



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS
MAY 2013

Pathway Lending commits \$10 million for energy loans in Shelby Co. through Sustainable Communities Initiative

2% interest rate available for 5-year loans;
5% rate for 10-year loans

Businesses and certain non-profit organizations have access to a new \$10 million loan pool for financing energy efficiency projects in Memphis and Shelby County—and interest rates have been reduced to encourage greater participation. Pathway Lending has partnered with TVA, State of Tennessee and local governments to launch the Sustainable Communities Initiative.

Companies in Shelby County, as well as privately-funded 501(c)3 and 501(c)6 non-profit organizations are eligible for loans from \$20,000 to \$5 million. The five-year term includes a 2% interest rate. Ten-year loans have a 5% interest rate. Loans can cover up to 100% of project costs.

Eligible projects include equipment replacement, energy efficiency retrofits and upgrades that derive savings in electricity, natural gas and/or water costs. Projects may include renewable energy generation as part of a larger scope or independently.

To be eligible for energy efficiency project loan, a business or organization must submit a complete energy audit, assessment or vendor proposal with detailed project energy savings, along with company information and brief financials. This information can be obtained through TVA's Energy Right Solutions for Business program, as well as consultants, contractors and others. Once verified, the energy savings determine the amount and term of the loan, as well as the applicant's ability to utilize the resulting energy savings to repay the loan.

Pathway Lending's Energy Efficiency Loan program is a collaboration with TVA, the State of Tennessee, and public and private investors to provide loans that help support economic development by driving down operating costs through energy efficiency. For details and applications, visit: <https://www.pathwaylending.org/Loans/Sustainable-Communities/Identify>

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	\$0.182	na
G-7	\$0.205	na
G-8 / G-9	\$0.133	\$0.189
G-10 / G-12	\$0.146	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 5/2/2013.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.02441
GSA, Part 2	E-2	\$0.02441
GSA, Part 3	E-2	\$0.02411
Residential	E-1	\$0.02466
Outdoor Lighting	E-3	\$0.02470

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 5/2/2013.



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

Maintenance,
Trouble and Gas

Pilot Safety: 901-820-7878

VIEW YOUR BILL ONLINE AT www.mlgw.com

Wonder if your facility could benefit? Consider this:

- Lighting accounts for almost 40% of the electrical energy used in commercial office buildings. With quick installation and typical pay back of two years, efficient lighting offers a prime opportunity for reducing energy costs.
- Bundles of multiple projects let you do more with less as projects with quick returns on investment, like lighting, offset projects with longer payback periods.
- Studies show that every \$1 spent on energy efficiency projects yields \$2.84 over the life of the project.
- People prefer to work in energy-efficient buildings. Studies show that productivity increases by 3%-5% and sick days decrease by 20%-25% when energy efficiency measures are implemented

TVA Energy Right Solutions incentive program exceeds budget

Participation rate 300% of previous year, so TVA instates new application queue process

Customer participation in TVA's Energy Right Solutions programs for commercial and industrial customers has been so strong that the program has exceeded its budget with five months left in TVA's fiscal year, which ends 9/30/2013.

To accommodate future projects, TVA has instated this process:

- Completed applications submitted by 4/30/2013 will be processed normally and receive incentives from remaining funds as projects are completed.
- Completed applications submitted 5/1/2013 and after will be held in queue and approved as incentive money becomes available. It is likely that most projects will not be approved until TVA's new fiscal year, which begins 10/1/2013. Remember that applicants must receive their pre-approval letter from TVA before beginning any project; otherwise, projects are ineligible for incentives. (See HVAC exception below.)
- Due to their often urgent nature, qualified HVAC replacement projects do not require pre-approval. Customers can continue to replace equipment and then submit documentation to TVA. However, incentive payments will be delayed until funds are available.

Customers interested in making energy upgrades to their facilities during 2013 should proceed with planning and submit an application for incentives, but don't begin work until TVA has approved the application.

Energy Right Solutions for Business/Industry and the Tailored Solutions major industrial program both provide incentives for companies and organizations that make energy efficiency upgrades to existing facilities. In calendar year 2012, MLGW customers received more than \$2.5 million in rebates through these programs. Information for completed projects in 2013 is not yet available. TVA stands committed to the programs, which help reduce electricity use and power demand in the region, thereby lessening the need for TVA to operate more expensive generation and/or buy electricity from other producers. The commercial and industrial programs represent about \$100 million of TVA's five-year settlement with the EPA, so continued availability is guaranteed for the foreseeable future. MLGW is working with TVA to consider solutions to avoid funding gaps in the future.

Information and links to documents are available at www.mlgw.com/businessenergyincentives and www.energyright.com

Jerry Collins Jr. reappointed as MLGW President and CEO

The Memphis City Council voted unanimously on 3/5/2013 to confirm Mayor A C Wharton Jr.'s reappointment of Jerry Collins Jr. as Memphis Light, Gas and Water's President and Chief Executive Officer. Collins will serve a five-year term.

"I am deeply grateful to the Mayor and the Council for the opportunity to continue to lead MLGW," said Collins. "MLGW will continue to provide reliable service to our customers at the lowest possible rates, and we will continue to work hard to improve the quality of life for Shelby County residents."

Collins has served as President and CEO of MLGW since 2007. He is the tenth person to lead the utility. A native Memphian, Collins previously served as Director of Public Works for the City of Memphis. He is a Registered Professional Engineer in the State of Tennessee.

Under his leadership, MLGW has twice earned the American Public Power Association's (APPA) RP3 award for providing customers with the highest degree of reliable and safe electric service. In addition, the utility has maintained high bond ratings and has continued to provide low rates. In fact, MLGW has the lowest combined average residential utility bill for electricity, natural gas, water and wastewater, according to a 2013 survey of utilities serving 55 U.S. cities. Read the report at: http://www.mlgw.com/images/content/files/pdf_rates/2013RateSurvey.pdf

A former Outstanding Alumnus of the University of Memphis' Herff College of Engineering, Collins received a bachelor of science in civil engineering in 1975 and a master of science in civil engineering in 1976. In 2011, he received the Herff Honor Award for Distinguished Service in Engineering by the University of Memphis, which recognizes engineers whose professional and/or personal achievements have brought honor and distinction to the college and who have made significant contributions to the engineering profession.

S&P reaffirms MLGW credit ratings

Standard & Poor's Rating Services recently reaffirmed its AA+ rating on all of MLGW's outstanding debt.

S&P's AA+ rating, its second highest, is assigned to the standard long term and underlying ratings on MLGW's electric system revenue bond series from 2003, 2008 and 2010. According to S&P, the reaffirmation reflects several strong factors, including the continued benefits of the 2003 prepayment agreement with the Tennessee Valley Authority (TVA).

"The S&P reaffirmation continues a strong track record of solid credit ratings for MLGW," said President and CEO Jerry R. Collins Jr.

MLGW purchases its entire power supply from TVA, under a long-term, all requirements contract; therefore it has no power supply responsibility. In order to lock in low-cost base-load power at a discount for a 15-year period, in 2003 MLGW entered into an electric prepay contract with TVA. Under the contract terms, MLGW receives a fixed credit on its monthly TVA bill, providing annual savings to the electric system of about \$13 million.

As fiscal year-end 2012, S&P noted, MLGW had paid down 56 percent of the principal from the original 2003 transaction, factoring in refunding bonds issued in 2008 and 2010. All of the \$662 million outstanding is fixed-rate, and matures in 2018.