparent. End result: The value previously shown as the "Fuel Cost Adjustment" on your monthly MLGW bill will shift from a negative or very small positive number to a larger positive number—but there will be a comparable reduction in the rate's energy charge—so the net effect will be zero.

The second upcoming change affects electricity costs, which you also can think of as "generation, transmission and distribution costs" (exclusive of fuel costs). TVA's cost to generate electricity varies by both time of year and time of day. To more accurately reflect the cost of electric generation as it is used, TVA is changing its standard energy charge and demand charge from year-round fixed values to seasonally adjusted values. The change will provide benefits to those customers who can alter their electric usage.

### MLGW Rates

MLGW's current and historic 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 | (\$0.253)   | na      |
| G-7             | (\$0.268)   | na      |
| G-8 / G-9       | (\$0.349)   | \$0.586 |
| G-10 / G-12     | (\$0.296)   | na      |

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 3/2/2011.

### Fuel Cost Adjustment (FCA)

| TVA Rate Class   | MLGW Rate Code | FCA Amount |
|------------------|----------------|------------|
| GSA, Part 1      | E-2            | \$0.00639  |
| GSA, Part 2      | E-2            | \$0.00639  |
| GSA, Part 3      | E-2            | \$0.00631  |
| Residential      | E-1            | \$0.00646  |
| Outdoor Lighting | E-3            | \$0.00647  |

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 3/2/2011.



### 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)

Under the new rate structure, TVA will define seasonal periods as:

- Summer (June, July, August and September billing months)
- Winter (December, January, February and March billing months)
- Transition (April, May, October and November billing month)

Retail electric rates will be slightly lower in transition periods, when both generation costs and electric demand are lower. However, during the Winter and Summer periods, when both generation costs and electric demand are at their highest, rates will be slightly higher. (In October 2010, MLGW's large industrial customers began the switch to seasonal and time-of-use rate options which reflect the varying costs of producing power. These industrial rate options have a more significant variation by season.)

On an annual basis, the seasonal rate structure will produce no additional revenues for MLGW or TVA, though customers will benefit from pricing signals that could lead to more efficient usage during peak periods. The new retail rates will be available at [www.mlgw.com](http://www.mlgw.com) as soon as finalized.

## Electric vehicle charging infrastructure coming to Memphis as part of EV Project expansion

MLGW, City of Memphis and industry leaders gathered 2/22/2011 to announce that Memphis has been added to the EV Project, a federally- and privately-funded \$230 million venture designed to increase adoption of electric vehicles (EV) and install charging infrastructure in selected metropolitan areas in Tennessee, Texas, Arizona, California, Oregon and Washington, plus the District of Columbia.

As an EV Project participant, Memphis joins Nashville, Knoxville and Chattanooga as sites for private and public access EV charging stations. ECOtality, the company managing the project, will deploy nearly 15,000 charging stations in the U.S., including some 40-50 public access stations within Shelby County by 9/30/2011. The EV Project provides a free Blink Level 2 charging system and funds most, if not all, of the installation costs for public-access charging hosts. Project partners will collect and analyze data to study vehicle use and charging effectiveness, as well as test revenue systems for commercial and public charging stations.

There are two ways that your business or organization can be involved in the fast-moving EV Project:

- MLGW customers interested in hosting public-access charging stations on their property should sign a non-binding Letter of Intent. An assessment will be conducted to determine installation site and cost, exposure to public EV users, and other factors ECOtality will use to select locations.
- MLGW customers interested in buying a Nissan LEAF for personal or business use and who wish to receive a free private Level 2 charging station as well as a factory-installed DC Fast Charge connection port through the project also should sign the non-binding Letter of Intent.
- *To request the Letter of Intent, email: [SCox@ecotality.com](mailto:SCox@ecotality.com) and indicate your interest as either a potential LEAF buyer or a potential public-access charging station host.*



Blink Level 2 residential wall-mount and commercial pedestal chargers

MLGW has ordered one EV bucket truck and intends to add four EV sedans to its fleet as part of the project. In addition to the private charging stations associated with those EV purchases, MLGW is exploring locations for potential public-access charging stations. The Blink Level 2 commercial charging station can energize an electric vehicle's fully-depleted battery to 100% in approximately

seven hours, compared to an 11-hour charge for a Level 1 residential unit and a 30-minute, 80%-charge for the commercial DC Fast Charger units. The systems use a universal connector that will be offered for all brands and models of EVs. Some solar-assisted charging stations will be used to Tennessee as part of a related research project between TVA, Electric Power Research Institute and Oak Ridge National Laboratory.

