



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS
JANUARY 2017

Low gas rates and above normal temps help lower MLGW winter bills

With abundant natural gas supplies and low prices, MLGW customers can expect low average winter heating bills this season.

For the next three months, weather forecasters are predicting above normal winter temperatures (though we definitely will have some bursts of bone-chilling weather). Based on current gas prices and consumption, residential customers can expect an average monthly gas bill of about \$65 with a mild winter. A colder winter could mean bills that are 30% higher. Since businesses often use natural gas for processes, as well as heating, the average monthly impact is difficult to predict—but low gas costs can be expected.

Through risk management strategies, MLGW has capped purchase costs to protect customers from unexpected high gas spikes. “If market prices were to go out the roof, we basically have a ceiling on gas prices,” said MLGW’s Energy Resources Supervisor Jeff Sissom.

The abundance of shale gas supplies in the market is causing prices to remain low.

Restructured electric rates go into effect with January meter readings

Net impact of higher customer charge and lower energy charge varies by electricity usage

As part of MLGW’s 2017 budget, MLGW’s Board of Commissioners and the Memphis City Council approved a restructuring of MLGW’s electric rates. The change shifts more of MLGW’s fixed costs into the monthly customer charge. Although that charge increases, the cost per kilowatt-hour of electricity decreases, resulting in a revenue-neutral impact for MLGW—but could produce savings or higher costs for individual customers, depending on their monthly usage. Demand charges are unaffected.

To put the rate change in perspective, we did some fast calculations to find the “breakeven point” based on consumption. (Remember, there is no change to demand charges.) Given that

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	\$0.003	na
G-7	(\$0.006)	na
G-8 / G-9	(\$0.067)	\$0.549
G-10 / G-12	(\$0.081)	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 1/3/2017.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.02269
GSA, Part 2	E-2	\$0.02268
GSA, Part 3	E-2	\$0.02247
Residential	E-1	\$0.02285
Outdoor Lighting	E-3	\$0.02261

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 1/3/2017.



Important Contact Information

Business Solutions Center:

Monday-Friday

8:00am-4:30pm Central

Phone: 901-528-4270

Fax: 901-528-4547

E-mail: mlgwbsc@mlgw.org

Emergency: 901-528-4465

Outage: 901-544-6500

Maintenance,
Trouble and Gas

Pilot Safety: 901-820-7878

VIEW YOUR BILL ONLINE AT www.mlgw.com

TVA's Fuel Cost Adjustment (FCA) value changes monthly and that it's applied to all MLGW energy rates, we left out that component and viewed strictly the MLGW energy cost per kWh under the previous and new rates.

- GSA part 1, E2 rate—Customers who use 2,000 kWh or more will see savings; whereas customers using less will have higher electric costs as consumption-based savings are not large enough to offset the higher fixed cost.
- GSA part 2, E2-2 rate—Customers who use 13,000 kWh or more will see savings compared to the previous rate.
- GSA part 2, E2-3 rate—Customers who use 550,000 kWh or more will see savings compared to the previous rate.

The monthly customer charge, which is included in the total electric cost on your bill, helps MLGW recover costs associated with its infrastructure and operations. This includes costs tied to customer service and billing as well as maintenance and operation of the physical network of substations, wires, poles and transformers used to deliver electricity to customers across Shelby County. Historically, utilities have divided these fixed costs between customer charges and per kilowatt-hour prices, but the industry is now moving toward recovering a greater percentage through customer charges to reduce dependency on electricity consumption. Since MLGW does not generate its own electricity, approximately 80% of each electricity dollar paid is passed to TVA, our power supplier.

New electric rates are posted at: <http://www.mlgw.com/commercial/commercialrates> . Older rates can be accessed from the archives at: <http://www.mlgw.com/commercial/archivedcommercialrates> .

Cellular service issue triggers late bills for large businesses

Earlier this month, the telecommunications industry ceased providing 2G cellular service, which impacted MLGW's ability to collect remote meter readings for about 700 large commercial and industrial customers with cellular demand meters.

MLGW has created service orders to collect visual readings for these meters, which means MLGW employees will need property access to meters that are not normally visited. As a result, bills for these accounts will be delayed.

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UTILITY BILL
Date: December 29, 2016

Amount Due: \$ 16,165.04
Due Date: January 18, 2017

For: MEMPHIS LIGHT, GAS & WATER

Services at: 220 S Main 0 POWER

Meter reader on site on December 27, 2016 at 16:44.

Account Number 00099-9999-0000

Summary

Service: Days of Service 34

To determine if your account is affected, find a previous bill and look for the word “POWER” printed to the right of your service address in the upper portion on page 1 of your bill—as shown in the image above. Further information will be shared with affected customers as it becomes available.

EnergyRight Solutions for Business and Industry incentive recipients to receive IRS 1099 forms in January

MLGW customers received more than \$1.75 million in total incentives for energy efficiency projects completed through TVA's EnergyRight Solutions for Business and Industrial (ERSBI) program in 2016. Those customers will receive IRS 1099 forms by 1/31/2017, as TVA is responsible for reporting incentive payments.

The IRS requires 1099 forms be sent directly to the party listed on the incentive check. The 1099 forms will be issued and distributed by Lockheed Martin, TVA's program administrator.

MLGW IN THE COMMUNITY



Jozelle Booker (right), MLGW manager of Procurement and Contracts, acknowledges the many minority and women-owned business enterprises and locally-owned small businesses (MWBE/LSBs) with which MLGW works during the 18th Annual Flame and Spark Awards in December 2016.

MLGW continues to make a large economic impact on the Memphis community through its Supplier Diversity programs. In 2015, MLGW recorded a 13% increase in spending with MWBE/LSBs totaling \$47 million—or 37% of the utility's \$127 million spend for procurement. The 2016 total spend will be even higher, once calculated, as more than \$48 million was recorded in the first three quarters.



MLGW employees volunteered as Salvation Army bell ringers from Thanksgiving to Christmas, collecting donations outside a retail site on Main Street, a few blocks from the MLGW Administration Building. In addition, a merry band of MLGW volunteers often brought their instruments and played familiar carols for passing residents, visitors and downtown workers.

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: mlgwbsc@mlgw.org