

Florence Energy News



TVA FUEL COST ADJUSTMENT TO REDUCE RATES AGAIN IN APRIL

TVA announced the second consecutive decrease in its quarterly fuel cost adjustment for billing period beginning April 1, 2009.

Because the fuel cost adjustment is a per kilowatt-hour charge, amounts that consumers will save depend on the amount of energy they use. While savings will vary across the Tennessee Valley, residential consumers can expect a decrease that ranges from about \$4 to \$9 in their monthly power bills. Retail billing periods for TVA power distributors also vary, so some April bills will include March usage at the lower rate.

Overall, the decrease for the quarter will be about a 7-percent reduction on total average wholesale rates and is a reduction of almost 40 percent from the current quarter's fuel cost adjustment amount. For the quarter beginning April 1, the fuel cost adjustment will decrease about 0.5 cents per kilowatt-hour, from more than 1.3 cents to 0.8 cents per kilowatt-hour.

Under the fuel cost adjustment, when the price of fuels used to make electricity decreases, the cost of electricity also decreases. Current economic conditions and increased rainfall also contributed to lower fuel and purchased power costs.

Unfortunately, coal prices have not decreased as rapidly as other fuel prices, preventing TVA's costs from dropping further. About 60 percent of TVA's power supply comes from fossil fuels - primarily coal, along with oil and natural gas.

Like utilities around the country, TVA uses a fuel cost adjustment to recover costs of the fuel to generate electricity and the cost of electricity bought from other suppliers. The adjustment is part of consumers' power bills and goes up or down, depending on those costs. The chart below list quarterly increases and decreases in TVA's FCA. **One hundred percent (100%) of the FCA collected by Florence Utilities goes to TVA. No portion is retained by Florence Utilities to offset any of our local expenses.**

Quarterly TVA Fuel Cost Adjustment Changes
List of increases and decreases in TVA's Fuel Cost Adjustment mechanism from prior total rate since its implementation in October 2006

Quarter	FCA (¢/kWh)	% FCA change from prior total rate
1Q07	-	0.0%
2Q07	0.010	0.2%
3Q07	0.084	1.3%
4Q07	0.087	0.1%
1Q08	0.432	6.1%
2Q08	0.267	-2.8%
3Q08	0.550	4.9%
4Q08	0.686	2.1%
1Q09	1.806	16.9%
2Q09	1.329	-6.0%
3Q09	0.810	-7.0%

If you have questions or need additional information, please contact 740-6089 or visit our web site at www.florenceutilities.com.

TVA FUEL COST ADJUSTMENT (FCA) MISCONCEPTIONS

Listed below are examples of TVA FCA misconceptions, and detailed explanations are provided to help give our customers a better understanding about the TVA FCA.

QUESTION 1

Gasoline prices have gone down. Why is the FCA so high? It cannot cost that much to put fuel in the meter reader trucks.

EXPLANATION 1

The FCA has nothing to do with the cost of gasoline to fuel City trucks. The FCA is a charge from TVA to reflect unpredicted changes in the fuel necessary to operate the generators. TVA provides us the FCA rate, and we send 100% of the monies to TVA. **None of the FCA is used to offset any of Florence Utilities' expenses.**

QUESTION 2

Why is the FCA only collected by Florence Utilities? Other power distributors in the area do not show it on their utility bills.

EXPLANATION 2

All TVA power distributors collect the same FCA that Florence Utilities does. Some distributors just add the FCA to the base rate and show it all as one charge. The accounting software that Florence Utilities uses requires that the FCA be broken out and displayed as a separate line item in order to properly report all FCA monies to TVA.

QUESTION 3

Who has oversight over TVA and how do we know the FCA charges are necessary?

(See back)

TVA FCA MISCONCEPTIONS (Continued)

EXPLANATION 3

TVA is self regulated by the TVA board and is not subject to review on any state Public Service Commission (PSC). With regard to the FCA amounts, a joint committee of TVA and TVA power distributors meet regularly to review and verify all data used to calculate the FCA. Even with the dramatic increases in rates in the last year, TVA's rates are still among the lowest in the country. If you need additional information, please contact 740-6089.



APRIL IS DESIGNATED CLEAN UP MONTH!

Help give our City a good Spring Cleaning! The Mayor is calling for a City Wide Clean Up Day! Saturday, April 18th is designated for volunteers and citizens to come together to make a difference in our City. Join your fellow citizens in neighborhoods across the City as we try to make Florence a more beautiful place.

In addition, during the month of April all trash brought to the street from your property will be picked up by the City Street Department for disposal. If you need help cleaning up your property by removing trash, volunteers on April 18th will assist you with the clean-up. If you or your organization would like to volunteer or learn more about this program, visit our website at www.florenceal.org or call 760-6495.

ANNOUNCEMENT

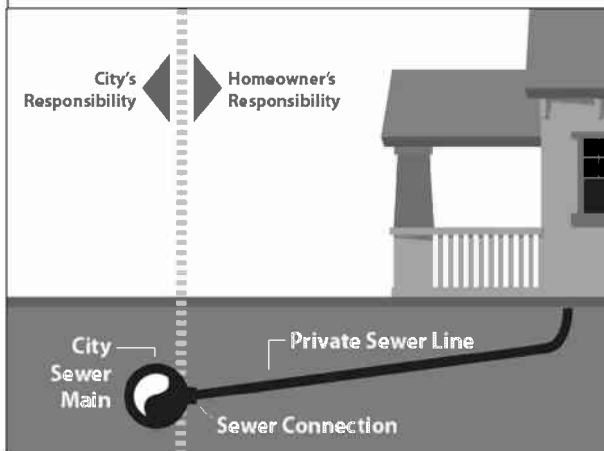
In order to reduce the amount of wait time for our customers, please have your account number available when you contact or come to Florence Utilities regarding your utility bill.

SEWER SERVICE LINE: WHAT IS MY RESPONSIBILITY?

Because of a collapse or poor condition, you may need to have your private sewer service line replaced. The private service line is the line that connects to your home plumbing and extends to the City's main sewer line. Where do the homeowner's or business owner's responsibility end and the City's responsibility begin?

This is a common question. When repairing or replacing a private sewer line, the homeowner's or business owner's responsibility may extend beyond the owner's property boundaries. When repairing or replacing the owner's private sewer line, it is important that the plumber replaces or repairs the line all the way to the point of connection to the City's main line.

Figure 1 below depicts the homeowner's and City's areas of responsibility.



If you have any questions about your private sewer line (service line), please call 760-6637, Monday through Friday from 8:00 am to 5:00 pm. After hours, holidays, and weekends, please call 764-4456.

Florence ENERGY

NEWS YOU CAN USE FROM FLORENCE UTILITIES

To keep our utility customers more informed, the City of Florence Water/Wastewater Department has put together a series of three articles about sewer lines. The second article, "Sewer Service Line: What is My Responsibility?" appears in this issue. This article identifies where your private sewer line begins and ends and the City's area of responsibility.

TVA announced the second consecutive decrease in its quarterly fuel costs adjustment for billing periods beginning April 1, 2009. This month's publication contains information about this decrease and misconceptions about the TVA FCA.

April is designated Clean Up Month! Saturday, April 18th is City Wide Clean Up Day. Volunteers and citizens will come together to make a difference in our City. If you or your organization would like to volunteer or learn more about this program, read the article inside or contact 760-6495.

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