



Energy PARTNERS

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The right rate is a good call

Several hundred customers called the Business Service Center (BSC) in response to an article that asked "Are you on the right rate?" in the previous issue of Energy Partners. What were the answers?

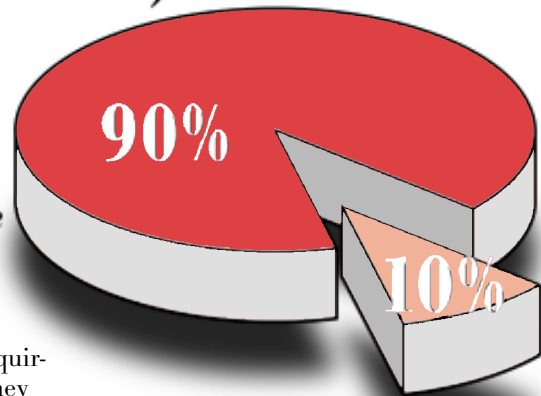
Approximately 300 business customers of KU and LG&E followed the advice of the previous issue of *Energy Partners* newsletter; they called to find out if they would save money by switching to a different rate. According to KU's BSC specialists who answered nearly 200 of those 300 calls, most of the calls were "right on target," coming from small- or medium-sized business customers who were on the General Service (GS) rate—yet very near to benefiting from the Light and Power (LP) rate because of their energy-intensive business processes.

Generally, the rate checks could be calculated from the information currently stored in KU's customer records. Therefore, BSC staff could get an initial idea of whether or not a GS customer would save money on

Requests for KU Rate Checks

(Approx. 200 total)

- **GS customers who would pay lowest bills on GS rate**
- **Former GS customers who would pay less on LP Rate**



the LP rate. Most of the inquiring customers found that they would be paying more (for the same electrical usage) on the LP rates. Several, however, discovered that due to growth over the years, or the addition of energy-intensive equipment, their usage was high enough that a demand-based rate would save them money.

Among the estimated 200 calls for rate checks...

- About 20 found that they would save money on an LP rate, and promptly switched rates.
- About 180 found that their existing rate (primarily the GS rate) offered them the lowest energy bills.

Callers typically followed the advice of the article: You should call the KU BSC if...

- Your monthly bills are labeled 'GS,' and the (average) kWh on your bills is around 10,000 kWh or more.
- You are a GS customer and you add a large piece of motorized equipment which greatly increases your bills.

As the article explained, most 'small' businesses—retail stores with lighting, heating/cooling, refrigeration

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Let us know if you prefer a "paperless" newsletter

See reply card in this issue

We asked you for this feedback in the previous issue of *Energy Partners* and provided a reply card for you to send your opinions, postage-free. Throughout 2004, we'll continue to give you the opportunity to let us know whether you would prefer an electronic version of the newsletter, or the paper version. See the results of your first responses on the back page of this issue.

We also encourage you to let us know if you think the newsletter should be discontinued. Some of these responses have cited the environment or cost savings as reasons to discontinue publication. For these very reasons, we want to explore the electronic versions that conserve costs and natural resources while still sending helpful energy-management information to our business customers. As always, non-interested customers can always call or e-mail us (contact information on back) to be removed from our mailing list.

In the meantime, we will evaluate our opportunities this year to conserve and save while also improving the quality of our communications to you. Thank you for your input!

A rate for dedicated conservationists:

The Net Metering Rate allows you to conserve and 'sell' energy



If you are a conservationist, you may be interested in knowing about KU's rate that allows you to reduce coal-fired generation and "sell" energy back to the utility.

KU's "Net Metering Service" is for residential and non-residential customers who own and operate a generation system that runs on solar, wind or hydro power. To apply, you must also supply the equipment that establishes a "parallel connection" between your system and KU's distribution system.