A project partner, Nissan North America will manufacture an estimated 150,000 all-electric LEAF models annually in Smyrna, TN, beginning in 2012 after a \$1.4 billion plant retrofit is completed. Japanese-manufactured Nissan LEAF EVs were delivered to the first U.S. buyers in December 2010. Additional units are scheduled for delivery throughout the year in Tennessee and a few other states.

As an added incentive to develop the EV market, the Tennessee Office of Energy Policy announced a new \$2,500 point-of-purchase rebate available to the first 1,000 qualifying Tennessee buyers of a Nissan LEAF. For information about the state incentives, contact the Nissan Contact Center at 1-877 NO GAS EV (877-664-2738). The state incentive is in addition to the existing \$7,500 Federal tax credit available to electric vehicle buyers. Details on the federal incentive are available at: <http://energytaxincentives.org/consumers/vehicles.php>

For more information, visit [www.ecotality.com](http://www.ecotality.com). Check MLGW's website in mid-March for a new project webpage at [www.mlgw.com/evproject](http://www.mlgw.com/evproject). We'll post information and photos as the project unfolds.

## **MLGW advances in J.D. Power business customer satisfaction survey**

### **Ranks among top five most improved utilities with 36-point increase in satisfaction score**

For the third consecutive year, MLGW showed improvement in the annual results of the J.D. Power & Associates Electric Utility Business Customer Satisfaction Study. In the 2011 study, MLGW's score improved 36 points from the prior year, compared to an average four-point decrease among all utilities studied. MLGW scored 609 in 2011, up from 573 in 2010 and 532 in 2009, the first year MLGW was included to the study. MLGW is one of the five most improved utilities in the 2011 study.

“By no means is MLGW perfect,” said MLGW President and CEO Jerry R. Collins Jr. “There is still much work to be done. Our goal is to one day be number one in the J.D. Power survey. We have the resolve to meet that goal.” (In 2000, MLGW was the top-rated utility in the South in J.D. Power's residential electric customer satisfaction survey.)

The Electric Utility Business Customer Satisfaction Study is based on interviews with representatives of more than 17,000 U.S. businesses that spend between \$500 and \$50,000 monthly on electricity. The research creates a score for satisfaction based on six factors: power quality and reliability; price; billing and payment; corporate citizenship; communications; and customer service.

MLGW introduced several new services for non-residential customers in 2010, including:

- Access to billing history for nearly all utility accounts through the My Account web tools.
- New energy efficiency incentive programs to help customers reduce energy waste, including Commercial Efficiency Advice & Incentives and Fast Cash for Small Business.
- Availability of a Trade Ally Network website where customers can search for contractors familiar with TVA programs (and contractors can generate new business).
- Availability of a state-wide Energy Efficiency Loan program from Pathway Lending that provides up to \$1 million in low-interest loans to businesses and non-profit organizations (501c3 and 501c6) seeking to improve their facilities' efficiency to lower utility expenses.
- Introduction of phase 2 of the EnerNOC Demand Response program, targeting customers with electric demand of 250 kW and above who can reduce operations during TVA peaks and get paid for doing so.

- Removal of transaction fees for electronic payments made at [www.mlgw.com](http://www.mlgw.com)

MLGW operational improvements, particularly in power quality and reliability areas, include:

- Continuous monitoring of electric system performance and troubleshooting areas with frequent outages.
- Targeting customers who have more than three outages per year or who experience outages lasting 10 hours or more. MLGW reduced the number of customers experiencing more than three interruptions in a year from 20% in 2002 to less than 10% in 2010. MLGW also reduced the number of customers experiencing interruptions over 10 hours in duration from nearly 20,000 in 2002 to 7,500 in 2010.
- Conducting root cause analysis to determine the best way to solve a problem. Examples of improvements include animal mitigation, tree trimming, and recent design/system improvements in areas including Lamar and South Parkway, Scenic Hills, and the University of Memphis.
- Spent \$2 million to replace faulty underground cable in the last year.
- Spent \$1.5 million in system improvements that serve critical facilities.

The Electric Utility Business Customer Satisfaction Study is one of three J.D. Power surveys in which MLGW is included. MLGW's gas residential and electric residential scores have also increased dramatically over the last two years, reflecting operational improvements and new customer services.

“We are continuing to consistently improve our scores year after year,” said Collins.

**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](mailto:CRC@mlgw.org)