

COMMERCIAL UTILITY CONSULTANTS

In Business and Saving Clients Money Since 1975



ELECTRIC & GAS DEREGULATION PROCESS

CUC has been in business and finding savings as well as securing refunds for thousands of clients on utility bills since 1975. We have positioned ourselves in the deregulated market place to be able to offer our clients an array of different options. Because of our long history in this business, we have had the ability to hand select the Electric and Gas Suppliers with whom we partner. All the suppliers in our channel have a strong financial backing. When suppliers compete for your business, you win!

We ask that you sign a letter of authorization that allows CUC to contact the Local Distribution Company (LDC) directly to request historical billing information on each of your utility accounts.

Once we obtain the data from the LDC, we create a summary data spread sheet for each account. This eliminates the time/resources that suppliers would otherwise spend which in turn helps them reduce their margin when pricing your account(s).

After reviewing the data and discussing with you, we will write a customized RFP for your company. There are various options when requesting pricing from Suppliers. We may recommend a customized block/index price based on your interval data or a fixed price for 12, 24, or 36 months. There are many other customized scenarios that will be determined once the data is reviewed.

Sample Client

Request Interval Data

Current Capacity PLC	Start Date	End Date	NSPL (kW)	Start Date	End Date
1028.6	6/1/09	5/31/10	930.75	1/1/10	12/31/10

Pending Capacity PLC (kW)	Start Date	End Date
961.33	6/1/10	5/31/11

Rate Code	Rate Class	Strata	Start Date	End Date	Usage (kWh)	Demand (kW)
EHT	HT	56	12/4/09	1/9/10	477661	963.26
EHT	HT	56	11/5/09	12/4/09	454094	937.34
EHT	HT	56	10/7/09	11/5/09	445754	922.94
EHT	HT	56	9/5/09	10/7/09	464244	897.02
EHT	HT	56	8/7/09	9/5/09	483208	1000.7
EHT	HT	56	7/9/09	8/7/09	485725	1021.06
EHT	HT	56	6/9/09	7/9/09	539483	1088.54
EHT	HT	56	5/8/09	6/9/09	485199	917.18
EHT	HT	56	4/9/09	5/8/09	474742	1035.26
EHT	HT	56	3/11/09	4/9/09	476416	1134.62
EHT	HT	56	2/10/09	3/11/09	460749	983.42
EHT	HT	56	1/9/09	2/10/09	482011	889.82

The graph above is an example of the summary data CUC will gather and present to all Electric Generation Suppliers in the customized RFP.

After the RFP is completed, we will send it to our network of highly competitive EGSs to bid on your specific usage using our proprietary auction platform. All Suppliers know that they are bidding on the same account. This type of auction platform makes the bidding very competitive. Suppliers know that they must sharpen their pencils and price aggressively if they want to win the business. This is the first round of indicative pricing.

When the Suppliers submit their indicative pricing, an assigned Account Executive from CUC gathers the prices and creates a Supplier Quote Comparison. All Suppliers quote differently. Charges such as Gross Receipt Tax, Line Losses, and other Ancillary charges may be added to the price quoted by a Supplier. When you are presented the Supplier Quote Comparison you will see all inclusive quotes that are apples to apples. The prices listed are the prices that you would be billed. **NO HIDDEN CHARGES!** The Supplier Quote Comparison will show not only the Supplier prices but also how they compare to the LDCs default price and what your projected savings will be based on your annual KWH usage.

“Regarding the rate analysis, we are pleased to learn that this recommendation will save Kennedy House over \$18,000 over the next 8 months with absolutely no cost involved. Regarding deregulation and the electric generation supplier, the board was impressed with the estimate of 15% savings on electric in 2011. I want to thank you again for your quick and expert advice. You’ve been helping us save money for years and years.”

-Jim Giblin, G.M.
Kennedy House, Inc.



- ◆ After we review the Supplier Quote Comparison with you, we will begin our next auction process. This process consists of narrowing down to the top three suppliers. We will send you blank contracts for your review during this time. We will also agree on a date to run our final executable auction. During this time, the top suppliers will submit their final price. The timing in this process is very important. Most Supplier prices are only good until 5pm. CUC will work with you on scheduling the results so that when the bidding is complete you will be ready to contract with the winning supplier.
- ◆ Once the winning Supplier price is selected, we will use our proprietary software and input the Supplier price into a Budget Projection for the following calendar year. We will base the projection on your last 12 months of usage and compare it to what you paid for that period the previous year.
- ◆ CUC will continue to monitor the deregulated energy marketplace and inform you of any additional opportunities that may present themselves.

WHEN SUPPLIERS COMPETE...

YOU WIN!

ELECTRIC SUPPLIER CHOICE PRIMER

Commercial Utility Consultants (CUC) is pleased to provide you with a “deregulation primer” to assist you in understanding electric customer choice and how it will affect utility costs for your facilities. Although many of the items here are specific to electric deregulation being implemented in Pennsylvania, most items are applicable to activities underway in other states as well.

Electric Distribution Company (EDC)

Also referred to as the “Poles & Wires” company, this is a subsidiary of your traditional electric utility having connected to your building. They are responsible for basic **delivery** of electric power to your facility, plus line maintenance, service restoration, meter reading, service upgrades, connection/disconnection etc.

Electric Generation Supplier (EGS)

Also referred to as the alternate supplier, the EGS provides **generation** (capacity and energy) and (in most cases) **transmission** service to the EDC’s system for delivery to your facility. An EGS can be a broker, marketer, aggregator or generator. EGS customer charges are not regulated, as they would be if the service was provided by the EDC. Many EGS companies are unregulated subsidiaries of utility holding companies that also have EDC subsidiaries. The EGS must be licensed by the PA Public Utility Commission (PUC) to do business in the State of Pennsylvania; however, the EGS *prices* and individual *contracts* with customers are not subject to regulatory approval as they would be with an EDC.

Unbundling of Electric Services

The PA deregulation legislation required electric utilities to “unbundle” their charges into four component charges – distribution, transition, generation and transmission. A full service (PLR) customer of an EDC receives all four charges on their EDC bill

Billing Cycle

This refers to the period extending from one meter reading to the next. Typically one month in length, most utilities consider a standard billing cycle to be a range of days, such as 26-35 days

Tariff Rates

These are the electric rates charged by the EDC that are regulated by the PA Public Utility Commission.

One-bill Option

The EDC will include EGS charges on their bill if the customer wishes and the EGS provides for this capability. With the one-bill option, EGS charges will appear in a separate section on the EDC bill and in most cases the name of the alternate supplier will be referenced.

Two-bill Option

For each utility service, if an alternate generation supplier is selected, two bills will be rendered. One bill will be from the EDC for distribution and transition charges; another bill will be rendered by the EGS for generation and transmission charges.

Date of Supply

This refers to the meter reading date when the EGS begins supply of their service. Due to startup problems associated with data transfer between EGS and EDC companies, many delays in service have been experienced, and the expected date of supply may not have been met.

Electric Commodity Price

Electricity is now considered a commodity similar to natural gas, and as such is subject to market forces at the retail level. Alternate suppliers keep a keen eye on the commodity price of electricity since weather and power plant availability may have a significant effect on market prices. Price quotes for generation service in an unregulated market will change routinely. There are many factors that need to be considered when choosing a supplier for electricity. We welcome the opportunity to assist you with this effort.

CUC will be publishing periodic updates on the future of rates as the proposed rate structures are finalized and approved by the PUC. Should you or someone else in your organization be interested in receiving these updates via email, please email updates@commercialutility.com and the selected email address will be added to our distribution list.