



YOUR UTILITY RATE SPECIALISTS
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POWER NOTES - GEORGIA POWER EDITION

WINTER 2015 ISSUE - POWER NOTES

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COAL PLANT CONVERSIONS

According to SourceWatch.com, in recent years Georgia Power has closed the following coal-fired plants and converted them to the indicated fuel source:

- McDonough Steam Generating Plant, Smyrna, GA – replaced with natural gas
- Mitchell Steam Generating Plant, Albany, GA – not being replaced

Coal plants are being replaced throughout the United States due to increased regulatory pressures associated with carbon dioxide emissions and global warming.

The two coal-fired units at the McDonough Plant were replaced with three 840 megawatt natural gas-fired units.

The Mitchell Plant was originally planned to be replaced by a 96 megawatt plant, burning wood waste. The plan to build the new wood-waste plant was canceled in 2014. The coal-fired plant is scheduled to cease operations by April 16, 2015.

IMPACT ON ELECTRIC RATES

The costs of decommissioning the coal plants and building the new natural gas plants are included in your electric rates. These costs increased the total “rate base” and are contributing to higher fixed costs for you.

Currently, the increase in fixed costs has been more than offset by the very low costs of natural gas; that have temporarily helped to minimize the rate of increase in electric rates. However, cost overruns, schedule delays and lawsuits associated with the construction of Vogtle Nuclear Plant Units 3 and 4, are likely to more than offset the savings from natural gas in the coming years.

THE ROLE OF FRACKING

The very low prices for natural gas are a result of hydraulic fracturing (fracking). This process allows for the cost-effective extraction of natural gas in areas that would previously not have been cost-effective. The mass conversion from coal to natural gas has quickly made our nation increasingly dependent on a large supply of natural gas at reasonable prices. If something in the market were to significantly change, the cost of natural gas and electricity could rapidly increase for everyone. The two items that have the most potential to dramatically change the market are:

- Environmental regulation limiting fracking
- Mass conversion from coal to natural gas-fired power plants eventually causing the demand to outrun the supply of natural gas

The second item may have already begun to occur. Natural gas prices hit a low in the Spring of 2012 at about \$ 2/MMBTU. Over the last year, the price has been almost twice as high.



UPGRADING EXIT SIGNS TO LED

Upgrading exit signs to LED (Light Emitting Diode) is a low cost investment that pays for itself in less than a year. Exit signs have the unique characteristic of running at the same load 24 hours per day, 365 days per year. Therefore, upgrades in efficiency quickly pay for themselves.

If you haven't upgraded, we encourage you to walk your facility. You may be surprised to learn how many of these devices you have. The next time you talk to your electrician, ask about getting your exit signs replaced with LED. The installed cost (parts and labor) is often less than \$50 per sign.

"Exit signs are an excellent, low-cost, low-labor opportunity to increase the energy efficiency and safety of your facility!"

The U.S. Small Business Administration

"Savings of \$50 per fixture can be achieved annually with every LED exit sign installed with a one year return on investment!"

East Carolina University – Center for Sustainable Tourism

Type	Watts	Bulb Life	Bulb+Labor Cost/Year	Energy Costs/Year	Annual Operating Cost
Incandescent	40	6 months	\$26	\$39	\$65
LED	2	10+ years	\$0	\$2	\$2
Annual Operating Savings					\$63

The data in the table above are typical for LED exit signs and incandescent exit signs. Note that with a \$50 upgrade for parts and labor, your investment is returned in less than one year.

CUSTOMER SATISFACTION SURVEY

Thank you for participating in the UMS Annual Customer Satisfaction Survey. The response rate was very high and the feedback was greatly appreciated. We will use your feedback to continue to improve the service that we provide to you.

Congratulations to each of the following iPad Air winners, whose names were drawn from the responses received:

- Jeff Hood, Neomonde Baking Company, Morrisville, NC
- John Profflet, Citizens Trust Associates, Norfolk, VA

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