

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



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May 10, 2018

TVA Board of Directors
400 West Summit Hill Drive
WT-7B Knoxville, TN 37902

Dear TVA Directors:

Metro Nashville has been grateful to partner in recent years with the Tennessee Valley Authority on numerous projects that have benefited both our city and the entire Valley, including attracting top companies, creating new jobs, investing in community solar, and most recently developing an energy efficiency retrofit program for Nashville's low-income residents. We believe that when we work together to identify paths forward that are of mutual interest to our residents and to the Valley, we will both be more successful.

With that being said, as Mayor of the Metropolitan Government of Nashville & Davidson County, I am writing to express my opposition to the TVA's proposed rate change. The new rate structure will interfere with our city's efforts to be the greenest city in the South, will place an undue burden on our poorest residents, and will hurt our ability to continue to attract new companies and jobs to our region.

Increasing equity is one of my top priorities, and cost of living in Nashville is rising rapidly. Adding fixed charges to the rate structure would worsen income inequality in Nashville by making energy costs truly unaffordable. TVA's own materials about the proposed rate change acknowledge that bills will likely increase for low-income energy users. The typical threshold for energy costs to be considered unaffordable is above 6 percent of household income spent on energy. According to the Home Energy Affordability Gap database, over 90,000 households in Davidson County (33% of our households) are currently energy-burdened. Nashville's poorest residents are paying, on average, more than 25% of their income on energy bills alone. This is simply not sustainable.

TVA's proposed "Grid Access Charge" and accompanying changes in rates will distort the economics of energy efficiency investments and discourage renewable energy use. This will affect large and small businesses alike. For example, many large corporations located in Nashville have established energy efficiency and renewable energy goals. Google, Ikea, UBS, Bank of America, Philips, Schneider Electric, and Mars Petcare are all companies with a significant presence in Nashville that have joined hundreds of corporations across the globe in committing to 100% renewable energy. These are the kinds of corporations Nashville is currently attracting and hopes to continue to grow.

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Instead of maintaining a welcoming business environment, TVA's proposed rate structure would actively discourage such visionary companies from locating here. This contradicts TVA's stated goals of encouraging economic development that creates opportunities and improves quality of life.

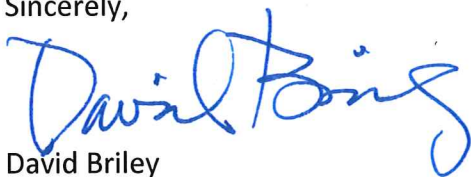
The "Grid Access Charge" also hurts smaller businesses, which are the foundation of Nashville's prosperity. More than 300 small business owners around the state have signed an open letter to you expressing their concerns about the proposed rate change. These small businesses worry that "mandatory fees limit small business owners' opportunities for controlling their bills through energy efficiency and self generation investments."

Adding higher mandatory fees, even if there's a corresponding reduction in rates, means that customers pay a higher fixed amount every month, before they use any electricity. Customers will lose the freedom to control how much their bill is each month through the use of energy efficiency or solar power. Every kilowatt hour saved through efficiency or generated "behind the meter" through solar is a kilowatt hour customers don't have to buy. By lowering the retail rate but increasing the mandatory fees, the utility reduces the value of solar or efficiency and thus increases the payback period for those investments.

Small businesses, large businesses and residents in Nashville deserve the freedom to choose energy efficiency and/or solar to meet their energy needs and reduce their costs. Metro understands the financial constraints TVA is under with a declining load and fixed asset costs, but TVA should work together with municipalities and local power companies to structure rates to encourage these sustainability efforts rather than restrict them.

Thank you for your attention to this important matter.

Sincerely,



David Briley

Mayor

Metropolitan Government of Nashville & Davidson County