

PUBLIC POWER CONNECTIONS

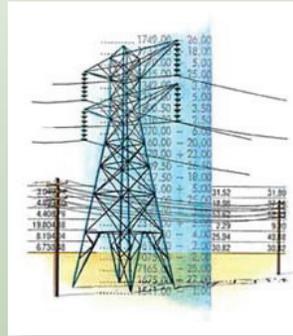
HOW CONSUMER DEMAND DRIVES THE PRICE OF POWER

Did you know weather and economy create consumer demand for energy?

There are three major factors that drive the price of power: consumer demand, generation prices, and environmental and regulatory issues. This article will focus on consumer demand. The time of day, day of week, weather and economy all affect usage – which in turn – creates consumer demand.

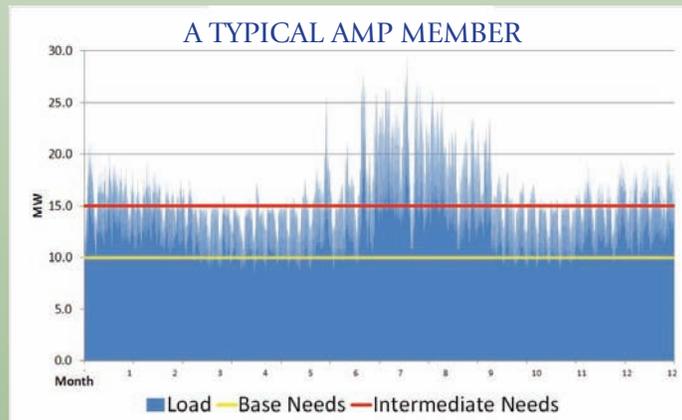
The industry uses the terms on-peak and off-peak to define usage. “Peak” is when the demand for electricity is at its maximum. A community generally uses more power in the daytime than in the evening, with higher loads on weekdays.

Demand is largely impacted by weather and the price of power is usually affected seasonally. In the summertime, when people are using their air conditioners frequently, bills will be higher. While some communities peak in the winter (those with mainly electric heat and a cool climate), most peak in the summer. As usage goes up, so does the amount of power that needs to be generated.



In general, the lowest load is when the outdoor average temperature is 60 degrees.

The economy also plays a factor in consumer demand. The biggest drivers of this are industrial power users. Communities with many industrial facilities in the area will see their loads more impacted by the economy than a community that is mostly residential. The economy also comes into play through the trickle-down effect.



When a community’s economy is better, the demand for load is usually higher (if people are doing well they tend to buy more electronics, which use more power).

If you find your electric bill is getting a bit high, try changing your daily routines to be more energy efficient. The best way to lower your electric bill is simply to use less power. Get in

the habit of turning/leaving things off and unplugging devices when they aren’t in use.

EFFICIENCY FOCUS

According to the U.S. Department of Energy, windows can account for 10 to 25 percent of your heating bill by letting heat out. Interested in upgrading your windows? Here are a few things to remember when looking to boost your window efficiency.

- Low-E coatings on the glass reflect heat inside your home and reflect the sun’s ultraviolet (UV) rays outside your home
- Multiple panes of glass increase insulation and help maximize energy efficiency
- Weather stripping reduces heating and cooling costs by sealing air leaks
- Keep in mind low U-values or U-factors when selecting windows as they have the highest insulating properties
- Casement and awning windows fasten more tightly against weather stripping than double-hung windows, which lets less air in and/or out



A WELL-DRESSED LINeworker PUTS SAFETY FIRST

Lineworkers' personal protective equipment helps keep them safe from head to toe while they're busy keeping the lights on.

HEAD: Hard hat and eye protection (includes glasses and face shields) are necessities. Hard hats resist penetration by sharp objects and lessen a blow to the head by distributing force over a bigger area.



TORSO: Lineworkers must wear long sleeves and adequate fire-resistant (self-extinguishing fireproof) clothing. When working out of a bucket truck, lineworkers wear a full body harness and shock absorbing lanyard. For climbing a power pole, a body belt is required and fall protection is recommended (soon to be required).

ARMS: Rubber gloves with leather protectors are placed over rubber sleeves, which cover the arms from shoulder to wrist. The rubber insulating gear protects against accidental contact with a live wire.

LEGS: Proper footwear is a must (steel-toed boots with steel arch reinforced). When climbing, lineworkers wear "climbers." These are made of metal, hook under the heel on boots, and have spikes (gaffs) to assist with climbing power poles.



HOW IT WORKS: CONTRACTING POWER

The process of contracting power is extremely complex. At its simplest definition, contracting power is buying electricity for some future period of time. It is the process of locking in a fixed amount of power for a specific price between a supplier and end user. These "blocks" of power come in many various shapes and terms such as hourly, daily, monthly, annually or multiple years. The benefit of buying power in advance is that it helps reduce the risk of fluctuating market prices.

As an example, if you had the ability to lock in the price of your gas for the next six months, you'd most likely estimate how much to purchase by looking back at how much you've

used in the past. Let's say you estimate 200 gallons of gas for this example. Now you'd contract with the gas station for a set price for 200 gallons of gas over the next six months. Your actual usage could be slightly more or less than 200 gallons within that time frame, but by having a fixed rate, you would have eliminated the risk of soaring gas prices in an unpredictable market.

When it comes to buying power, a municipality can forecast its future usage by examining its historical usage, econometrics and weather patterns. American Municipal Power, Inc. (AMP) has standard agreements established with many counterparties to supply power. Municipalities can purchase blocks of energy for a specific term and



price through AMP. Committing to a fixed price for blocks of energy allows communities to better budget and establish rates.

While energy is only one piece of overall power costs, locking in the energy costs helps reduce the risk of fluctuating market prices for municipalities and ultimately their customers.

SAFETY TIP: Only plug one heat-producing appliance into a receptacle outlet at a time (coffee maker, toaster, space heater, etc.). Major appliances such as refrigerators, ovens, air conditioners, washers and dryers should be plugged directly into a wall receptacle outlet (or dedicated circuit) – do not use extension cords or power strips.

