



Changes on Your Electric Bill

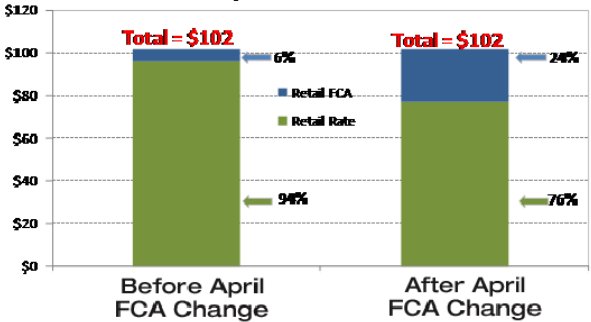
The Tennessee Valley Authority (TVA) makes the electricity used across the seven-state Tennessee Valley region. Murray Electric System buys power from TVA and provides it to our customers here.

In the past, a portion of TVA's fuel costs were included in the base rate part of your electric bill – the part that primarily covers TVA's cost of building and operating power plants and transmission lines. The rest of TVA's fuel costs were recovered through the monthly fuel cost adjustment on your bill. This fuel cost increases or decreases monthly, depending on how much TVA pays for fuel and purchased power.

Effective with April 2011 billing, all of TVA's fuel costs are recovered through the total monthly fuel cost. That means the new total monthly fuel cost amount on your bill will be larger than the fuel amount in the past - because it contains the fuel costs that had been in the base rate. The base rate portion of your bill is lower by the same amount. **This change does not cost you any more money – it is simply moving charges from one portion of your bill to another. This change also does not bring any more revenue to Murray Electric System or TVA.**

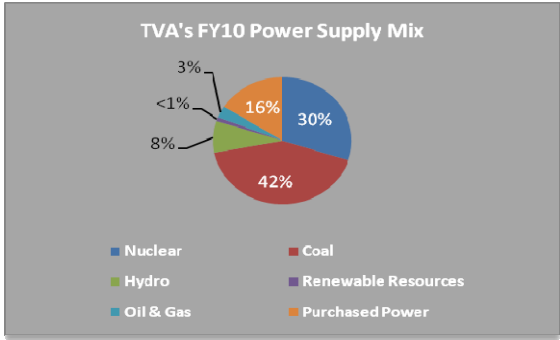
Sample Monthly Bill Comparison

1000 kWh per Month Residential Service



Why is TVA changing the fuel cost adjustment?

Putting all of the fuel in one category is an easier and more transparent way to reflect fuel costs. This change is part of an overall change in the pricing structure of electricity agreed to by TVA and the distributors of power. Fuel costs are a significant component of TVA's overall costs, and the fuel cost part of your bill needed to be changed to be consistent with the overall pricing structure changes.



Why do consumers pay for fuel?

About 75% of TVA's power supply comes from fuels used to make electricity – nuclear, coal, oil and natural gas. When the prices of these fuels change – because of weather, the economy and the global supply and demand for fuels - TVA's costs change. The total monthly fuel cost ensures that consumers will only pay for the fuel costs that are incurred by TVA. Many utilities use similar mechanisms to adjust their rates to reflect changes in their fuel costs.

What can I do to lower my electric bill?

Murray Electric System and TVA are partnering to provide **the In-Home Energy Evaluation** program to help consumers save money on their electric bills and reduce how much power TVA must generate. Consumers can call 1-866-441-1430 to arrange a visit from a TVA-certified auditor.

You can also take an **Online Home Energy Audit** at www.energyright.com to receive a Free Conservation Kit. The kits can help save up to 20 percent on annual utility costs if all the audit recommendations are implemented. Find other energy-saving ideas at www.energyright.com