



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS
SEPTEMBER 2014

TVA board passes 1.5% base electric rate increase beginning October 1

The Tennessee Valley Authority will raise electric rates by 1.5% in October, marking the second consecutive year of such a rate increase. MLGW is required to pass through TVA's rate increase to our customers. New MLGW rates will be posted soon at <http://www.mlgw.com/commercial/commercialrates>

The increase, which is less than the rate of inflation, is expected to generate an additional \$199 million in revenue. TVA directors approved the rate hike as part of the agency's \$10.7 billion budget for fiscal year 2015, which begins October 1. TVA has reduced its budget by some \$500 million over the last three years, cutting positions, reducing program funding and finding other operational efficiencies to minimize rate increases.

"We have carefully considered the impact that this rate increase might have on our customers," TVA President Bill Johnson said. "This small rate increase is necessary to meet revenue requirements for 2015. We believe we've achieved the prudent balance between rates and debt."

TVA will spend a record high \$3.5 billion in new capital projects in fiscal 2015 to pay for completion of the Watts Bar Unit 2 reactor, new natural gas plants to replace the Paradise (Kentucky) and Allen (Memphis) coal plants and new scrubbers at the Gallatin Fossil Plant near Nashville, among other major projects.

Main Street Efficiency pilot funds \$2.8 million in lighting upgrades

Small business pilot celebrates Shelby County success

In October 2013, TVA expanded its Main Street Efficiency pilot program into Shelby County, providing lighting assessments and up to \$1,500 in free lighting upgrades to small businesses and organizations with electric loads of 50 kW or less. The trial program is wrapping up its first year with strong results and is developing plans to continue another year.

Main Street Efficiency uses a vendor, EnerPath, to contact customers, conduct lighting assessments, discuss upgrade opportunities and coordinate with contracted installation firms.

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	\$0.109	na
G-7	\$0.075	na
G-8 / G-9	\$0.009	\$0.055
G-10 / G-12	\$0.023	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 9/2/2014.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.02176
GSA, Part 2	E-2	\$0.02175
GSA, Part 3	E-2	\$0.02148
Residential	E-1	\$0.02197
Outdoor Lighting	E-3	\$0.02207

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 9/2/2014.



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

During the first year, MLGW announced the opportunity to eligible customers in 35 Shelby County ZIP codes. Of those, 2,777 opted to receive the lighting assessment, with 2,541 customers contracting for lighting upgrades. Those projects are expected to save a combined 15,654,613 kWh of electricity, thereby reducing the amount of electricity TVA must generate or buy from the other generators. In addition to improved lighting quality, participants are expected to save more than \$1.5 million annually on their electricity costs.

Read about two local businesses' experiences at <http://www.mlgw.com/mainstreet>. A deployment plan for the second year of the pilot has not yet been finalized. Watch for details in future issues of Energy Edge.

City of Memphis offers grants, loans for commercial improvements

Memphis Green Communities Program targets greenhouse gas emissions reductions

The City of Memphis announced the availability of competitive grants and/or loan funds under the new Memphis Green Communities Program for commercial properties (including multi-family residences) located within city boundaries. The program is designed to contribute to an overall reduction in Memphis greenhouse gas emissions and to reduce operating expenses for local businesses.

Commercial property owners may apply for funds to demonstrate energy savings across a single building, multiple buildings or isolated building systems, including heating, ventilation and air conditioning system (HVAC), hot water systems, lighting and building envelope components, as well as electricity plug load, water conservation, storm water mitigation and renewable energy technologies. Applicants must provide an estimate of the energy consumption reductions, certified by a Tennessee professional engineer. Eligible projects must have a total cost of at least \$50,000. There is no matching funds requirement, but projects with cost-sharing will receive higher evaluation scores. Projects that have already begun work are not eligible.

