



# Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS  
APRIL 2009

## Federal stimulus package offers few direct options for businesses

### Most business incentives covered in 2008 legislation extending benefits for qualified building improvements

Although the American Recovery and Reinvestment Act of 2009 (ARRA) provides about \$80 billion for programs involving renewable energy, energy efficiency, mass transit, updating the electrical grid and research, general businesses weren't targeted for direct benefits or programs. There are:

- Tax credits for production of renewable energy, covering 30% of installed costs for solar and small wind generation systems. Systems must be placed in service before 12/31/2013 to qualify. Taxpayers can place renewable generation equipment on owner-occupied property or on rental property.
- Tax credits for investment in combined heat and power (CHP) systems. Owners of systems smaller than 50MW qualify for a 10% investment tax credit applicable to the first 15 MW of CHP property, provided the system was placed in service between 10/3/2008 and 12/31/2016.
- Tax credits for the purchase of electric vehicles by businesses and consumers, including retailers (if the buyer is tax exempt) through 12/31/2010. Credits are based on a complex formula determined by vehicle weight, technology, and fuel economy compared to base year models. Qualifying vehicles must also meet tailpipe emission criteria. Once individual manufacturers exceed the 60,000-vehicle sales limit, the tax credit is phased out over the next four quarters. (Due to high sales rates, tax credits for Toyota and Honda hybrids are no longer available.)
- Funds for modernization and energy conservation at Federal military branches, VA hospitals and national cemeteries, to reduce operating expenses.
- Funds to modernize education facilities through qualified school construction bonds that can be used for energy efficiency.
- Advanced energy manufacturing tax credits for investments to re-equip, expand or establish a facility that is designed to manufacture equipment that is used to produce renewable energy (solar, wind geothermal, and other), fuel cells,

## 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	(\$0.125)	na
G-7	(\$0.177)	na
G-8 / G-9	(\$0.299)	\$0.542
G-10 / G-12	(\$0.242)	na

Adjustment in \$/Ccf to published natural gas rates for meters read on or after 4/1/09.

### Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.00843
GSA, Part 2	E-2	\$0.00843
GSA, Part 3	E-2	\$0.00834
Residential	E-1	\$0.00853
Outdoor Lighting	E-3	\$0.00854

Adjustment in \$/kWh to all firm kWh, beginning with meters read on 4/1/2009 and lasting for three consecutive billing periods.



## Important Contact Information

Commercial Resource Center:

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microturbines, energy storage systems for electric/hybrid vehicles, certain electric grid equipment, renewable fuels property, energy efficiency technologies, smart grid equipment, plug-in hybrid vehicles, and equipment to capture and sequester carbon dioxide.

While ARRA did not address business energy benefits, the Emergency Economic Stabilization Act signed in October 2008 incorporated economic enticements for facility energy improvements. These included:

- Extension of the commercial buildings tax deduction to the end of 2013. Although few facilities have pursued this incentive, either due to delays in building improvements or the complexity of qualifying, participation may rise in the next few years as TVA and MLGW release new programs to encourage load reduction through HVAC and lighting improvements. Watch future issues of *Energy Edge* for updates.
- Extension of the 30% tax credit for both residential and commercial solar generation installations through 2016.
- A new tax credit for plug-in hybrid vehicles purchased starting in 2008 and extending until shortly after the number of qualifying vehicles reaches 250,000.

There are many information sources to learn about available tax benefits. MLGW recommends starting with the Tax Incentive Assistance Project's website, [www.energytaxincentives.org](http://www.energytaxincentives.org), for an overview and links to other references. Accountants and tax professionals are also valuable resources in determining specific requirements for your business or organization.

## **MLGW wins Platinum APPA Award for power reliability**

MLGW has won another American Public Power Association (APPA) Reliable Public Power Provider (RP3) Award, which is bestowed upon APPA-member utilities that demonstrate sound business practice and provide customers with the highest degree of reliable and safe electric service. MLGW achieved Platinum-level recognition, the second-highest award designation, and was honored during APPA's 53<sup>rd</sup> annual Engineering and Operations Technical Conference. The RP3 designation recognizes public power utilities that demonstrate proficiency in reliability, safety, training and system improvement. Only 19 public utilities in the nation achieved Platinum-level proficiency in 2009.

## **TVA reports first quarter net loss, expenses for ash spill recovery**

On 2/12/2009, TVA filed its fiscal year 2009 first quarter report with the Securities and Exchange Commission, reporting a net loss of \$305 million—primarily a result of the Kingston ash spill recovery efforts. The loss for the three months that ended 12/31/2008 compares with a net income of \$8 million reported for the first quarter of the previous fiscal year.

Excluding the charge related to Kingston, TVA had a net income of \$220 million. Revenues during the quarter increased \$717 million, or approximately 30 percent, from the first quarter a year ago, while power sales decreased approximately 2 percent. The increase in revenue was due primarily to an increase in TVA's fuel cost adjustment due to higher fuel and purchased power costs and base rate increases. A decrease in TVA's fuel cost adjustment in January 2009 and again in April 2009 will result in reduced wholesale power rates.

“We recognize the impacts that the economic slowdown is having on power sales and are evaluating ways we can reduce our costs and continue to provide reliable, affordable power to the consumers in the Tennessee Valley,” said TVA Chief Financial Officer Kim Greene. “While we expect our sales to continue to be affected throughout the fiscal year, we are confident that the region will recover as the nation's economy recovers.”

TVA spent almost \$1.4 billion on fuel and purchased power during the first quarter, an increase of \$461 million or 50 percent compared with the same three-month period the previous year. At the end of the first quarter, TVA recognized expenses of \$525 million for estimated costs related to the ash spill at Kingston Fossil Plant on 12/22/2008. Current estimates on clean-up costs range from \$525 million to \$825 million, depending on the method of ash disposal that is assumed. The range does not include costs for items such as regulatory actions, litigation or long-term environmental remediation.

