



President's Message

The Future Is Here

—by Raj G. Rao

On June 20th, IMPA announced it had entered into a final agreement with the Prairie State Energy Campus for a 12.64% share of ownership in the project and an equal amount of electricity output. Under this contract, IMPA will also purchase coal reserves sufficient to run this plant until 2042. With this agreement, IMPA has achieved a milestone towards ensuring a reliable and economic power supply for our member communities for years to come. While this major step toward construction of Prairie State is important, we must follow through on additional sound financial steps that will protect our ultimate customers.

In conjunction with the Prairie State Energy Campus, IMPA has invested a substantial amount of time investigating additional opportunities to reduce power costs to IMPA's members. One such opportunity that IMPA Staff recommended to IMPA's Board is a 10 year extension of the power sales contracts between IMPA and the Members. The power sales contracts are the collateral IMPA is using to borrow money to finance the Prairie State Project. Today, those contracts go out until 2032. When the Prairie State Project goes on line in 2012, under the current contracts there will only be 20 years remaining over which to pay the debt on an asset with an approximate 50 year life. By extending the power sales contracts until 2042, IMPA can pay the debt over

- continued on page 4

IMPA Project Watch

Prairie State completes EPCM agreement while construction progresses at TC2

In the past few months, IMPA has witnessed a great deal of progress on both the Prairie State Energy Campus and Trimble County 2 generation projects.

Prairie State Energy Campus - Prairie State has completed a \$2.9 billion engineering, procurement, construction and management (EPCM) agreement with Bechtel Power Corporation for the power-related facilities. In addition, Prairie State has committed to state-of-the-art supercritical technologies and emission control equipment with three global technology firms, expanded agreements with current equity partners, and brought on board a new partner – the Illinois Municipal Electric Agency. Existing partners Kentucky Municipal Power Agency (KMPA), Missouri Joint Municipal Electric Utility Commission (MJMEUC), Northern Illinois Municipal Power Agency (NIMPA), and Prairie Power, Inc. have each increased their equity ownership positions. Initial craft hiring will begin this summer, with full scale earth work under way in the fall. Construction is expected to create approximately 2,000 skilled jobs at the peak of a four-year process and inject more than \$560 million into the economy during development. Prairie State will create more than 450 permanent jobs and inject nearly \$100 million in economic benefits into the regional economy each year.

- continued on page 4

Inside

- page 2 - ISC Power Factor Project prevents problems for Spiceland
- page 3 - IMPA members recognized at APPA National Conference
- page 3 - State Legislative News

Project puts power back in Spiceland's hands

Power factor analysis helps Town avoid penalties and problems

The summer of 2005 had its share of trials for Spiceland Municipal Utilities. The community's largest customer, Draper Manufacturing, was experiencing numerous issues with its electric feed, blowing 200 AMP fuses on a frequent basis due to overload. Not wanting to inconvenience their largest customer and looking for help on how to resolve the overload problem, Spiceland contacted ISC, the municipal engineering arm of the Indiana Municipal Power Agency.


Kerry Vincent, General Manager of ISC, stepped in to assist Jeff Lane, Utilities Superintendent, and Joe McIntosh, Line Foreman, in fixing the issue. "After doing some initial current checks, we discovered that one phase of the three-phase service was overloaded," commented Kerry. "In addition, using thermography we were able to determine that the overloaded phase had excessive heat at the fuse cut-out connections in comparison to the remaining two phases. Joe replaced the cut-out and installed fuses with minimum melt characteristics more favorable to the load. The new cut-out eliminated the hot-spot, allowing the fuse to operate cooler and carry the load. However, this was only a temporary fix. We needed to determine the make-up of the customer's load to see if current could be reduced."

After discussing the matter with Jeff and Joe further, ISC determined that at the core of Spiceland's

problems was its power factor. The utility had a monthly power factor of only 90 percent, eight percent below the expectation set by Cinergy, their wholesale power provider at that time. The low power factor was increasing current on the system and overloading fuses at Draper's three-phase service connection. In addition, Spiceland was suffering financially for the low power factor, to the tune of over \$10,000 a year in fees.


ISC generated an analysis of Spiceland's system and determined that the best solution to the utility's issues was to add two capacitor banks: one to be placed on the circuit feeding Draper Manufacturing and one to be placed elsewhere on Spiceland's distribution system. The capacitors would fix both problems Spiceland was experiencing by reducing the current flowing through the fuses while improving Draper's and the system's power factor. The capacitors were installed in early 2006. Thus far, Spiceland has not experienced any additional problems with fusing and is seeing improvement in its power factor.

While the investment in the capacitors was at first daunting, Spiceland is happy with the decision it made to follow the recommendations of ISC. "Our power factor issues have been greatly reduced since installing the capacitors," commented Jeff. "With the money we saved in penalties, we were able to pay back our investment in less than 12 months. It was a win-win situation – our utility is saving money and we were able to help our largest customer."

If you are interested in learning more about power factor analysis or other services offered by ISC, please contact Kerry Vincent at (317) 573-9955 or kerry@impa.com. 

