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## **News Release**

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### **NEW RATE INCREASE, BILLING METHOD CLARIFIED**

ATHENS, Tenn. – The new rate level for electric power in the TVA region has been a topic of discussion for several weeks.

Now, as customers begin opening their local utility bills in October, the rate increase is creating a new round of discussion that has local utility officials and customer service personnel busy clarifying the process.

The issue is that retail power bills received in October will be calculated at the new, higher rate level even though some of the energy was used prior to October 1.

The same is true for AUB's October wholesale power bill from TVA, said AUB spokesman Wayne Scarbrough.

"My AUB colleagues and I are fielding a lot of calls from the public and from regional media about this," Scarbrough said. "Callers are confused, concerned and even suspicious," Scarbrough said. "And to be honest, I understand their position and concern."

As has been widely reported, TVA announced that a rate increase totaling nearly twenty percent would take effect October 1.

Many customers took that to mean that the new rate would not result in higher bills until November based on their October meter reading. In fact, however, the new rate is applied to billings in October, Scarbrough said.

"It is a difference in the October revenue month versus the calendar month of October," Scarbrough said.

"AUB's October wholesale power bill from TVA will include energy used by our customers in September," he explained. "We will have to pay TVA at the new, higher rate on our October bill for those kilowatt hours used in September," he said.

He explained that, in turn, the same applies to retail bills received by AUB customers.

"If we did not bill the same way on the retail side, we would realize an immediate loss of hundreds of thousands of dollars," he said.

AUB expects its wholesale power bill to rise by approximately \$700,000 for October versus September.

Scarborough said that this “phenomenon” has been the case on every rate change and quarterly Fuel Cost Adjustment (FCA) for several years, but that the impact is more noticeable this fall because the rate adjustment is so large.

The nearly twenty percent increase is largely due to this quarter’s Fuel Cost Adjustment.

“Of the twenty percent, about seventeen percent is the FCA for the months October through December. That FCA will go down at some point as TVA’s cost of generation fuels falls. When it does, this phenomenon will work in reverse. You could say that it will work to the customer’s favor at that time because we will bill them at the new, lower rate even though the energy was used the previous calendar month,” Scarborough said.

Still, he said that he understands the confusion and regrets the failure to communicate it as well as he may have.

“I see the customer’s point. I understand the confusion and skepticism. It is rooted in how I communicated, or didn’t communicate clearly, the difference in AUB’s October revenue month versus the October calendar month,” he said.

“You can bet I will communicate things differently going forward. Our goal at AUB, everyday, is to be transparent in our operations and above board in how we do business even when the news is not good news such as with rate increases.”