## Regional rainfall helps TVA hydro-generation recover from drought

After almost three years of drought conditions, rainfall in the eastern part of the Tennessee Valley was 96% of normal and runoff (the amount of water that reaches streams and rivers) was 65% of normal during October-December 2008, the first quarter of TVA's 2009 fiscal year. As a result, hydroelectric generation increased by 1.1 billion kilowatt hours compared to the first quarter of previous year. Rainfall and runoff continued to improve in early 2009, although forecasts do not indicate when the drought will conclude, which would allow TVA's hydrogeneration operations to return to normal operations. Hydrogeneration provides about 10% of TVA's generation mix.

## 2009 PC Energy Report quantifies multi-billion dollar waste, environmental impact from computers left on overnight

According to an international study co-sponsored by the Alliance to Save Energy, nearly half of U.S. workers who use a personal computer at their job typically do not shut down the equipment at night. The *2009 PC Energy Report*, which examines workplace PC power consumption in the United States, United Kingdom and Germany, found that U.S. organizations waste \$2.8 billion a year to power 108 million idle machines. In 2009, these inactive PCs are expected to emit approximately 20 million tons of carbon dioxide emissions, roughly the equivalent impact of four million cars.

"Powering down inactive PCs can provide a simple yet effective way for businesses to reduce overhead costs and environmental impact," said Kateri Callahan, president of the Alliance to Save Energy. "Now, more than ever, doing what's good for the environment is good for business. The economic crisis and volatile energy prices make it even more imperative for businesses to save money by saving energy."

According to the research firm Gartner, every year information and telecommunications technology generates 2% of the world's carbon emissions—the same as a year's worth of air traffic. Moreover, PCs and monitors account for 39% of these emissions, equivalent to the emissions of approximately 46 million cars.

When examined individually, PCs may not appear to be the biggest energy hog in the IT environment, but when considering the sheer volume of PCs in the world—which are estimated at more than one billion—the energy and carbon implications are staggering. In fact, worldwide PC shut-down for just one night would save enough energy to light New York City's Empire State Building—inside and out—for more than 30 years.

The study raises the question of how local companies handle computer energy management. MLGW encourages you to consult with your Information Technology staff or vendors for recommendations to reduce energy waste associated with idling computers at your facility.

The full *2009 PC Energy Report* can be downloaded at [www.1E.com](http://www.1E.com), the website of study co-sponsor 1E, a provider of computer power management automation.

**Powering down a fleet of PCs can reduce a machine's energy use by 80 percent, allowing companies to save more than \$36 per desktop PC.**

## EPA establishes National Cell Phone Recycling Week, April 6-12

### Residents, businesses challenged to recycle unused devices, save energy and resources

EPA is launching National Cell Phone Recycling Week as part of its efforts to celebrate Earth Day the entire month of April. The week, which runs from 4/6/2009-4/12/2009, is a joint effort between EPA's *Plug-In To eCycling* program and leading cell phone manufacturers, retailers and service providers to increase national awareness about the importance of cell phone recycling.

"With Earth Day approaching, people are thinking about what they can do to give back to our planet," said Matt Hale, director of EPA's Office of Resource Conservation and Recovery. "Recycling your old cell phone is a great way to conserve resources and help make a greener world."

To celebrate National Cell Phone Recycling Week, Plug-In partners across the country, including AT&T, Samsung, Sprint, T-Mobile, and Verizon Wireless, are introducing a series of in-store promotions, contests, and giveaways. The partners will provide in-store and online recycling opportunities for consumers.

With only 10% of unwanted cell phones being recycled in 2007, EPA is encouraging consumers to increase the nation's cell phone recycling rate. Recycling or reusing cell phones helps the environment by saving energy and keeping reusable materials out of landfills. Cell phones and personal digital assistants (PDAs) are made of precious metals, copper, and plastics. Recycling or reusing them not only conserves these materials, it also prevents air and water pollution and reduces greenhouse gas emissions that occur during manufacturing and when extracting and processing virgin materials. Recycling 100 million cell phones—EPA's estimate of the number of unused mobile phones—would save enough money to power 18,500 homes.

Donating cell phones or PDAs can also have social benefits for communities. In fact, many existing recycling programs donate cell phones that are in good working order to worthy charities, raise funds for charitable organizations, or provide them for discounted sale.

Plug-In To eCycling is a voluntary partnership between EPA and electronics manufacturers, retailers, and service providers to offer consumers more opportunities to donate or recycle their used electronics. In 2007, retailers and electronics manufacturers voluntarily recycled more than 47 million pounds of electronics, mostly computers and televisions. Information about EPA's Plug-In to eCycling program is available at [www.epa.gov/plugin](http://www.epa.gov/plugin). Information about cell phone recycling can be obtained at [www.epa.gov/cellphones](http://www.epa.gov/cellphones)



### Celebrate Earth Day with employee activities to boost awareness, spur actions

Communities across the world, including Memphis, will mark Earth Day in mid-April with a variety of public and private events to increase awareness and encourage actions that benefit the environment. From saving energy to reducing water use, recycling and carpooling, there are hundreds of actions each of us can take to reduce our environmental impact.

MLGW encourages businesses and organizations to consider hosting employee activities to capitalize on Earth Day awareness. EPA's Earth Day website includes daily environmental tips and other resources at: [www.epa.gov/earthday](http://www.epa.gov/earthday) Also, visit the MLGW exhibit at Shelby Farms' Down to Earth Festival, 4/19/2009.