



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION COMMERCIAL CUSTOMERS

JULY 2006

TVA Board calls for 2007 budget with rate reduction, fuel cost adjustment

On 6/28/06, the TVA Board approved a recommendation by the Board Finance Committee directing TVA staff to develop a budget for the 2007 fiscal year that would allow for a reduction in firm wholesale power rates of 3.5 to 5 percent in conjunction with a fuel cost adjustment mechanism.

The rate reduction and other budget parameters approved by the Board will require improvements in productivity across TVA and the implementation of a fuel cost adjustment charge that would automatically adjust TVA rates up or down as fuel and purchased power costs rise and fall.

The Board will consider the budget, rate reduction and fuel cost adjustment at its next meeting, scheduled for 7/28/06 in Knoxville. If approved, the reduction in wholesale power rates and fuel cost adjustment would be effective 10/1/06. The amount of reduction in retail rates charged by local distributors of TVA power would vary.

“Limiting an increase in non-fuel operating and maintenance costs, the wind down in spending on Browns Ferry Unit 1 as it nears completion and the fuel cost adjustment would make a rate reduction possible in 2007,” said TVA President and Acting Chief Executive Officer Tom Kilgore. “The TVA Board and TVA management are focused on increased productivity to help make this rate decrease possible. The fuel cost adjustment will make financial performance more reliable and predictable by helping ensure that we recover fuel and purchased power costs as they occur.”

The Board also directed TVA staff to include a reduction of \$529 million in TVA’s total financing obligations and a cash balance target of \$500 million as other parameters in developing the 2007 budget.

Sharply rising fuel and purchased power costs forced TVA to increase wholesale rates by 9.95 percent in April to help TVA recover a portion of the costs over the remainder of the 2006 fiscal year. TVA distributors, including MLGW, were required to pass

Purchased Gas Adjustment (PGA)

Rate	Consumption	Demand
G-1 residential	\$0.4921	na
G-7	\$0.5030	na
G-8 / G-9	\$0.4921	(\$0.0538)
G-10 / G-12	\$0.5572	na

Adjustment in \$/Ccf to published rates for bills rendered on or after 7/26/2006.

Interesting Webs....



Streaming video of MLGW presentations
http://mlgw.com/SubView.php?key=about_streamingvideo

MLGW’s 2006-2011 Strategic Plan
http://www.mlgw.com/SubView.php?key=misc_plan&x=2



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along that increase to customers. The base amount for the fuel and purchased power cost adjustment will be set so that the fuel adjustment starts at zero in the first quarter of the 2007 fiscal year, beginning 10/1/06.

The fuel cost adjustment would allow TVA to recover fuel and purchased power costs quarterly based on the forecast for the three months ahead. Many utilities across the United States and most neighboring utilities use similar mechanisms to adjust their rates.

TVA is the nation's largest public power provider and is completely self-financing with revenues of \$7.8 billion in 2005. TVA provides power to large industries and 158 power distributors that serve approximately 8.6 million consumers in seven southeastern states. TVA also manages the Tennessee River and its tributaries to provide multiple benefits, including flood damage reduction, navigation, water quality and recreation.

MLGW stakeholders' meeting provides community update

MLGW hosted its second annual stakeholders' meeting on July 6, at the University of Memphis. Combined with its semi-monthly Board meeting, the event offered an opportunity to share details about the utility's activities in the last 12 months. MLGW executive staff presented updates on utility rates, service reliability, crisis management plans and customer service enhancements to community leaders and business representatives in attendance.

Streaming video of presentations from the meeting can be viewed at http://mlgw.com/SubView.php?key=about_streamingvideo

MLGW's 2006-2011 Strategic Plan is available at http://www.mlgw.com/SubView.php?key=misc_plan&x=2

Local and regional electric demand levels hit new highs as U.S. weather continues trend toward warmest on record

MLGW set a new record on 7/19/06, when demand placed on the system reached 3,395.8 megawatts, breaking the record set on 8/19/05, by 5.8 megawatts. Despite extreme temperatures and resulting electric consumption, customers experienced no heat-related outages—a testament to system reliability.

The record came a day after the Tennessee Valley Authority, MLGW's supplier of electricity, marked the highest demand for electricity ever recorded in its seven-state region. The TVA system met a demand of 32,037 megawatts on 7/18/06, when the average temperature across the Valley was 97°, up from the previous all-time system peak of 31,924 megawatts on 7/26/05 when the average temperature across the Valley was 95°.

High July temperatures follow what, thus far, promises to be the warmest year on record for the United States, according to the National Oceanic and Atmospheric Administration (NOAA). Based on preliminary data, the average January to June temperature for the contiguous United States was 51.8°, which is 3.4° above the average temperature during the 20th century.

The heat is taxing electrical power systems across the nation while a continued drought is depleting hydropower resources. In June, 45 percent of the contiguous U.S. was in moderate-to-extreme drought, an

increase of 6 percent from May, while 27 percent was in severe-to-extreme drought, an increase of 7 percent from May.

