



Fact Sheet TVA Rate Action

TVA and local power company customers offer some of the lowest electricity rates in the nation. Competitive rates are good for consumers and good for business, helping to create and retain jobs and improve the quality of life of the 9 million residents of the Tennessee Valley.

Rate Adjustment

- The TVA board of directors approved a 1.5 percent retail electric rate increase, effective with the FY 2014 budget on Oct. 1, 2013.
- The increase will be about \$1.50 a month for the residential customer using 1,000 kilowatt-hours of electricity.
- This will be TVA's first rate increase in two years — a 2 percent increase in October 2011.
- At 1.5 percent, the latest increase will be less than the rate of inflation (about 2.9 percent in the Consumer Price Index) since October 2011.

Rate Drivers and Response

- The rate adjustment is not driven by any single budget issue, but reflects a decline in revenue from lower electricity sales.
- The 2014 budget of \$10.5 billion is about 6 percent (or about \$700 million) less than the 2013 budget.
- Demand for electricity is down for a variety of reasons — milder weather, a still-sluggish economy and changes in how consumers are managing their energy use, including greater energy efficiency.
- TVA is responding by looking for ways to improve efficiency and reduce costs while continuing to strive for excellence.
- TVA will reduce operations and maintenance costs by a half-billion dollars (\$500 million) over three years. TVA has already realized \$150 million in savings this year. An additional \$150 million will be identified in 2014 and another \$200 million in 2015.
- TVA is committed to “live within its means” in order to keep electric rates low, keep electric reliability high and carry out TVA's broader mission.