

# The Total Monthly Fuel Cost Explained

The Tennessee Valley Authority's Total Monthly Fuel Cost (TMFC) was created in 2011 to include 100% of the varying costs of the fuels and resources used in electricity production. It is a monthly charge which appears on your utility electric bill from Fayetteville Public Utilities that directly relates to TVA's cost of producing electricity for the Tennessee Valley. To further understand the TMFC and why it appears on your FPU utility bill each month, please read further.

The TMFC is not unique to FPU and its customers. All distributors of TVA power are charged the monthly fuel cost amount. Some of those distributors, like FPU, have chosen to show the TMFC amount on monthly utility bills, while others have decided to include it in with their monthly total amount charged to customers. Whichever way, the fuel cost is charged by all electric companies who purchase electricity from TVA. In addition, TVA is not the only power supplier with such a charge. Other power generation plants across the nation pass a similar charge on to their distributors as well.

The Total Monthly Fuel Cost is not a variable cost associated with "fuel" as most of us think of as "gasoline." The "fuel" referred to in the TMFC is not related to the amount of gasoline used by Fayetteville Public Utilities, the Tennessee Valley Authority, or any other electric system to keep utility vehicles and equipment on the road during a day's work. The fuel charge on the utility bill refers to the resources used by TVA to generate electricity and/or purchase additional energy from other power plants to meet energy demand in the Tennessee Valley.

TVA's power supply comes from several fuels and resources used to make electricity – nuclear, hydro, coal, oil, natural gas, biomass, wind and solar. When the prices of these fuels and resources change due to the weather, the economy, and the global supply and demand for fuels, TVA's cost of generating and supplying electricity changes, too. As the cost to produce and supply electricity increases or decreases monthly, depending on how much TVA pays for fuel and purchased power, that cost is passed along to electric customers through their utility bills.

The portion you pay for the TMFC is directly related to the amount of electricity you use during any particular month. It is based on the number of kilowatt hours you use each month, so your fuel cost amount will vary from your neighbor's, and it will vary from month to month on your bill.

TVA produces the electricity used by nearly 9 million consumers across a seven-state region which includes Tennessee, Kentucky, Alabama, Mississippi, Georgia, North Carolina, and Virginia. TVA sells its power to local distributors, including Fayetteville Public Utilities, who in turn sell the power to the homes and businesses in their services areas.



**If you have questions about the TVA's Total Monthly Fuel Cost, please call FPU at 931-433-1522.**