Here's how the "sell-back" works: You could use your generation to supply all or some of your own energy to reduce your energy bills, or you can use your parallel connection to sell any "excess" energy to KU. Your meter would be running *backwards* at your *current rate* so that your profit comes immediately as a reduced bill.

Considering the high costs of generation systems, this rate is not for those who expect a fast pay-back, or

any pay-back at all—particularly in the Midwest (with limited solar, wind and hydro resources). However, if your motivation is conservation, this may be an opportunity to conserve the coal-fired energy of KU, and help drive-down the costs of alternative fuel systems by purchasing one and raising awareness.

Contact us if you are interested. Or review our "Net Metering Service" rate online. For detailed information on the Net Metering Service rate, call the KU BSC at (800) 383-5582 during business hours. Or review the rate information online by going to www.lgeenergy.com/bsc/ku. Click "Rates/Tariffs" (in the left-hand, gray menu of options). Under Electric Rates, look for "Net Metering Service" on the content page of the KU Tariffs, and scroll to the appropriate page.

The right rate is a good call (Continued from page 1)

and computer energy loads—are correctly on KU's GS (General Service) rate. The GS rate calculates bills strictly by metering the customer's kWh (kilowatt hours) consumption, similar to counting the total number of miles traveled on a road trip.

The LP rate is designed for larger businesses and small industrial companies that have high kWh usage or large equipment that is extremely energy-intensive (such as large compacting equipment or welding equipment). For the LP rate, KU's charge for kWh consumption is lower, but there are additional "demand charges" for use of equipment that places high instantaneous demands on KU's electrical distribution system. The measure of instantaneous electrical demand is called kW (or kilowatts). As opposed to counting the number of miles traveled on a road trip, the measurement of kW would be more similar to calculating average miles-per-hour (mph) and top

speed of the road trip.

GS customers outnumber LP customers about eight-to-one. As drivers, they would use more total gasoline. The higher kWh rate encourages GS customers to be efficient so that KU can ensure sufficient supply of energy for growth of businesses in our service areas. For LP customers, their demand charges will cause high bills if they run their energy-intensive equipment on a "want" basis instead of a "need" basis. These demand charges encourage them to plan their energy loads efficiently—to avoid running at full capacity constantly, or during peak times of the day or year. This helps KU ensure that all heavy electrical loads won't overload the system with instantaneous demands that send power surges or even outages to other customers. It also assigns more of the electrical system maintenance costs to those that place the greatest instantaneous demands, or stresses, on the system.

The KU BSC is here to assist businesses.

Do you have rate questions, or other utility questions as a commercial/industrial customer of KU? Visit the BSC on the web for online customer service, or call us. We're here to serve and help you!

- **By Internet:** go to www.lgeenergy.com/bsc; click "KU"
- **By Phone:** call (800) 383-5582, 7 a.m. to 6 p.m., Mon. - Fri.

Energy wise:

How is energy efficiency shaping up in the 21st century? What are the best efficiency opportunities for businesses?

Nationwide efficiency growing fast

According to the National Energy Policy Development Group (NEPD) as cited by the Department of Energy, trends toward energy efficiency are a welcome sight at the turn of the century when rolling blackouts in California raised serious issues regarding the future of energy supply.

Being careful to state that we should be concerned about energy shortages and maintain a mindset of conservation, the NEPD Group offers the following statistics as evidence that energy consumers and manufacturers of energy-consuming equipment are becoming more environmentally friendly and cost-conscious:

- Automobiles use about 60% of the gasoline they did in 1972.
- New refrigerators require just one-third the electricity they did 30 years ago.
- Since 1973, the U.S. economy has grown by 126%, while energy use has increased by only 30%.
- In the 1990s alone, manufacturing output expanded by 41%, while industrial electricity consumption grew only by 11%.
- U.S. energy consumption is projected to increase by about 32% by 2020.
- New commercial fluorescent lighting systems use less than half the energy they did during the 1980s.
- Industrial energy use per unit of output declined by 25% from 1980-1999.
- The chemical industry's energy use per unit of output has declined by roughly 40% in the past 25 years.
- The U.S. government has reduced its energy use in buildings by over 20% since 1985.
- The amount of energy required to generate 1 kilowatt-hour of electricity has declined 10% since 1980.

