



President's Message

Going, going...

—by Raj G. Rao

History was made in the United States in June – the average retail price of gasoline topped \$4.00 a gallon. While this was likely not the type of history most Americans wanted to see, it is a stark reminder of the increasing financial strain being placed upon consumers with little relief in site.

The trend of increased prices is a phenomenon affecting all facets of life – from transportation, to groceries, to utilities. Rising fuel prices extend beyond gasoline to the fossil fuels used by electric generators to produce electricity. Since June of 2005, the average spot price of coal in the United States has risen from approximately \$38 per short ton to nearly \$100 in June of 2008. That is a 260% increase just in the cost of coal in a relatively short period of time. Natural gas, another primary fuel used in the production of electricity, has risen from over \$6 per mmBtu to \$12 in that same time period, a 100% increase. While IMPA's resource portfolio is quite diverse, a large portion of energy generated by the Agency is fueled by coal and natural gas. Fuel accounts for almost 50% of the total cost of electricity production, significantly impacting electric rates.

Another factor contributing to

- continued on page 4

Coupons bring new light to member communities

Residents of IMPA's member communities will soon have an excuse to go shopping. The Agency has partnered with General Electric to distribute coupons for compact fluorescent lightbulbs (CFLs) to all of its cities and towns.

Valid for \$1 off, the coupons will be distributed to all member communities by the end of June. They can be redeemed wherever GE CFLs are sold and are good on any single or combination package of lightbulbs.

While CFLs are more expensive to purchase than incandescent lightbulbs, the energy saving benefits of the bulbs outweigh the initial cost factor. CFLs use up to 75% less energy and last up to 10 times longer than incandescents.

The U. S. government's Energy Star program estimates that if every home in the U. S. replaced one light bulb with a CFL, we would save enough energy to light more than 3 million homes for a year, more than \$600 million in annual energy costs and prevent greenhouse gases

- continued on page 2



Inside

page 2 - IMPA Project Watch

page 3 - State Legislative Update

page 3 - IMPA Staff Announcement

Project Watch

Prairie State Energy Campus

The engineering, procurement, and construction contractor, Bechtel Power Corp. , continues to mitigate the impact of heavy rains received in March and April. Construction activities remain focused on site excavation, underground activities and foundation work for the boiler structures, the turbines, and the chimney. Equipment orders continue to be made and subcontracts put into place. In addition, more boiler parts and other equipment continue to arrive at the site. In early June, most of the Prairie State Construction Management team moved into new construction trailers on the project site.

At the mine site, Prairie State has started earthwork and fencing activities. Contracts for the construction of the mine shaft and procurement of the coal handling equipment will be awarded soon.



This May 2008 aerial photo of Prairie State shows the ongoing foundation work currently being performed at the site for Units 1 and 2.



Bechtel has installed the first of two heavy trusses at Trimble County Unit 2.

Trimble County Unit 2

The engineering, procurement, and construction contractor, Bechtel Power Corp. , continues work on construction activities at the Trimble County project site. The contractor is still erecting the top tier boiler structural steel and has installed the first of two main heavy trusses. Work also continues on the air quality control system, condenser assembly and pulverizer assembly.

Over the next month the contractor will focus on boiler structural steel and truss erection, installation of the condenser under the turbine pedestal and refurbishment of the existing cooling tower. *✎*

Coupons

- continued from page 1

equivalent to the emissions of more than 800,000 cars.

The coupons are part of IMPA's overall program to assist its members in promoting energy efficiency and conservation in their communities. The Agency has also supplied digital light comparators to each member community demonstrating the energy usage of incandescent lightbulbs in comparison to CFLs. Members can use the comparators to help advise their customers on the benefits of switching to energy efficient lighting. IMPA has also provided CFL recycling buckets to each member community to encourage safe disposal of compact fluorescent bulbs. *✎*

On the State Legislative Scene

- by Carolyn Wright, Vice President of Government and Member Services, IMPA

The summer of 2008 has been quiet on the state legislative front. The Legislative Council, which is the governing arm of the legislature when the Indiana General Assembly is out of session, met in late May and determined the Interim Study Committees and the topics those committees will be examining. Additionally, the Legislative Council has assigned various topics to the existing statutory committees and commissions. These committees will meet throughout the remainder of the summer months and will then make recommendations to legislators for the next legislative session, which begins in January 2009.


