

TVA Fuel Cost Sees Quarterly Adjustment

Continuing to feel the impact of escalating fuel prices to power generating facilities and record low rainfall amounts to power hydroelectric generators, the Tennessee Valley Authority previously announced that it is increasing its quarterly Fuel Cost Adjustment (FCA) applied to electric bills between April and June, 2008.

Because TVA has had to use higher cost gas-fired peaking turbines and purchase more power from outside resources due to continuing impacts of the drought, the FCA increased effective April 1 to \$0.00587 per kilowatt hour of energy used. The FCA for the previous quarter was \$0.00285, which means average residential consumers will see an increase in this adjustment of around \$4 per month more than the previous quarter. The actual increase amount will vary depending on the amount of energy used.

The Fuel Cost Adjustment is displayed as a separate line item on the electric bill each month and represents the quarterly rate adjustment that TVA has imposed since January 2007 to help manage the volatility of fuel and purchased power costs.