



5-1-2003

## Technical Bulletins: TVA Set to Increase Wholesale Power Rates to Distributors

Bill Young  
*Harriman Utility Board*

Follow this and additional works at: [https://trace.tennessee.edu/utk\\_mtastech](https://trace.tennessee.edu/utk_mtastech)



Part of the [Public Administration Commons](#)

The MTAS publications provided on this website are archival documents intended for informational purposes only and should not be considered as authoritative. The content contained in these publications may be outdated, and the laws referenced therein may have changed or may not be applicable to your city or circumstances.

For current information, please visit the MTAS website at: [mtas.tennessee.edu](https://mtas.tennessee.edu).

---

### Recommended Citation

Young, Bill, "Technical Bulletins: TVA Set to Increase Wholesale Power Rates to Distributors" (2003).  
*MTAS Publications: Technical Bulletins*.  
[https://trace.tennessee.edu/utk\\_mtastech/120](https://trace.tennessee.edu/utk_mtastech/120)

This Bulletin is brought to you for free and open access by the Municipal Technical Advisory Service (MTAS) at Trace: Tennessee Research and Creative Exchange. It has been accepted for inclusion in MTAS Publications: Technical Bulletins by an authorized administrator of Trace: Tennessee Research and Creative Exchange. For more information, please contact [trace@utk.edu](mailto:trace@utk.edu).

## **TVA SET TO INCREASE WHOLESALE POWER RATES TO DISTRIBUTORS**

by  
Bill Young  
Utility Finance Consultant

The Tennessee Valley Authority will decide at its August 2003 board meeting on changes to the wholesale power rate — the rate charged to power distributors. TVA says increased revenues are necessary because of the need for TVA facilities to come into further compliance with federal Clean Air Act standards. Rate changes would become effective October 1, 2003.

The current plan is to increase rates that affect residential and some commercial and industrial customers by approximately eight percent, while decreasing rates to certain commercial and industrial customers by two percent. Which customers would receive rate decreases will be determined by their Standard Industrial Classification (SIC) codes, which are set by the U.S. Department of Labor. Only certain SIC codes would receive a decrease. Under the current plan, city-owned facilities, such as schools, libraries, and water and sewer plants, would not qualify for a decrease but would be subject to an eight percent increase in the wholesale rate.

Several alternative plans have been put forth by TVA power distributors, including one that would bring schools and other similar public entities under the same classification as the SIC codes receiving the rate decrease. Also, a plan has been suggested to hold commercial and industrial rates the same as they are currently (instead of lowering them) and to increase all others by five percent.

The final TVA plan will not be known until after the August board meeting. And, remember, this is a change in the rates to *distributors*. They can choose to pass along some or none of the increase, or they can add an additional increase of their own within certain rate parameters. The greatest likelihood is that distributors will change their rates to match the TVA changes and pass these costs on to their customers.

What does this mean to you as a decision maker in your city? Many cities currently are, or soon will be, involved in the budget making process for the 2003-04 fiscal year. It would appear that electric utility billings for city facilities will increase. Cities that operate schools, water and sewer plants, and other large electrical use facilities will need to anticipate these rising costs in their new

budgets. Although the final plan is not set, **MTAS recommends that cities plan for an eight percent increase in electric utility bills** that will occur with the October 2003 billing.

### **For More Information**

MTAS will publish an update once the final TVA plan is in place. For further information on proposed rate changes you should contact your local power distributor.

The Municipal Technical Advisory Service (MTAS) is a statewide agency of The University of Tennessee Institute for Public Service. MTAS operates in cooperation with the Tennessee Municipal League to provide technical assistance services to officials of Tennessee's incorporated municipalities. Assistance is offered in areas such as accounting, administration, finance, public works, ordinance codification, and wastewater management.

MTAS *Technical Bulletins* are information briefs that provide a timely review of topics of interest to Tennessee municipal officials. *Bulletins* are free to Tennessee local, state, and federal government officials and are available to others for \$2 each.

### **MTAS OFFICES**

#### **Knoxville** (Headquarters)

Phone: (865) 974-0411

Fax: (865) 974-0423

#### **Johnson City**

Phone: (423) 854-9882

Fax: (423) 854-9223

#### **Nashville**

Phone: (615) 532-6827

Fax (615) 532-4963

#### **Jackson**

Phone: (731) 423-3710

Fax: (731) 425-4771

#### **Martin**

Phone: (731) 587-7057

Fax: (731) 587-7059

The University of Tennessee does not discriminate on the basis of race, sex, color, religion, national origin, age, disability, or veteran status in provision of educational programs and services or employment opportunities and benefits. This policy extends to both employment by and admission to The University.

The University does not discriminate on the basis of race, sex, or disability in its education programs and activities pursuant to the requirements of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA) of 1990.

Inquiries and charges of violation concerning Title VI, Title IX, Section 504, ADA, or the Age Discrimination in Employment Act (ADEA) or any of the other above referenced policies should be directed to the Office of Diversity Resources (DRES), 2110 Terrace Avenue, Knoxville, Tennessee 37996-3560, telephone (865) 974-2498 (V/TTY available) or (865) 974-2440. Requests for accommodation of a disability should be directed to the ADA Coordinator at the Office of Human Resources, 600 Henley Street, Knoxville, Tennessee 37996-4125.

E14-1050-000-101-03