



President's Message

Market Watch

—by Raj G. Rao

“FERC: power prices may rise by 50% or more.” “FERC sees high power prices ‘for years to come.’” “Expect a Jolt When Opening the Electric Bill.” Today’s newspaper headlines are filled with stories of rising prices, all telling the tale for the world’s energy future. The writing is on the wall: power prices are increasing without much sign of slowing down.

IMPA has seen its costs rise in recent years due to several factors affecting the price of electricity, including fuel, transportation, environmental compliance and construction costs. Nearly 50 percent of IMPA’s costs to generate electricity come from fuel expenditures alone. The costs of coal, natural gas, uranium and diesel fuel oil have all experienced increases in recent years, with coal being one of the more significant changes. The problem is not confined to the United States; it is becoming a worldwide concern as nations like China and India experience rapid electrical growth as well.

Environmental compliance costs have also played a key role in driving electricity prices up as power generators invest in technology to meet stringent environmental requirements. Another factor that will most certainly play a role in

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Committee to explore energy efficiency efforts for IMPA

IMPA’s Board of Commissioners has formed a Demand Response and Energy Efficiency Committee to evaluate potential energy efficiency programs for the Agency. The committee will meet periodically to discuss and recommend appropriate programs to IMPA’s Board of Commissioners for consideration. Mike Jenner (Edinburgh), Tom Donoho (Anderson), Ram Reddy (Blanchester), Tim Montague (Bremen), Roy Kaser (Crawfordsville), Jerry Schitter (Jasper), Mel Davis (Lawrenceburg), Mike Martin (Lebanon), Steve Saum (Richmond), and Jim Conner (Winamac) will work on behalf of all of IMPA’s 52 member communities to evaluate appropriate energy efficiency programs. IMPA’s Vice President of Government and Member Services, Carolyn Wright, will serve as the Agency’s liaison.

Among the projects the group hopes to study are various demand response programs, including residential load management programs such as air conditioner, water heater and thermostat controls, and commercial and industrial response initiatives that are eligible for inclusion in the MISO and PJM demand response programs. Energy efficiency programs may include promotion and education through web sites and literature, web-based or in-person energy audits, lighting promotions, tree planting programs, low-income weatherization programs and rebates for energy efficient appliances.

The committee will evaluate the economic and technical feasibility of each program, as well as implementation methods, with the assistance of IMPA staff and consultants.

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ISC offers spill containment guidance and assistance

When the Environmental Protection Agency (EPA) published new Spill Prevention Control and Countermeasure (SPCC) rules in 2002, ISC took note. The engineering subsidiary of IMPA works with municipally-owned electric utilities to ensure their SPCC plans are compliant with federal regulations.

Tell City Electric Department contacted Kerry Vincent, General Manager of ISC, to discuss spill containment improvements to the city's four substations and the development of a utility SPCC plan.

"The reach of the EPA regulations is quite broad, and there is not a one-size-fits-all approach to spill containment," commented Marlow Smethurst, Electric Superintendent for Tell City Electric.

"We wanted to ensure that each of our substations would be protected in the event of a spill."

ISC partnered with environmental management firm Keramida, a company that deals with compliance issues on a daily basis, to assess Tell City's facilities. ISC and Keramida engineers visited each substation to check the facilities for oil containing devices, means of secondary containment and drainage pathways. After assessing each facility, they determined whether the substation was already in compliance with federal regulations and provided improvement recommendations for the facilities that were not. After reviewing recommendations, ISC engineers developed containment design options and cost estimates for consideration by the utility.

In Tell City, three out of four of the city's substations required some upgrades in order to be compliant with federal guidelines. Based upon ISC and Keramida recommendations, Tell City elected to construct berm installations at its substations to help



Working with ISC, Tell City Electric constructed berm installations at three of its substations to contain any spills should they occur.

contain any spills that might occur. The utility also relied upon CI Agent, an environmentally-friendly polymer product that immobilizes petroleum and other chemical releases on land and water. Should a spill occur, the CI Agent absorbs the liquid and solidifies it into a mass for easy removal.

After making the improvements, Keramida engineers reviewed the utility's work and approved its SPCC plan. In the end, Tell City has been very satisfied with the work performed by ISC and Keramida.

"Dealing with spill containment can be a time consuming and expensive process," commented Vincent. "We work with each client utility to develop an SPCC solution that fits their specific substation design. This approach provides our client utilities with a cost effective design that meets EPA regulations."

