



Energy Edge

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

TVA Board approves rate increase as part of clean, reliable energy plan

Decision ensures future of Memphis' Allen Fossil Plant

The Tennessee Valley Authority board of directors on 8/18/2011 began putting into action the Integrated Resource Plan that will meet the region's electricity needs today and into the future. The actions embrace TVA's vision for cleaner, reliable and competitively priced power. The plan includes investing in additional air-quality measures at Allen Fossil Plant in Memphis.

The Integrated Resource Plan will trigger an approximate 2% increase in the wholesale electric rate TVA charges MLGW. Changes to the retail rates MLGW charges customers are not complete yet, but will be posted on www.mlgw.com soon. The rate increase goes in effect with the October start of TVA's fiscal year.

"With today's actions, TVA will add more clean energy from nuclear and natural gas sources to its generating fleet and install air-quality controls at two additional coal-fired power plants," said Tom Kilgore, TVA president.

The TVA board:

- Authorized completion of one nuclear unit at TVA's Bellefonte site near Scottsboro, AL;
- Approved the purchase of a combined cycle gas plant in north Mississippi; and
- Announced plans to add emissions controls at two fossil plants to reduce sulfur dioxide and particulate emissions. The air-quality controls, including flue gas desulfurization systems, or scrubbers, at Allen and Gallatin will take about six years to complete. Scrubbers can reduce sulfur dioxide emissions by more than 95% and encourage energy efficiency."

"As we build Bellefonte we will integrate safety modifications from the extensive review of the lessons learned from the Fukushima nuclear plants in Japan," Kilgore said. "Making Bellefonte a productive asset with state-of-the-art equipment will add an additional supply of clean, base-load power to TVA's generating mix."

Nuclear energy is the best option for clean, reliable and lower-

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	(\$0.089)	na
G-7	(\$0.171)	na
G-8 / G-9	(\$0.277)	\$0.155
G-10 / G-12	(\$0.270)	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 8/31/2011.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.02777
GSA, Part 2	E-2	\$0.02777
GSA, Part 3	E-2	\$0.02744
Residential	E-1	\$0.02807
Outdoor Lighting	E-3	\$0.02811

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 8/31/2011.



Important Contact Information

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cost electricity, compared to coal, gas and alternative fuels, Kilgore said. Once complete, Bellefonte will generate 1,260 megawatts, enough to power about 750,000 homes in the region. The \$4.9 billion project is expected to add about 2,800 construction jobs in the north Alabama area with about 650 permanent jobs once the plant is completed. The plant is about 55 percent complete and is expected to go into operation by 2020.

The Magnolia Combined Cycle Gas Plant that TVA will buy is a three-unit, natural gas-fired electric generating plant near Ashland, MS. With 909 megawatts of Summer dependable capacity, the plant is a modern, fully permitted generating facility with a proven operational history, located in the TVA service area and already connected to the TVA electrical grid.

"Those advantages make it a strong strategic, operational and financial fit for TVA and the purchase price is less than half the expected cost of future new construction," Kilgore said.

Built by MLGW in the 1950s and leased to TVA in 1965 before TVA's purchase in 1984, the Allen Fossil Plant generates 4.9 billion kilowatt-hours of electricity annually, meeting about 25% of Shelby County's electric demand during peak Summer periods. Some 160 workers are employed at the Allen Fossil Plant.

In addition to burning coal, the Allen plant also burns methane delivered from the City of Memphis' adjacent Maxson Wastewater Treatment Plant. The collaboration enables methane's energy content to be captured through co-burning with coal, decreasing local coal consumption by some 20,000 tons annually while increasing TVA's renewable generation.



An aerial view of TVA's Allen Fossil Plant located in southwest Memphis.

"These strategic investments are key to providing reliable, low-cost electricity now and into the future while being responsible, good stewards of Tennessee Valley resources," Kilgore said. "To achieve our vision of being one of the nation's leading providers of low-cost and cleaner energy by 2020, TVA must continue to reduce air emissions, offer a balanced power mix and encourage energy efficiency."

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