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Free energy audits offer advice to lower the cost of doing business

In the midst of economic uncertainty, businesses are looking for new ways to reduce their expenses that won't reduce the level of service they provide their customers. One cost-cutting measure is to improve energy efficiency, which can reduce monthly energy bills by as much as half.

For most businesses, simply turning off the lights in empty rooms is just a start. The next step is to schedule an energy audit, which will identify where energy is not being used wisely, then make conservation recommendations. A Commercial Energy Audit is available for free to many commercial clients, specifically, LG&E Large Commercial and General Service Rate clients, and KU General Service Rate clients. Scott Cooke, Manager of Demand Side Management for LG&E, says, "This service can reduce our clients' energy costs while allowing them to maintain the quality of light and comfort they currently enjoy."

A thorough energy audit takes about two hours to perform and looks at lighting, heating, ventilation and air conditioning systems. The auditor will check the seals on windows and doors and analyze the gas and electric usage of a business over the last year. Results come back within two weeks, and in many cases, lighting turns out to be the biggest energy drain, says Shirley Campbell, Program Manager at LG&E.

"In many buildings, the lights

have the biggest impact on the energy bill. One simple way to reduce costs would be using sensors that turn off the lights when rooms are empty," according to Campbell. Another suggestion includes a lighting program that uses high-efficiency bulbs (or "lamps"), which use less power and may reduce the number of fixtures needed, without having a noticeable effect on the lighting of a business.

Other building improvements or modifications include energy controls that lower the thermostat setting when the building is unoccupied; adding insulation and

(please turn to page 2)



LG&E Energy's economic development department looks for—and finds—the secrets to keeping customers happy

A few years back, a radio commercial for a hotel chain promised, "We'll keep the light on for you." That's exactly the kind of promise made by Alan McGinnis and his team in LG&E Energy's Major Accounts & Economic Development department, which provides energy services to



Alan McGinnis

industrial and commercial clients throughout Kentucky.

Obviously, industries that expand their operations experience an increase in their energy usage, and McGinnis' team makes sure those

businesses receive the power to keep them running smoothly. "We have developed industry-specific modules that allow us to provide our clients with better customer service," says McGinnis. "When we find a product or service of value to clients—like power factor correction—we can apply it to other businesses in similar industries."

McGinnis and his representatives provide services to a wide range of industries in Kentucky, including:

- Chemical plants
- Food processors and distilleries
- Electronics companies
- Metals and plastics plants
- Mining companies
- Transportation providers

(please turn to page 3)

Virginia energy deregulation to develop in stages

ODP customers won't be affected in '02

Beginning in January, many Virginians are now able to choose the company that provides their gas and electricity, as the state begins deregulating its energy industry. Clients served by Old Dominion Power, however, may not see these changes for a year or two.

ODP clients won't be affected in 2002 because the deregulation program in Virginia is being

gradually rolled out across the state by order of the Virginia State Corporation Commission. The areas served by ODP won't be affected until as late as 2004, and clients will continue to receive electricity from ODP during that time.

ODP will provide complete details about deregulation and the choices available, including various rates offered by providers, long before clients are asked to choose a provider. Meanwhile, as the

competitive energy market is being developed, electric rates throughout the state will be capped until July 1, 2007. After that date, the price charged for power will be determined by individual suppliers.

More information about the deregulation process is available from the Virginia State Corporation Commission. Details can be found online at www.yesvachoice.com or by phone. The toll-free number is 1-877-937-2004.

Free energy audits help cut costs

(continued from page 1)

improved weather-stripping; replacing doors and installing LED exit signs.

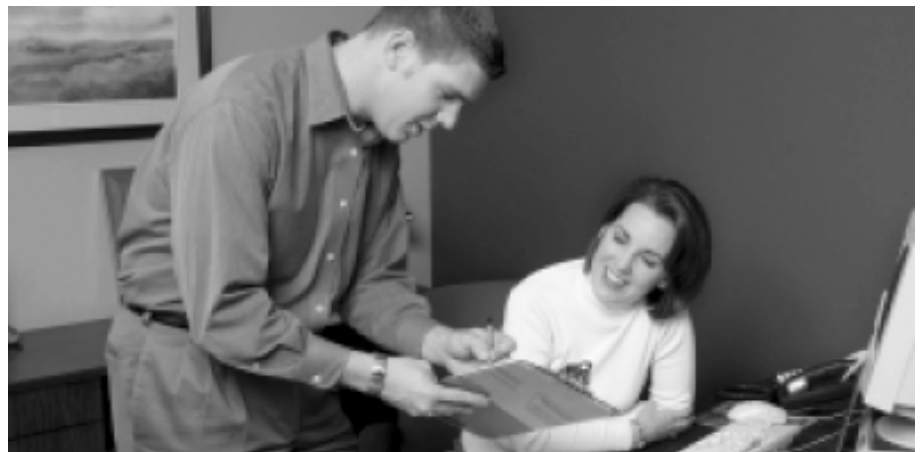
Fast food restaurants, banks, funeral homes, churches and office buildings have used the free audits, which include recommendations tailored to the specific needs of a business. That's the key, says Campbell. "We don't tell a high-traffic restaurant to lower its thermostat in the winter. Restaurants need to keep their patrons comfortable. So we make other suggestions. You really have to look at your client and make the determination from there."