For more information about ISC and services offered, contact Kerry Vincent at (317) 573-9955 or kerry@impa.com.

IMPA to sponsor INDIEC conference

The Indiana Industrial Energy Consumers, Inc. (INDIEC) is hosting its annual Indiana Energy Conference October 2, 2008 at the University Place Conference Center in Indianapolis. IMPA is a co-sponsor of the one-day conference that brings together decision-makers from a broad spectrum of business sectors. This year's conference will include discussions on:

- Global Boom in Cost of Commodities/ Focus on Energy
- Carbon Management – Legislative Proposals and Cap & Trade
- Natural Gas – Finding the Right Balance
- Growing Energy Demand – New Impacts on IRP's

For more information, visit www.indiec.com or contact Carolyn Wright, Vice President of Government and Member Services for IMPA, at (317) 575-3878 or cwright@impa.com.

APPA to host Energy Efficiency Summit in Indianapolis

This November, public power professionals from across the nation will flock to Indianapolis to attend the American Public Power Association's first Energy Efficiency Summit. Designed for general managers, utility policymakers, and managers involved with energy efficiency, the seminar will cover technical and non-technical issues vital to energy efficiency programs.

The program will include sessions on:

- Why we should all be focused on energy efficiency
- Establishing and refreshing your utility's energy efficiency program
- Low-cost and no-cost energy efficiency options
- Leading by example: what your utility and municipality can do
- Building codes and green building initiatives

IMPA plans to co-host the event with APPA. Visit www.appanet.org to find updated information about the summit and to register. *FO*

What:
**APPA Energy
Efficiency Summit**

Where:
**Omni Severin Hotel
Indianapolis, Indiana**

When:
November 12 – 14

Information:
www.appanet.org

Project Watch

Prairie State Energy Campus

The engineering, procurement, and construction contractor for both the Prairie State Energy Campus and Trimble County Unit 2, Bechtel Power Corp. (Bechtel), has made significant progress on the major foundations for Prairie State. The Unit 1 boiler foundation and chimney foundation have been completed. Work is progressing on the steam turbine-generator foundations and the Unit 2 boiler foundation. Structural steel continues to be delivered to the site and the Unit 1 boiler structural steel will begin erection in August. Progress has also been made on the raw water line and the rail line to the plant.

At the mine site, earthwork activities have continued. Contracts for the construction of the mine shaft and procurement of the coal handling equipment are being finalized and will be awarded soon.



Crews place concrete for the chimney foundation at the Prairie State Energy Campus.



Bechtel rigs the upper furnace sidewalls of the boiler at Trimble County Unit 2.

Trimble County Unit 2

Bechtel continues work on construction activities at the Trimble County project site. The boiler structural steel heavy truss erection has been completed and the turbine condensers have also been put into place. The water wall boiler tube panels are now being hung. Other progress includes the receipt and setting of the GSU and Main Auxiliary Transformers, deaerator tank, and the continuation of work on the precipitator, baghouse and flue gas desulfurization absorber module.

Over the next month the contractor will focus on installing the turbine building roof, filling and dressing out the transformers, and installing other plant equipment. *FO*

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future energy prices will be the possible enactment of climate change legislation. Depending on what form a policy might take, a study by the Indiana State Utility Forecasting Group suggests that residential electricity prices could rise 13% by 2012 and 40% by 2025 strictly due to climate legislation.

Even with the increases, IMPA's rates remain quite competitive with market rates and those of other utilities. The factors that are driving IMPA's rate increases are also affecting other utilities across the state, the nation, and around the world.

As we attempt to keep up with the changing face of the utility industry and keep our members informed, we will periodically feature a "Market Watch" column in the IMPA Wire. Through this column, we hope to keep you updated on factors contributing to rising prices for all utilities. Look for the Market Watch in future issues of the IMPA Wire. *W*

Economic Development webinar set

"Overcoming Economic Development Obstacles - No Place is Perfect"
September 15, 2008
2 p.m. Eastern Time

It is generally recognized that site selection is a process of elimination - no location is perfect. This webinar by Bob Ady of Ady International will discuss techniques for overcoming obstacles that prevent successful business attraction.

The webinar is completely free and is open to all IMPA member communities. To register or for additional questions, contact Phil Lehmkuhler, Manager of Economic Development and Member Services, at (317) 575-3879 or phil@impa.com. Previous webinars are available on IMPA's website at www.impa.com/ecodev_links.asp. *W*

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