

MGE Talks Business

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Energy Trends

Planning means big energy savings for Madison Metropolitan School District

Standard business advice is to set a plan and work it. Madison Metropolitan School District (MMSD) is an incredible example of the benefits that can result from following this advice. Doug Pearson, Director - Building Services, established his plan to save energy in Madison schools almost seven years ago. Today, the school district's annual energy savings are more than \$500,000, and Doug is pushing for more.

How does he keep the savings coming? "Saving energy is a priority for MMSD so we don't let it get lost in the many day-to-day projects that come up for us. I make sure the right tools and equipment get put

into place. If our people have the support, the savings will come."

Part of the support involves training. With help from MGE, Doug offered his staff Building Operator certification this summer. The program helps employees improve energy efficiency in commercial buildings and establish preventative maintenance practices that reduce energy costs.



The Madison Metropolitan School District's Doug Pearson established a plan to save energy in area schools that's reaping big rewards.

"Also important is getting the buy-in from the people who are in the school everyday. We now have a program in place that lets each school keep half of the energy savings they achieve for their building. They can use the savings for other items in their budget. It's a real incentive to be on the lookout for savings opportunities."

To learn more about how to save energy in your business, contact an MGE account manager at 252-7007.

Energy use, account data available at mge.com

MGE customers have online access to their energy use and consumption history data. Log in by clicking on the "My Account" button on the mge.com home page.

You can bring up your account data 24 hours a day, seven days a week. And, most importantly, the data can only be accessed by the customer who has the account and their MGE account manager.

To make sure your data is meaningful, there are graphs comparing energy data by calendar year. You can download the data for record-keeping needs. Export options make it easy to use this data in a database or a Microsoft Excel spreadsheet.

For more information, visit mge.com or contact an MGE account manager.

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Hot Topics

New projects help meet future power needs



Crews installed a new gas line in the Mount Horeb area to meet energy needs in the expanding communities in western Dane County.

Madison is one of the fastest-growing areas in Wisconsin. In 2003, nearly \$522 million was spent on commercial and industrial construction projects in Dane County, up 13.5% from 2002. In the last four years, the county has been No. 1 in the state for new home starts.

Providing a reliable energy supply to meet the needs of our vibrant area requires responsible planning. We continue to work hard to control costs and operate efficiently, particularly during this time of building infrastructure.

To meet our customers' needs, MGE is moving ahead on projects to both generate and distribute energy:

- We signed a 20-year power purchase agreement for 40 megawatts of renewable energy from a new wind farm proposed for the Waupun area. This will be enough clean wind energy to power 14,000 homes annually.

- Construction is progressing on the West Campus Cogeneration Facility that will produce 150 megawatts of electricity for MGE customers and steam heat and chilled water air-conditioning for the expanding UW-Madison campus. This efficient, natural gas-fired plant will use the residual thermal energy wasted in standard electrical power plants.

- MGE bolstered key points in its gas distribution system this year to meet growing demands. Projects ranged from western Dane County to Madison's east side where there has been significant residential growth.

- Substations help deliver electricity to homes and smaller businesses at appropriate voltages. The new Tokay Sub-

station on Madison's west side came on-line earlier this year. MGE is also adding to the Blount Substation to meet ever-increasing power needs in the downtown area.

Winter Set-Price offers a stable natural gas price

Interested in the security of a stable gas price for the winter? Winter Set-Price is an optional service for small- (GSD-1) and medium-volume (GSD-2) business customers.

Sign up for this limited-availability service by Oct. 22, 2004. It applies to the firm gas supply portion of your bill, not the distribution costs.

Set-price locks in your price from Nov. 1, 2004, until March 31, 2005. During these months, natural gas prices can change dramatically. The stable price can be offered because we contract for 100% of the gas in this service in advance of winter. If you select this service, you may pay more or less for gas than if you chose the standard MGE gas service.

The amount of money MGE makes is not affected by whether you choose the Winter Set-Price or the standard natural gas price. MGE makes money on the distribution of natural gas.

Visit our special Web site, www.mge.com/wintersetprice, for more information and to sign up.



