



Energy Edge

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

TVA Board approves rate actions and switch to monthly FCA structure

Changes take effect with October 2009 billing cycle

The TVA Board on 8/20/2009 approved a 2010 budget of \$10.2 billion for operating expenses and \$2.3 billion in capital investments. The Board also approved an 8% increase in the average wholesale rate, as well as an 11% decrease in the Fuel Cost Adjustment (FCA), for the October billing period which begins with meters read on 9/30/2009.

MLGW has not yet calculated the impact TVA's wholesale rate action will have on the numerous retail rates applicable to MLGW customers. Rates will be posted soon at:

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

The TVA Board took several actions to reduce the consumer impact of a projected \$7.2 billion shortfall for the period 2010 through 2012, including \$1.9 billion in budget cuts and \$2.8 billion in additional borrowing primarily to fund capital projects.

TVA's projected budget shortfall is primarily the result of the unprecedented decline in sales revenue, need for increased contributions to TVA's employee pension fund, investments to maintain power plants and other system assets, and projects related to the impacts of the Kingston recovery effort, the North Carolina Clean Air lawsuit, and TVA's storage and disposal of coal combustion by-products.

"We looked internally first, to find ways to hold down our costs and still provide the reliable electricity Valley businesses and residents need," said TVA President and CEO Tom Kilgore.

As a result of the economic downturn, TVA had projected flat sales for 2009 compared with 2008, but actual sales have declined about 8 percent—the largest drop in sales in TVA's history. The 2010 forecast is slightly lower than 2009.

"Two bright spots during this recession have been the stabilization of fuel prices and easing of the drought," Kilgore said. "Those factors, when combined with the reduced demand on the system, mean TVA has had to spend less on expensive purchased power, helping to reduce our (FCA) for October."

MLGW Rates

MLGW's current and historic electric, natural gas and water rates are published at 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	(\$0.286)	na
G-7	(\$0.409)	na
G-8 / G-9	(\$0.495)	\$0.146
G-10 / G-12	(\$0.448)	na

Adjustment in \$/Ccf to published natural gas rates for meters read on or after 8/31/2009.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.00548
GSA, Part 2	E-2	\$0.00548
GSA, Part 3	E-2	\$0.00542
Residential	E-1	\$0.00554
Outdoor Lighting	E-3	\$0.00555

Adjustment in \$/kWh to all firm kWh, beginning with meters read on 7/1/2009 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

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR BILL ONLINE AT www.mlgw.com

The TVA Board also approved the proposal to change the Fuel Cost Adjustment mechanism from a quarterly to a monthly calculation. This should result in more frequent and more accurate forecasting of fuel and purchased power costs, resulting in less dramatic swings in the FCA amounts.

The 2010 operating budget includes \$302 million in increased funding for the new Valley Investment Initiative, for TVA's contribution to its employee pension fund, and for the Kingston recovery effort. The Valley Investment Initiative offers incentive awards to existing industries that demonstrate a long-term commitment to remaining in the Valley, promoting high-paying jobs, and improving efficiency in their operations.

TVA, the nation's largest public power provider, is completely self-financing. TVA provides power to large industries and 158 power distributors that serve approximately 9 million consumers in seven southeastern states.

New Federal law alters MLGW processes for verifying identity when providing business account information

Beginning in October 2009, MLGW will implement new procedures to further protect customers from identity theft. This action stems from new federal legislation, officially called the Fair and Accurate Credit Transactions Act (FACTA) and otherwise known as "Red Flag Rules".

When non-residential customers request utility services in person, by telephone or online, identification and other support documentation shall be requested. At that time, these customers will be granted conditional utility services. Corporations, Limited Liability Companies and Limited Liability Partnerships seeking service must be registered with the Tennessee Secretary of State to be eligible to receive utility service. MLGW's General Power Service Agreement (GPSA) must also be completed in its entirety and returned within 30 business days of service connection. Failure to return a fully executed GPSA will result in termination of service.

Doing business with MLGW on behalf of another entity will now require evidence of authorization. MLGW's Customer of Record may designate a Responsible Party for requesting utility service orders and/or accessing billing records and other information. The Responsible Party may be an individual, company or list of agents. Customers may continue to provide authorization on company letterhead.

We will continue to conduct business as usual with our existing customers. However, since we have limited ways of ensuring who we are doing business with, our existing customers are welcome to furnish us with a list of authorized agents prior to October. We will then update our records for enhanced security. Although the upcoming changes may seem to create a hindrance in doing business with MLGW, our intention is comply with the Federal law and to further protect our customers from identity theft and fraud. If you have any questions, please contact MLGW's Commercial Resource Center at 901-528-4270.

MLGW North Community Office to close for facility renovations

In October, the North Community Office at 2424 Summer Avenue will close for renovations. Renovations include a new HVAC system, roofing repairs, and office renovations that will improve efficiency and convenience in serving customers. The North Office is scheduled to re-open in January 2010. Employees are being relocated to other community offices during this period. Some equipment will be moved to storage. MLGW customers will be directed to MLGW's other community offices at 245 South Main Street, 2935 Lamar Avenue, 1111 E. Shelby Drive and in Millington at 5131 Navy Road.

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