Applications will be accepted from 9/19/2014 through 10/17/2014; additional applications may be accepted thereafter if all funds are not awarded initially. For more information and to download the application, visit www.sustainablesbelby.com. Email questions to john.zeanah@memphistn.gov

Energy Right Solutions for Business scheduled to resume in January

Backlogged local projects received \$3.5 million in efficiency incentives this year

In 2013, TVA halted applications for its commercial and industrial incentive programs due to budget limitations. Previously submitted applications were placed in queue for review and approval as funds became available, resulting in \$27.9 million in incentives paid during TVA's current fiscal year. Among those were 137 projects for Shelby County businesses and organizations, earning more than \$3.5 million in incentives. These local efficiency upgrades are projected to save 35 gigawatt-hours (GWh) of electricity—or enough electricity to meet the needs of 2,328 average local households—and reduce nearly 7 megawatts (MW) of peak electric load. These consumption and load savings provide value to TVA and MLGW in terms of avoided generation costs and reduced system demand during peak periods, thereby helping keep electric rates low.

With most of the queued projects completed and upcoming budget dollars approved, TVA will re-open the program to commercial customers in January 2015. Details—including new program standards, procedures and online applications—will be available in December. Information will be shared in future issues of Energy Edge, at <http://www.mlgw.com/businessenergyincentives> and at <http://www.energyright.com>. Only the commercial sector will re-open in January; the application period for industrial locations (defined as manufacturing facilities) has not yet been determined.

TVA Board approves construction of natural gas plant in Memphis

The Tennessee Valley Authority board of directors on 8/21/2014 approved replacing the Allen Fossil Plant in Memphis with a cleaner, natural gas plant that will help ensure continued low-cost and reliable electricity for the greater Memphis area and TVA's western service territory.

Following an environmental review that received comments from more than 1,500 people, the board agreed to retire the 55-year-old coal plant and replace it with a high-efficiency, 2-on-1, combined-cycle gas plant. The board authorized up to \$975 million to build a gas plant with a capacity of approximately 1,000 megawatts, enough to supply about 580,000 homes.

TVA is working under a deadline to either retire or install emission controls at the Allen coal plant by December 2018 under a 2011 clean-air agreement with the U.S. Environmental Protection Agency, three states and four environmental groups.

"We evaluated our options from financial, business and environmental perspectives and decided this is the best way to help us meet our cleaner air goals and optimize the generation portfolio," TVA President and CEO Bill Johnson said. "Memphis is our largest customer and we must have a proven source of generation in the city to ensure system-wide reliability while giving us flexibility that allows for future growth."

Compared to the coal plant, the natural gas plant will reduce carbon emissions by more than 60%, nitrogen oxides by 90% and sulfur dioxide by nearly 100% while taking advantage of environmentally friendly options, such as the use of methane gas and the recycling of gray water from the Memphis Wastewater Treatment Plant rather than using water from McKellar Lake.

"This natural gas plant will improve air quality in Memphis and that is important to the city's vitality and future economic development," Johnson said.

The gas plant will be built across Plant Road from the existing coal plant. MLGW will build the pipeline that will supply natural gas to the plant's two combustion turbines. The exhaust from the combustion turbines will generate steam to drive a steam turbine, making it one of the most efficient power generation plants.

The recommendation to retire the plant came after the utility completed an environmental assessment (http://www.tva.com/environment/reports/allen_emission_controls/index.htm) and a related "finding of no significant impact" for the preferred alternative of a natural gas plant.

Numerous options were considered, including the use of wind, solar, biomass, energy efficiency, a transmission-only solution, various configurations of gas generation and other configurations. The recommended 2-on-1, combined-cycle design provided the highest level of reliable, consistent generation potential at the lowest generation cost. Other options were considerably more expensive.

The gas plant will have greater energy capacity than the coal plant it replaces. This will preserve the opportunity to use the gas plant in combination with other kinds of energy sources, such as solar or wind, to meet future demand, assuming they meet TVA's lowest feasible cost and reliability standards.

"Adopting utility-scale renewable resources requires utility-scale support behind it, and the new gas plant would assist with that," Johnson said.