This year is also shaping up to be the sixth warmest on record for the globe, with January to June average temperatures at 0.9° above the 20th-century mean. Find more information at NOAA's National Climatic Data Center, <http://www.noaanews.noaa.gov/stories2006/s2663.htm>

ENERGY STAR encourages businesses to cut energy consumption and save utility dollars this summer

With higher energy costs affecting everything from utility bills and gasoline to raw materials and finished goods, every business could benefit from cost-cutting measures this year. ENERGY STAR, the U.S. Environmental Protection Agency's (EPA) initiative to create energy awareness and drive technological improvements, has published five steps to help businesses save this summer. Even if your business has a formal energy management plan and tracking systems, you will benefit from the refresher tips, including:

- 1. Measure the energy use of your facilities and set an energy savings goal**
- 2. Inspect cooling system equipment now and perform monthly maintenance**
- 3. Turn back, or turn off, cooling equipment when not needed**
- 4. Get the occupants involved**
- 5. Improve lighting systems**

ENERGY STAR offers the "hows and whys" for each step, as well as specific tips and brief case studies of how businesses and organizations have achieved savings through these practices. Read the complete article at: http://energystar.gov/index.cfm?c=business.bus_summer

Greener computers and monitors will soon hit the market

More environmentally friendly computer equipment will soon be available to large volume purchasers thanks to manufacturers like Dell, HP, and others that now have products that meet the Electronic Products Environmental Assessment Tool (EPEAT) standard, the Environmental Protection Agency (EPA) announced in July. EPEAT-registered computer products have reduced levels of cadmium, lead, and mercury to better protect human health, and are easier to upgrade and recycle, in addition to meeting the government's Energy Star guidelines for energy efficiency.

"These new environmental standards can guide the manufacturing of green computers, laptops, and monitors," said James Gulliford, assistant administrator for the Office of Prevention, Pesticides and Toxic Substances. "Now purchasers can factor environmental considerations into their decisions when choosing computer equipment."

EPEAT, a project funded through a grant by EPA and managed by the Green Electronics Council (GEC), promotes continuous improvement in the environmental design of electronic products and informs purchasers of the environmental criteria of electronic products. EPEAT may eventually expand to include individual consumer purchasers.

EPA has estimated that over the next five years, purchases of EPEAT registered computers will result in reductions of more than 13 million pounds of hazardous waste, more than 3 million pounds of non-hazardous waste and more than 600,000 MWh of energy. More information is available at <http://www.epa.gov/epp/pubs/products/epeat.htm>.

ENERGY STAR expands its selection of online calculators for commercial equipment operating costs

ENERGY STAR recently updated its energy-savings calculators for home and business products to make them easier to use, according to an article published by E-Source. In addition, several new calculators have been added to cover food service equipment. The ENERGY STAR calculators can be used to quantify the energy savings that can be achieved by switching to more-efficient appliances and equipment. Most of the calculators provide results for electrical energy savings. However, four address gas savings, and four provide results for water savings in addition to gas or electric savings.

ENERGY STAR completed the most recent round of updates to the calculators at the end of 2005. The biggest changes were those made to the user interface. In the old versions of the calculators, different pieces of information were spread over multiple worksheets within a Microsoft Excel file. The new calculators consist of just two pages—one for the calculator itself and one for the assumptions used for the calculation. The fields that need to be filled in are now grouped in one colored box that's set apart from a different colored box that presents the calculation results. These changes make the calculators less intimidating and easier to understand. All calculators have been updated with the latest ENERGY STAR efficiency specifications. There are now 41 calculators divided into general categories including: electronics, office products, commercial (appliances, lighting products and food service equipment) and residential (appliances, heating and cooling products and lighting products). The new food service calculators cover commercial refrigerators and freezers, gas and electric fryers and steam cookers, cabinets for holding hot foods, and vending machines. All of these energy-savings calculators can be found at www.energystar.gov/purchasing

Green Power Switch growing strong

As of 6/30/06, more than 400 MLGW customers have enrolled in **Green Power Switch**, sponsoring the generation of 2,556 blocks (or 383,400 kWh) of green power each month. Businesses and organizations account for 5% of participants and 68% of the blocks sponsored. Rhodes College is the latest organization to enroll.

Collectively, participants in Shelby County are responsible for annual avoided emissions equal to 9 tons of sulfur dioxide, 23 tons of nitrogen oxides and 3,442 tons of carbon dioxide—all of which contribute to environmental problems such as ozone depletion and acid rain. For more information on enrolling your business, contact the Green Power Switch hotline at 528-4549 or email greenpowerswitch@mlgw.org



Crystal Love, MLGW Commercial Marketing Representative, presents the **Green Power Switch** certificate to Rhodes College's Jeff McClain (left) and Brian Foshee.