

Glasgow Electric Plant Board

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April 17, 2007



Tennessee Valley Authority
One Century Place
26 Century Boulevard
Nashville, TN 37214
Attention: Carl Seigenthaler

RE: Proposed Standards on Smart Metering, Interconnection, Net Metering, Fuels Sources, and Fossil Fuel Generation Efficiency

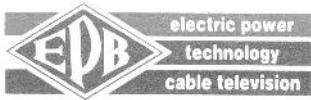
Dear Mr. Seigenthaler:

This letter is submitted in response to a notice in the *Federal Register* of Monday, January 22, 2007, which solicited comments from parties interested in how TVA might adopt the PURPA standards stipulated in the 2005 Energy Policy Act. The Electric Plant Board of the City of Glasgow is a distributor of TVA energy and thus has a keen interest in this proceeding. It is our intention to address only the proposed standard on smart metering.

Instead of repeating, and then commenting on, the whole of Standard 1 - Smart Metering, we want to urge that TVA adopt this standard because of the elegant simplicity and wisdom of the first two sentences of the standard:

Not later than 18 months after the date of enactment of this paragraph, each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.

While this proposed standard is labeled as "Smart Metering," the spirit of this standard is the recognition that energy costs vary widely depending upon the time of day energy is consumed and the feeling of the United States Congress that electric utilities should start making real attempts to shape their demand curves to fit into existing generation capacity instead of constantly seeking to build more generation and transmission capacity. This is a principle that TVA should embrace before all others.



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No one who has the most rudimentary understanding of the physics involved with power production and consumption can honestly argue that this is not the best way to price electric power. Every fuel used to produce TVA's energy is finite. However, for nearly twenty years TVA has used a wholesale energy pricing regime that can only be supported if the fuel and energy supply is unlimited! It is high time for this embarrassing mistake to be corrected.

In 2007 the communications and metering technology exists to allow all utilities to price the precious commodity of energy in a fashion that encourages off-peak use of energy and discourages additional on-peak consumption. This technology cannot be un-invented! It is here and to turn our back on it and, instead, do everything in our power to preserve a status quo that includes the depletion of our natural resources in the name of growth at all costs and the rampant growth in greenhouse gases in our atmosphere is, at a minimum, foolish.

It is certain that TVA management is fully aware that the present wholesale rate environment is causing deteriorating system load factors and the constant need to purchase more peaking power. Recent TVA management statements indicate the recognition of this reality and the creation of new demand and energy rates to replace this faulty rate environment we have today. The Tennessee Valley Public Power Association has urged TVA not to adopt these standards, believing that the same time- of-use rates can be developed, over time, in negotiation with TVA. It is the position of the Electric Plant Board of the City of Glasgow that this matter has been given perfunctory lip service for too long already. It is time for this standard to be adopted such that a reasonable deadline appears, in stone, on a regulatory calendar.

For these reasons, and because this is simply the right thing to do, we urge TVA to adopt Standard 1 - Smart Metering, not because all utilities should be forced to install advanced metering, but because TVA should be forced to abandon a wasteful wholesale rate environment. The adoption of this standard will require TVA to adopt meaningful time-differentiated rates. Those new rates will put the old End User Wholesale rate to death and open the doors to a new emancipation of the Tennessee Valley Region and the resources TVA was created to protect.

Respectfully,

A handwritten signature in black ink, appearing to read 'William J. Ray', is written over the word 'Respectfully,'.

William J. Ray, PE
Superintendent