News Briefs

Gas storage at capacity; future awaits LNG development

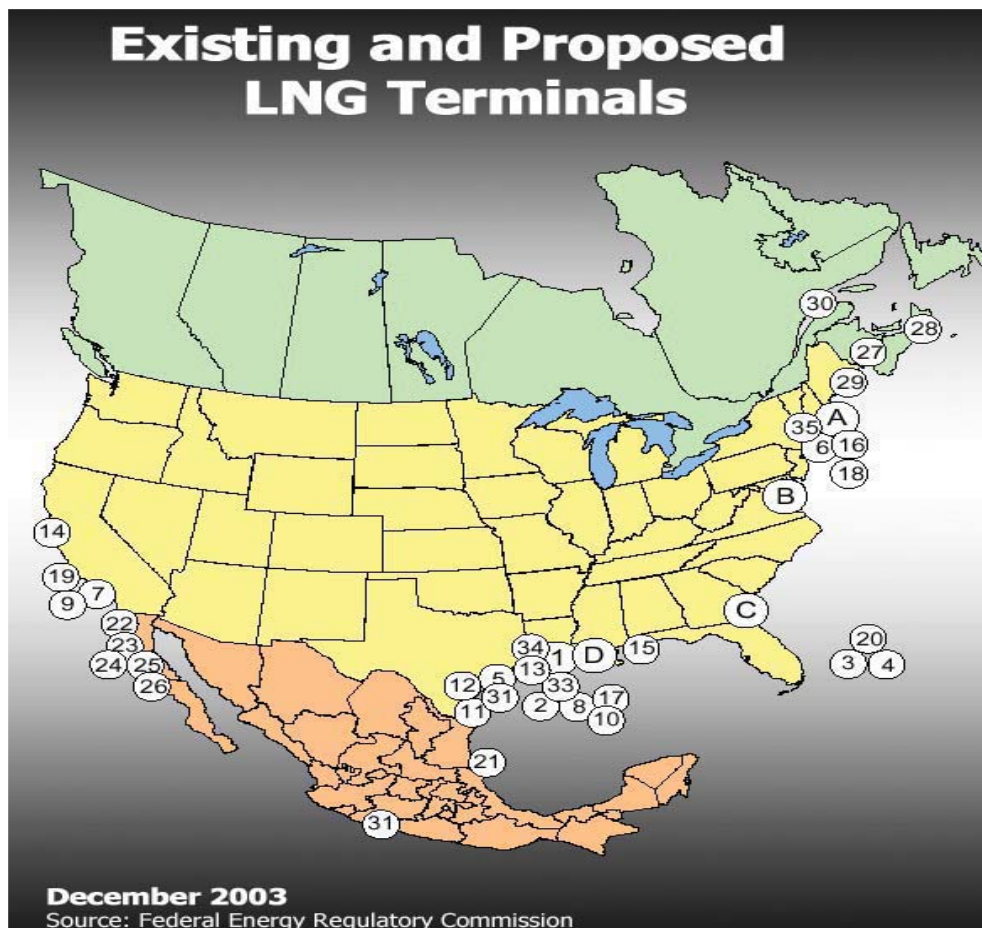
From coast to coast, storage of natural gas is expected to be at capacity for the upcoming fall heating season. Although prices could fall, Jeff Keebler, MGE's fuels procurement director, feels that "there's enough ongoing uncertainty out there that the market wants to have as much 'summer' gas in storage to ensure adequate supplies."

"For several years, MGE has put its storage to optimal use as part of its hedging strategy," Keebler said. "We use it to reduce volatility each heating season and help ensure that our customers don't pay any more for their gas than necessary." In the face of unusually high gas prices over the past two winters, MGE had the lowest average natural gas costs in Wisconsin. Yet, if current trends continue, Keebler expects overall natural gas prices to be up as much as 15% over last year's levels.

"This has hit every fuel type throughout the industry," he said. "Even coal is two to three times its normal price levels."

Although MGE can't fully insulate its customers from market volatility, the company's risk management strategy helps reduce vulnerability. MGE has been buying gas for storage during the spring and summer to ensure adequate storage inventories and as one way to help protect against uncertain winter prices. About a third of our winter gas supply is delivered from underground storage caverns in Michigan.

MGE continues its price-hedging strategy for another third of its gas



The natural gas industry is trying to accelerate LNG terminal development along the U.S. coastline. There are four existing terminals (A through D) and nearly 40 proposed facilities.

purchases. It employs financial risk-management techniques to reduce vulnerability to extreme price swings. As a result, Keebler expects MGE customers will see an increase of less than half of what the Energy Information Administration recently predicted as an average increase nationally.

Keebler sees growth in liquefied natural gas (LNG) as the first long-term, significant step toward improving the current situation. LNG is

delivered by ship to gasification facilities that convert LNG to natural gas for injection into market supply. "LNG currently accounts for about 2% of the natural gas supply in the U.S.," Keebler said. "But there are almost 40 domestic projects now on the table to gasify LNG. By 2007, some of them could be operational. As a result, LNG's role in the U.S. market should substantially increase."

Working together, we can save more energy

Here are some energy-saving steps you can take to save energy and help protect the environment throughout the year:

- Turn off all equipment when not in use including copiers, printers, computers and lights.

- Use a setback thermostat in the winter to reduce temperatures during nonworking hours.

- Inspect your building for air leaks and repair them.

- Perform equipment maintenance including checkups for furnace/air



conditioner, refrigeration system and compressed air lines.

- Buy energy-efficient equipment.

If you need more information, an MGE business account manager can help. Call 252-7007.

Inspect natural gas equipment regularly

Keep your natural gas equipment operating as safely and efficiently as possible with inspections at regular intervals. Equipment that is operating efficiently reduces your energy use, and you reduce the risk of equipment damage and injury to your employees. The inspection should be performed by a professional who specializes in natural gas-fired equipment. If you have questions, call MGE at 252-7222 and ask for Pat Baldwin.

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Madison Gas and Electric Co.
P.O. Box 1231
Madison, WI 53701-1231

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