

## **TVA Lowers Quarterly Fuel Cost Adjustment For Bills Issued After January 1, 2009**

Duck River Electric members will see a slight decrease in the amount paid per kilowatt-hour of electricity on electric bills issued after January 1, 2009 as the Tennessee Valley Authority (TVA) announced it will lower its quarterly Fuel Cost Adjustment on that date.

For the average retail residential consumer of Duck River Electric, the decrease will amount to \$4 to \$6 per month. Because the Fuel Cost Adjustment is a per kilowatt-hour charge, amounts consumers will save depends on the amount of energy used. The current Fuel Cost Adjustment is \$0.01806 and it will fall to \$0.01418 per kilowatt-hour, effective January 1.

“Recent reductions in purchased power and natural gas prices have helped reduce our actual costs and forecast for the second quarter of 2009. Unfortunately, coal prices remain significantly higher than they were a year ago, and sustained drought conditions across the Tennessee Valley have cut TVA’s hydro generation by more than 50 percent, preventing TVA’s fuel costs from dropping further,” explained Kim Greene, TVA’s Chief Financial Officer.

Greene said economic conditions led to a decrease in wholesale power sales July through September, which also helped lower the FCA by reducing TVA’s reliance on its most expensive power sources.

About 60 percent of TVA’s power supply comes from fossil fuels – primarily coal, along with oil and natural gas. When fuel prices increase, TVA’s cost to produce electricity increases as well.

TVA began using a fuel cost adjustment mechanism in October 2006 after experiencing a spike in fuel costs caused by Hurricanes Katrina and Rita. Utilities across the country use such mechanisms to help recover the costs they must pay for

fuel and purchased power. The amount of the FCA can go up or down, depending on quarterly increases or decreases in these costs.

“Duck River Electric is pleased that TVA has been able to lower its FCA beginning in January, a time when electricity usage across our service area will be at its highest as our members face the winter months, colder temperatures and rising demand for heat,” DREMC President and Chief Executive Officer Jim Allison explained.

“I want to encourage our members to use electricity wisely and efficiently. Even though we are seeing a slight decrease in what our members pay for electricity, energy costs today are historically higher than they have ever been. Efficient use of energy, and more specifically electricity, is the only way we can have an impact and help control the price we pay today, and in the future,” Allison added.

Suggestions for becoming more energy efficient to save electricity and help offset rising energy costs include:

- Set winter heating thermostats to no higher than 68 degrees
- Turn off lights, appliances and other home electronics not in use with a power strip
- Use the “sleep” mode on computers
- Use the microwave instead of a stove burner or oven for cooking
- Operate dishwashers and clothes washers and clothes dryers only with full loads and after 8 p.m. when TVA’s costs to make electricity are the lowest; air dry dishes in the dishwasher; use cold water wash cycles on the clothes washer
- Replace incandescent bulbs with compact fluorescents (CFLs) – they use 75 percent less energy and usually last 10 times longer