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Contact: Charles McDonald

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Anticipate Electric Rate Increase TVA Projecting 6 to 9 Percent Wholesale Jump

Meeting with power distributors from across their 7-state service area in mid-January, officials from the Tennessee Valley Authority informed local managers and staff that an across-the-board wholesale rate increase of six to nine percent for all classes of service will be needed, effective April 1. For average residential members of Duck River Electric, this could mean an increase of \$6 to \$9 per month, depending on the amount of energy used. The exact amount of the increase will not be confirmed until the TVA Board of Directors votes for implementation, which is after this article is being prepared for publication.

Citing rising load growth and the need for additional generating capacity to meet rising energy demand, TVA explained that the agency's peak load growth has grown by about 2.1% per year for the past five years and is projected to grow at an average annual rate of 1.9% through 2028. TVA's currently owned generating capacity in 2007 was able to meet demand requirements with very little reserves. Therefore additional generation will need to be added that will require additional funding.

In addition, TVA informed power distributors that due to regulatory requirements and construction timetables for bringing new generation on-line, the agency will institute an aggressive reduction in their operating and maintenance budgets as well as implement

an energy efficiency campaign involving end-use consumers aimed at offsetting one year of load growth through energy conservation and demand reduction efforts.

Also scheduled for adjustment on April 1 is the quarterly TVA Fuel Cost Adjustment (FCA), which is shown on your monthly electric statement as a separate line item. The quarterly FCA has been in effect since October, 2006 and is TVA's method of managing the volatility of fuel and purchased power costs in meeting energy demands. The most recent adjustment in January, 2008 was actually a reduction from the previous quarter, but is subject to go up or down depending on TVA's actual cost of fuel for generating units and power purchased from outside the TVA region. As of the date of this writing the FCA had not been set for the April through June 2008 quarter.

Visit Duck River Electric's website, www.dremc.com, for the latest up-to-date information on the projected electric rate increase and fuel cost adjustment.
