

## What You Need to Know About TVA's Fuel Cost Adjustment

The Tennessee Valley Authority (TVA) generates electricity for nearly 10 million consumers in the seven-state Tennessee Valley. TVA sells its power to local power companies (like Central Electric Power Association) that, in turn, distribute and sell the power to homes and businesses in their service territories. TVA uses the fuel cost adjustment (FCA) to help recover fuel and purchased power costs they incur each month. In this case, fuel refers to what generates electricity — nuclear, natural gas and coal — rather than gasoline. Various factors affect these costs, including weather, global supply and demand issues.

The FCA is calculated monthly as generation fuel costs and the cost of power TVA purchases from other suppliers rise and fall. When the costs for these fuels change, TVA's costs to make electricity also change. The FCA is the mechanism TVA uses to pass along monthly increases and decreases in fuel costs to members. Market costs for the fuels used to generate electricity — natural gas, coal, nuclear and others — are influenced mainly by temperature and supply-and-demand conditions.

As a result of recent FCAs, a typical residence using 1,250 kWh per month saw a \$15.11 increase in their power bill from June to July. A typical residence using 1,250 kWh per month will see an additional \$10.61 increase in their power bill from July to August.

Central Electric encourages members to take energy-saving measures at home to minimize the impact of these increased costs. For more energy conservation tips, please visit [www.energyright.com](http://www.energyright.com).