Staff Announcements

IMPA is pleased to announce the promotions of Dotun Famakinwa and Frank Smardo. Dotun now holds the position of Senior Generation Engineer. He joined the Agency in 2005 as Project Engineer and was previously employed with Black and Veatch. Dotun is a licensed Professional Engineer and graduated from the University of Kansas with an M. S. in Engineering Management.

Frank Smardo has been named Vice President of Market Operations for IMPA. He joined the Agency in 2001 as Planning Engineer and is a graduate of Purdue University with a Masters Degree in Industrial Engineering. 



Dotun Famakinwa



Frank Smardo

Davis, Peru Utilities recognized at APPA National Conference

Davis also named to APPA Board of Directors

Peru Utilities and Mel Davis, Superintendent of Lawrenceburg Municipal Utilities, were recognized for outstanding accomplishments in the public power industry at the 2007 APPA National Convention in San Antonio, Texas.

Mel Davis received the Harold Kramer-John Preston Personal Service Award, which recognizes service to APPA through substantial contributions toward association goals. In addition, Davis was named to APPA's Board of Directors. He takes over the regional position previously occupied by Dave Osburn, who left Indiana earlier this year to become Director of Operations for the Oklahoma Municipal Power Authority. Davis has been an active supporter of APPA for more than 17 years, working with the Engineering and Operations Section, the Legislative and Resolutions Committee and APPA National Conferences, as well as participating in PowerPAC. He also played a role in developing APPA's Reliable Public Power Provider (RP3) program and has contributed to the Association's Public Power Lineworkers' Rodeo.

Peru Utilities was selected as a recipient of the E. F. Scattergood System Achievement Award. The Award recognizes APPA member utilities with outstanding achievements.



*Mel Davis
Superintendent
Lawrenceburg
Municipal Utilities*

Throughout its operations history, Peru Utilities has served as a model of efficiency and reliability in the public power community.

In recent years, the utility has completed a Power Plant Apprenticeship program, enhanced power system

data communication through a fiber optic communications network, and upgraded its customer information system.

Congratulations to Peru Utilities and to Mel Davis of Lawrenceburg! *W*

State Legislative News

With the 2007 legislative session complete, the activities of the Indiana General Assembly's summer interim study committees take precedence. The Legislative Council, which is the governing arm of the General Assembly when the legislature is not in session, announced the formation of the 2007 summer study committees and assigned the topics the committees are investigating.

Some of the interim topics approved by the Legislative Council include: 1) a review of the death penalty for the mentally ill; 2) confined animal feeding operations (CAFOs); 3) vehicle crashes involving commercial motor vehicles; 4) various annexation issues; 5) current laws and regulations concerning surrogacy agreements and births; 6) juvenile education within the Department of Correction; 7) evaluation of economic development incentives that have been enacted since 2001; 8) Marion County reorganization; and 9) various options for funding technology for local governments.

The Regulatory Flexibility Committee, which typically handles utility-related matters, is charged this year with studying options for funding, upgrading and coordinating Indiana's Emergency Alert System, and taking a look at revising the enhanced wireless 911 system to include Internet-protocol enabled services and other emerging technologies. This committee may also look at other energy-related issues throughout the summer months.

If you have any questions regarding the summer interim study committees or other legislative matters, please contact Carolyn Wright, Vice President of Government and Member Services for IMPA, at (317) 575-3873 or cwright@impa.com. *W*



Project Watch

- continued from page 1

Trimble County Unit 2 (TC2) - Construction continues on schedule for this generation project. Bechtel Power Corporation, the contractor, is nearing completion of the new cooling tower to be used for TC2 and its associated underground circulating water piping. The contractor is continuing work in the boiler and steam turbine-generator areas. Foundation work is underway for the air quality control system components and the induced draft fans. *no*

President's Message

- continued from page 1

30 years, resulting in lower annual debt payments and accordingly lower rates to IMPA members. Under either scenario, 2032 or 2042, Prairie State is a project that will bring the lowest rates available to IMPA members in the future. By extending Member contracts by 10 years, however, IMPA can ensure even lower rates to the customers served by our member communities. *no*

Customer Service program provides invaluable information

IMPA's Customer Service Program aims to provide customer service professionals with opportunities to network, inform, educate and partner with the 72 municipal electric utilities throughout Indiana to improve the services we provide and communities we serve. Through discussion forums, events, publications and other means of inter-utility communications, personnel are able to share with others who have the same problems and concerns.

If you would like to be added to the Customer Service Program distribution list to receive electronic communications and event information, please contact Niki Dick, Manager of Marketing Communications for IMPA, at (317) 575-3371 or niki@impa.com. *no*

Printed on recycled stock



www.impa.com

niki@impa.com

(317) 573-9955

Carmel, IN 46032

11610 N. College Ave.

Indiana Municipal Power Agency

Niki Dick - IMPA Wire

Send submissions and suggestions to:

Raj G. Rao, President

Chairman

Mayor William H. Graham,

The IMPA Wire is published by the
Indiana Municipal Power Agency

11610 N. College Ave.
Carmel, Indiana 46032

