



Energy Edge

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

SEPTEMBER 2006

Electric rates fall 3.5% to 4.4% this month

Fuel Cost Adjustor to debut at zero in September, with first quarterly rise expected in January 2007

MLGW begins lowering electric rates for its 425,000 customers this month, starting with meters read on 9/25/2006. The rate decrease is the first step in a two-phase TVA process that will activate a variable Fuel Cost Adjustor (FCA) for electric consumption.

Sharply rising fuel costs have driven recent TVA rate increases, particularly those in October 2005 and April 2006. This month's rate reduction is essentially a partial rollback of those increases, made feasible after the TVA Board of Directors approved the FCA at its 7/28/2006 meeting. The economic impact of the rate decrease varies based on each customer's applicable electric rate, which is determined by electric load specifications for the facility. Percentages for each rate classification are shown in the table on page 2. Electric tariff documents reflecting the new rates should be posted on www.mlgw.com soon.

Customers will begin seeing the FCA as a line item on their MLGW bills this month, although the initial charge will be zero. The first non-zero FCA is projected for the January 2007 revenue month, beginning with meters read in late December.

The FCA allows TVA to pass through increases or decreases in fuel and purchased power costs more frequently than traditional adjustments to base rates. TVA will calculate the FCA amount based on quarterly forecasts for fuel and purchased power costs. MLGW and other TVA distributors are required by their power contracts to pass along changes in electric rates to end-use customers.

"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," explained TVA President Tom Kilgore when presenting the proposal to the TVA Board in July.

For more information, see the July 2006 and August 2006 issues of *Energy Edge*.

Purchased Gas Adjustment (PGA)

Rate	Consumption	Demand
G-1 residential	\$0.4366	na
G-7	\$0.4785	na
G-8 / G-9	\$0.4597	(\$0.0599)
G-10 / G-12	\$0.4992	na

Adjustment in \$/Ccf to published rates for bills rendered on or after 8/24/2006.

Interesting Webs....



COMING SOON

New MLGW electric tariff documents:

http://mlgw.com/SubView.php?key=comm_genrateinfo



Important Contact Information:

Commercial Resource Center:

Monday-Friday

7:30am to 5:00pm Central

Phone: 901-528-4270

Fax: 901-528-4547

E-mail: crc@mlgw.org

Emergency: 901-528-4465

Outage: 901-544-6500

Estimated Retail Effects of TVA Rate Action

Customer Type	MLGW Rate Code	Electric Load Specifications	TVA Rate Class	% Retail Decrease
General Power	E-2	If (a) the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12 month period is not more than 50 kW, AND: (b) customer's monthly energy takings for any month during such period do not exceed 15,000 kWh.	GSA, Part 1	--3.5%
General Power	E-2	If (a) the higher of (i) the customer's currently effective contract demand, or (ii) its highest billing demand during the latest 12 month period is greater than 50 kW but not more than 1,000 kW, OR: (b) if the customer's monthly billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh.	GSA, Part 2	--3.9%
General Power	E-2	If the higher of the customer's currently effective contract demand or its highest billing demand during the latest 12 month period is greater than 1,000 kW.	GSA, Part 3	--4.0%
General Power	E-2	If the customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW.	GSB, Firm	--4.2%
General Power	E-2	If the customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW.	GSC, Firm	--4.2%
General Power	E-2	If the customer's currently effective contract demand is greater than 25,000 kW.	GSD, Firm	--4.4%
Manufacturing Power Rate	E-2	Where (a) a customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW, AND: (b) the major use of electricity is for activities conducted at the delivery point serving the customer which are classified with a 2-digit Standard Industrial Classification (SIC) Code between 20 and 39, inclusive; provided that other applicable conditions are met.	MSB, Firm	--4.2%
Manufacturing Power Rate	E-2	Where (a) a customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW, AND: (b) the major use of electricity is for activities conducted at the delivery point serving the customer which are classified with a 2-digit Standard Industrial Classification (SIC) Code between 20 and 39, inclusive; provided that other applicable conditions are met.	MSC, Firm	--4.2%
Manufacturing Power Rate	E-2	Where (a) a customer's currently effective contract demand is greater than 25,000 kW, AND: (b) the major use of electricity is for activities conducted at the delivery point serving the customer which are classified with a 2-digit Standard Industrial Classification (SIC) Code between 20 and 39, inclusive; provided that other applicable conditions are met.	MSD, Firm	--4.4%
Outdoor Lighting	E-3	Street and park lighting systems, traffic signal systems, athletic field lighting installations and outdoor lighting for individual customers, including MLGW's Leased Outdoor Lighting service.	Outdoor Lighting	--3.4%
Residential	E-1	Single-family dwelling, where the major use of electricity is for domestic purposes.	Residential	--3.5%