While the summer study committees will be discussing important policy issues, most of the focus this summer and into the fall is on the November General Election. In Indiana this fall, we are electing a President, nine members of Congress, a Governor, all 100 members of the Indiana House of Representatives and 25 of Indiana's 50 State Senators. This is undoubtedly the most dynamic election season that the Hoosier State has seen in many years!

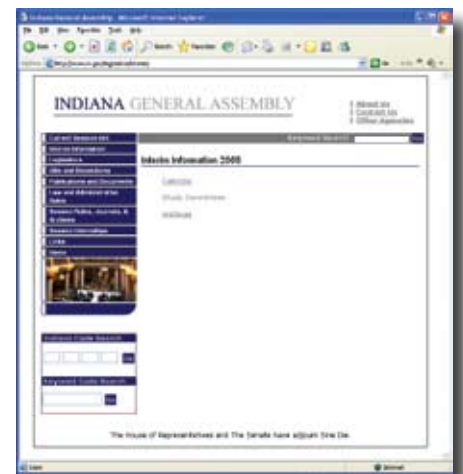
In matters relating to utilities, the Regulatory Flexibility Study Committee (Reg Flex), which traditionally looks at issues relating to telecommunications and all utility industries, has not yet met. When they do meet, the Committee will look at certain issues related to human service information, as well as the appropriate mechanisms for funding both wireline and wireless enhanced 911 emergency telephone systems in Indiana. Additionally, Reg Flex will look at the potential regulation of wind power.

In other matters related to the electric utility industry, the Environmental Quality Service Council is going to look at whether state law should require or encourage through incentives the construction and renovation of public buildings and structures with the goal of achieving certain energy and environmental design ratings. This is the issue of green building certification that was discussed during the last legislative session. The General Assembly decided

that this issue needed to be studied in detail in an effort to develop an appropriate policy.

Many other issues will be addressed throughout the summer months. Combine the summer legislative activities with the politics of the fall election, and it is clear that the stage is being set for a very challenging legislative session in January. Stay tuned!

If you would like information on any of the interim study committees or commissions, or if you have questions in general, please contact Carolyn Wright, Vice President of Government and Member Services for IMPA at (317) 575-3873 or cwright@impa.com. Also, go to www.in.gov/legislative/interim/ for additional information relating to the interim activities of the General Assembly. 

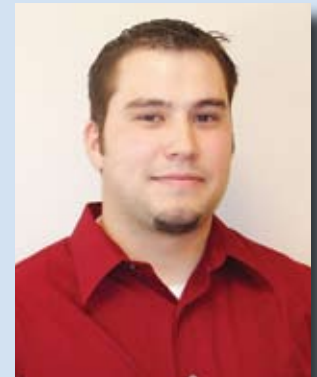


The Indiana General Assembly website provides additional information on the interim activities of the General Assembly.

IMPA Staff Announcement

IMPA is pleased to welcome Phillip Lopresto to its staff.

Phil joins the Agency as a distribution engineer working with the ISC staff. He is a recent graduate of the University of Akron and holds a B. S. in Electrical Engineering. 




President's Message

- continued from page 1

rising electric costs is the implementation of environmental controls at generation plants. IMPA has invested more than \$80 million in environmental controls and improvements to the Agency's generating systems. While necessary contributions to protect the future security of the planet, the environmental improvements have certainly contributed to the Agency's increased operating costs and overall price of electricity. Possible future legislation related to global warming will also have a significant impact on Midwest electric rates, as well.

A final factor that will affect IMPA's future costs for electricity are rising raw material costs for the Agency's construction of Trimble County Unit 2 and the Prairie State Energy Campus. Just as consumers are feeling the pinch of rising prices at the supermarket, construction companies are facing rising material, transportation and labor costs. All of these factors contribute to the rising price of construction projects, driving the costs even higher than we anticipated previously.

While all of these increases are resulting in higher energy costs to member utilities, IMPA's rates will remain competitive and some of the lowest in the state of Indiana. The Agency's diverse resource portfolio helps to ensure that we are not entirely subject to the rise and fall of any specific fuel, and our long-term planning will help keep costs down in the long-run. When our generation projects come online in 2010 and 2011, the Agency anticipates they will produce some of the lowest-priced electricity in the Midwest. While we must face the fact that electric prices are rising, it is comforting to know that we are well-positioned to protect ourselves and our customers in the future. 

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