According to a 2001 report of the NEPD Group, "Electricity demand is projected to rise by 1.8% a year over

the next 20 years, requiring the addition of some 393,000 MW of generation capacity. At the same time, energy efficiency is projected to continue to improve between 2000 and 2020. A decrease in demand from 1.8% to 1.5% would reduce the need for new generating capacity next year by about 2000 MW. Extending that reduction over the next 20 years would reduce the need for new generation by 60,000 to 66,000 MW."

High-efficiency lighting in commercial/industrial buildings can brighten our future

Lighting offers a tremendous potential for saving energy and money:

- Typical U.S. businesses can save as much as 70% of the energy used in its lighting systems without any loss of function.
- High-efficiency lighting (such as compact fluorescent lamps) can lower maintenance costs with longer-lasting bulbs.

- Lighting directly consumes 20% of electricity in the United States. Half of this lighting is used in commercial buildings. This energy consumption is increased at least 20% when factoring the space cooling required due to heat-wasting, low-efficiency lighting.

Applying advanced lighting technologies could potentially result in electricity savings that would eliminate the need for more than one hundred 1,000-megawatt power plants. This would save ratepayers \$30 billion a year just on the cost of operating and building those plants.

For a FREE Commercial Energy Audit, or for more information on high-efficiency lighting, call (502) 893-0256. Ask about our financing opportunities for efficiency upgrades which may allow your new investment to earn savings that are higher than your payments.

Demand Conservation program now offered to commercial customers

Complete and return the attached reply card for Demand Conservation, and reduce your summertime bills by \$5 per central air conditioner.

More than 40,000 residential customers of KU and LG&E are already enjoying the monthly \$5 credits to their summertime energy bills and the feeling of helping us "take a load off of summertime energy usage"—just for saying yes to our free Demand Conservation offer.

To join the Demand Conservation program and reduce your summertime energy bills (June through September) by \$5 monthly per central air conditioning unit, complete the attached card and send it to us postage-free. We'll arrange for a Demand Conservation switch to be

installed next to each of your central air conditioning units. These switches are remote-controlled, so we can briefly cycle-off your compressors on peak summer days while your fans continue to circulate cool air in your building—so it's not likely that you'll even notice when we are activating the switch to conserve energy.

You can also join the Demand Conservation program online by going to www.lgeenergy.com/dc. Or call us at 1-866-857-2665 extension 50 to sign up by phone or talk to someone about the program that pays you for helping us conserve.



Energy Partners is published by the Marketing Department of LG&E Energy. The purpose of this publication is to inform the commercial clients of KU on current affairs of the energy industry, and to heighten awareness of efficiency-based trends and products available to commercial clients.

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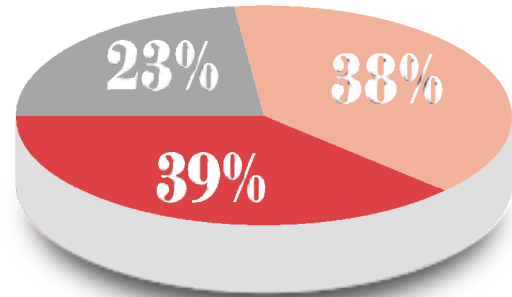
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Recycled

Your responses...

Electronic vs. paper newsletter



■ ***Go Electronic***
■ ***Continue Paper Format***
■ ***Discontinue Newsletter***

The votes are in! So far, out of 193 responses to the previous issue of *Energy Partners*, **38%** of you would prefer to go with an electronic newsletter, while **39%** asked that we keep the paper version and **23%** suggested eliminating the newsletter.

Your opinion counts, so be sure to complete the attached Business Reply Card and send it in.

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