

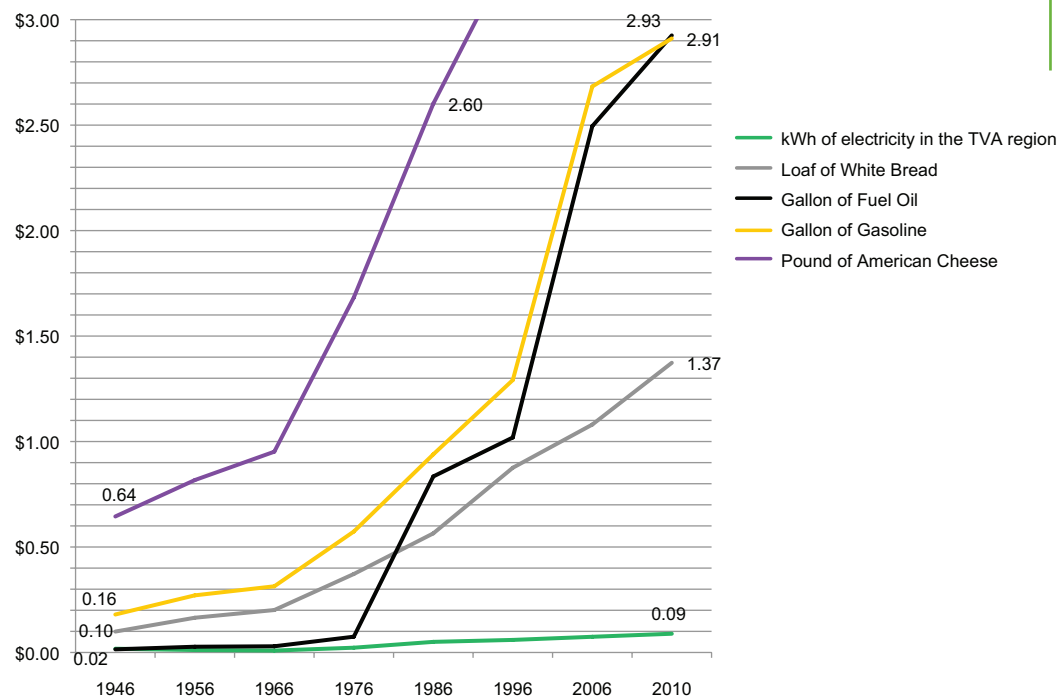
Electricity: A Powerful Bargain

Electricity powers modern life and is one of the most economical, reliable and important products we use.

- Modern society depends on electricity to power virtually every aspect of our lives – from household appliances that keep us comfortable, to electronics that entertain us, to our offices, schools, factories and hospitals.
- Electricity is solidly reliable – it's there when you need it, and it's a good value.
- For more than 50 years, the price of the basic unit of electricity has stayed relatively low, although much more electricity is being used each year.
- A kilowatt-hour of electricity cost about 2 cents in 1946. Today, a kilowatt-hour of electricity in the Tennessee Valley region is only about 9 cents, well below the national average.
- Meanwhile, the cost of other basic items, such as a gallon of gasoline, pound of cheese or loaf of bread, has increased dramatically. For example, a gallon of gasoline that cost 16 cents in 1946 is more than \$3.00 in 2011.

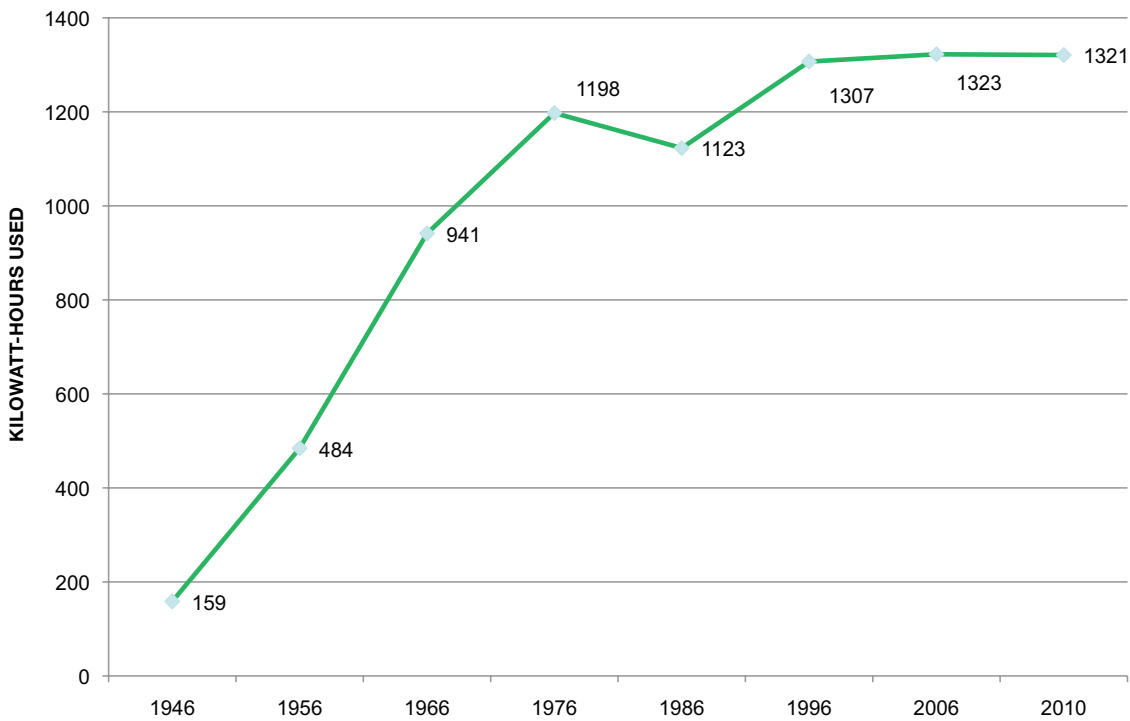


Retail prices from 1946 to present in 10-year increments



- The amount of electricity used, not the price of a kilowatt-hour, is the big reason for higher electric bills. On average, a home in the region today uses about eight times more electricity for a month than in 1946.
- Overall, more people are using more electricity to power more items. From big-screen televisions, to computers, to electronic picture frames to larger heating and cooling systems, homes are using more electricity in ways they never did before.

The average amount of electricity used in a home in the Tennessee Valley region in a month increased from 159 kilowatt-hours in 1946 to 1,321 kilowatt-hours in 2010.



- In recent years electricity use has increased most during certain times of the day, such as early morning and late afternoon. When demand peaks, utilities must add more expensive energy sources, which forces costs to go up.
- To help slow the growth of peak demand, prices must more accurately reflect the actual cost of production, with higher prices when demand is greater and lower prices when demand is less.
- Consumers get the most value from their electricity dollar by managing their use of electricity. That helps lower monthly bills, reduces peak demand and keeps future prices lower for everybody.