

Energy Partners



Energy Partners is published by the Marketing Department of E.ON U.S. 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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Get paid—more—for helping the environment

Nearly 80,000 residential customers are enrolled in the Demand Conservation program and getting paid to help the environment. Commercial businesses can also participate and get paid much more!

Most KU customers know about the Demand Conservation program—the program that pays you to help the environment—yet, fewer customers are aware that commercial businesses are typically paid much more for participating. For example, an apartment owner was presented with a check for more than \$20,000 last summer for including his apartment units in the program. His tenants also received payments (June through September) for being part of the conservation effort.

NOTE—You must be on KU's Residential Service (RS) rate or General Service (GS) rate to participate in the Demand Conservation program. (Most KU business customers are on the GS rate.)

Getting paid for free is usually too good to believe. Here is a quick explanation of what is required, and why this is a win-win-win opportunity for you, KU and the environment.

When you join Demand Conservation, a remote-control switch is attached to your central air-conditioning compressor. On peak summer days, to avoid using gas-powered “peak generators” as much as possible, KU will select groups of compressors to be cycled-off for a few minutes. If

your thermostat is calling for cooling at the time that your compressor is cycled off, your indoor fans continue to circulate your cooled air. This is why most Demand Conservation customers notice no change in temperature or comfort.

As a result of using these switches, more than 90 megawatts of gas-powered summer generation is currently being avoided. This is a major contribution to controlling the cost of natural gas while avoiding the cost of building a “peak generator,” and while reducing the environmental impact of burning extra natural gas for summer energy. We can therefore afford to pay for your participation and still achieve savings.

How do businesses get paid more than homes for participating? Can I quit if I don't like it?

Residential home owners are paid \$5 per summer month (per compressor) for participating in Demand Conservation. Because commercial air-conditioning compressors are typically larger than residential units, their “conservation time”

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How do fuel costs compare?

The rising costs of gasoline, oil and natural gas have hit every house and business in the wallet. Because the costs of fossil fuels are impacted by such a wide range of changing events—such as hurricanes, conflict in the Middle East, and the increased use of natural gas to generate electricity—costs fluctuate constantly, and it has become more difficult to determine which fuels are the most efficient for various uses. At KU, we are increasingly asked the following question: What is the cheapest type of heat? Gas or electric?

Of course, this question never has a simple answer. When talking about the cost of space heating (in other words, the operating cost of a furnace), it depends on the efficiency rating of the furnace. Here is a two-step method for comparing fuel costs, specifically comparing the costs of fuels (for space heating) at the time this article is written.

Step 1—Express fuel costs in the same terms of measurement (such as BTU)**

	Electricity*	Natural Gas*	Fuel Oil*	Propane*
Price per utility unit	\$0.05 per kilowatt hour	\$1.47 per 100 cubic feet	\$2.20 per gallon	\$2.06 per gallon
Price per million BTU**	\$14.64	\$14.38	\$15.72	\$22.67

*Prices as of 1/26/2006 for KU electricity; LG&E natural gas; Kentucky average fuel oil; and Kentucky average propane.
 **All prices per unit are converted to prices per British Thermal Unit (BTU) measurements of heat, so that prices can be directly compared.

Step 2—Apply efficiency ratings of heating equipment to costs in the same terms of measurement.

	Electric				Natural Gas		Fuel Oil		Propane	
	Baseboard	Conventional Heat Pump	High-Efficiency Heat Pump	Geothermal Heat Pump	Conventional Furnace	High-Efficiency Furnace	Conventional Furnace	High-Efficiency Furnace	Conventional Furnace	High-Efficiency Furnace
Assumed Rate of Efficiency	100%	180%	220%	300%	78%	93%	80%	85%	78%	93%
Cost per million BTU	\$14.64	\$8.13	\$6.65	\$4.88	\$18.44	\$15.46	\$19.65	\$18.50	\$29.06	\$24.38

How to compare fuel costs

As you can see in these comparison charts, the first step in comparing costs of fuel is to convert fuel costs to the same units of measurement—usually one million British Thermal Units (1,000,000 BTU). These costs cannot yet be fairly compared, however, because the heating equipment has not been factored. For example, natural gas appears less expensive than electricity when comparing \$14.38 to \$14.64 in the top chart, but look what happens when efficiencies of furnaces are considered in the second chart. When furnace efficiencies are applied (second chart), fuel costs can be compared. The recent increases in costs of fossil fuels have made electric heat more cost-efficient by comparison.

Join the Demand Conservation Program

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(the time that they can be briefly cycled-off during the summer) is worth more to KU and the environment. Commercial businesses (and especially real estate/apartment developers) may also have more compressors than a home, and the program pays per compressor.

Demand Conservation is a no-risk program. You can quit any time for any reason, although you will be paid only for those summer months in which you allow KU to

cycle your compressors.

Determining your payments will require a calculation, and you must be within range of our paging network to qualify. Call us today to find out what your participation is worth, or just send in the attached reply card. A Demand Conservation representative will be in touch with you immediately.

Call 1-866-857-2665 (ext. 540) for more information today, or just mail the attached reply card.