Once the recommendations are made, clients are not required to act on the suggestions. Business owners can hire a contractor to make the changes they want. Details about financing are available from the utility, and in many cases, energy savings are guaranteed to outweigh the costs of the improvements. Scott Cooke explains, "In some cases you may see a return on your investment in six months, in others it may take three years. It depends on the application."

Unlike many budget cuts, such as layoffs and purchasing cutbacks, energy audits can help businesses find ways to cut costs without compromising customer service. And they're an effective tool for helping utilities reach out to their clients. "When you buy something, you only

want to buy what you need," says Cooke. "The businesses that are purchasing electricity from us shouldn't spend more than they need to. We want them to be happy with us."

To learn more about free energy audits, return the attached business reply card or call (502) 893-0256.



Increasing load: UPS expansion requires lots of energy

Imagine the logistics of making a mountain out of a molehill. That's the kind of challenge faced by facility engineers like Dave Schwickhardt at UPS, who is helping to upgrade and streamline the sorting operations at Louisville International Airport. "We're going from 3,000 to 31,000 conveyor motors," Schwickhardt says. The upgrade will automate most of the sorting process.

When complete in 2003, the UPS construction will double the size of its former facility, bringing it to four million square feet and improving UPS' package processing capabilities. UPS says the expansion will also help create up to 6,000 new jobs.

Adding thousands of motors is just one segment of UPS' huge Hub 2000 project, which was begun in 1998. The added automation means the company's electrical load would increase considerably. UPS engineers worked closely with LG&E

representatives to assure the company would receive the reliable power it will need to run 31,000 conveyor motors.

"Our expertise is shipping packages door-to-door," Schwickhardt said. "We relied heavily upon LG&E to co-develop a safe, reliable power distribution system at the lowest possible cost."

Helping Kentucky businesses receive the energy service and resources they need to be profitable is the role of LG&E's Major Accounts & Economic Development department, led by Alan McGinnis.

"Their dedication to service and

to providing us with reliable energy sources has helped create a great working relationship over the years," said Schwickhardt.

The men and women who continue to sort packages at UPS will appreciate the assistance of the automated sorters, which are designed to enhance the accuracy of the sorting process and reduce the chance of packages being damaged. "This will be a much more ergonomically correct building than in the past. The system computer will read a bar code, take a photo of it and then source it to the right destination. You could say we're taking the "back" out of the work," explains Schwickhardt.



Economic development department keeps customers happy

(continued from page 1)

- Hospitals, universities and public schools

The department also includes national account representatives who provide services to many chain companies in Kentucky, such as Kroger, Auto Zone, Captain D's and Dollar General Stores.

"There's another side to the job,"

said McGinnis. "Equally important to continued growth is the attraction of new customers." His department is instrumental in helping the Commonwealth bring large companies to Kentucky. "We partner with the State to call on industries outside Kentucky, as well as site consultants who are doing the legwork for companies looking for

a new site. We call on consultants at least once a year in New York, Atlanta, Dallas and Chicago."

While McGinnis can't mention specific businesses that state leaders are trying to attract to Kentucky, he does say that his staff is involved in several potential projects in towns and cities around the state.



Energy Partners is published quarterly by the Marketing Department of LG&E Energy. The purpose of this publication is to inform the commercial clients of LG&E and 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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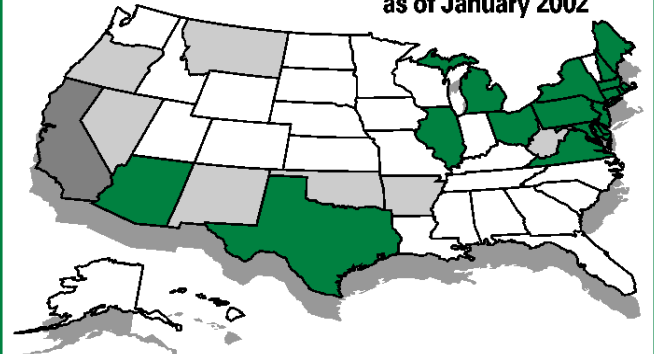
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Status of State Electric Industry Restructuring Activity

as of January 2002



- Restructuring Active
- Restructuring Suspended
- Restructuring Delayed
- Restructuring Not Active

Source: Energy Information Administration

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