



Gain Control of Multiple-Site Operational Expenses

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Energy Planning and Strategy

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My Experience

- Started with May Company in 1995 - with not a single deregulated electric market
- Talked to anyone who would listen about the benefits of deregulation and pitfalls of the regulatory environment
 - Coalition for Energy Reform
 - Chairman of the National Retail Federation's Energy Committee
 - IMRA
 - Chairman of several State Retail Association Energy Committees

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The Obstacles

- Legislators became too involved
- A repeat is happening in Illinois today
- “Stranded Costs” a major hindrance on price decreases
- California model set deregulation back
- Market manipulation nearly killed electric competition

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Beginning Deals – Early Mistakes

- May had over \$100 million in electric spend versus \$5 million in gas
- Learning curve in picking contract terms – It happened in 1997 and it is happening today.
- Competition does not automatically push down prices – Savings vs Cost Avoidance
- Cause and Effect – It is not Restructuring's Fault

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Gas Pains

- The Oil, Gas, Electric Relationship
- Initial difficulty – proving savings, measuring the results/benefits
- Gas prices are not preset, but rather fluctuate in an active market
- Benefit of price certainty versus index pricing
- Confusion amongst National Account clients and NG users in general

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Looking Good



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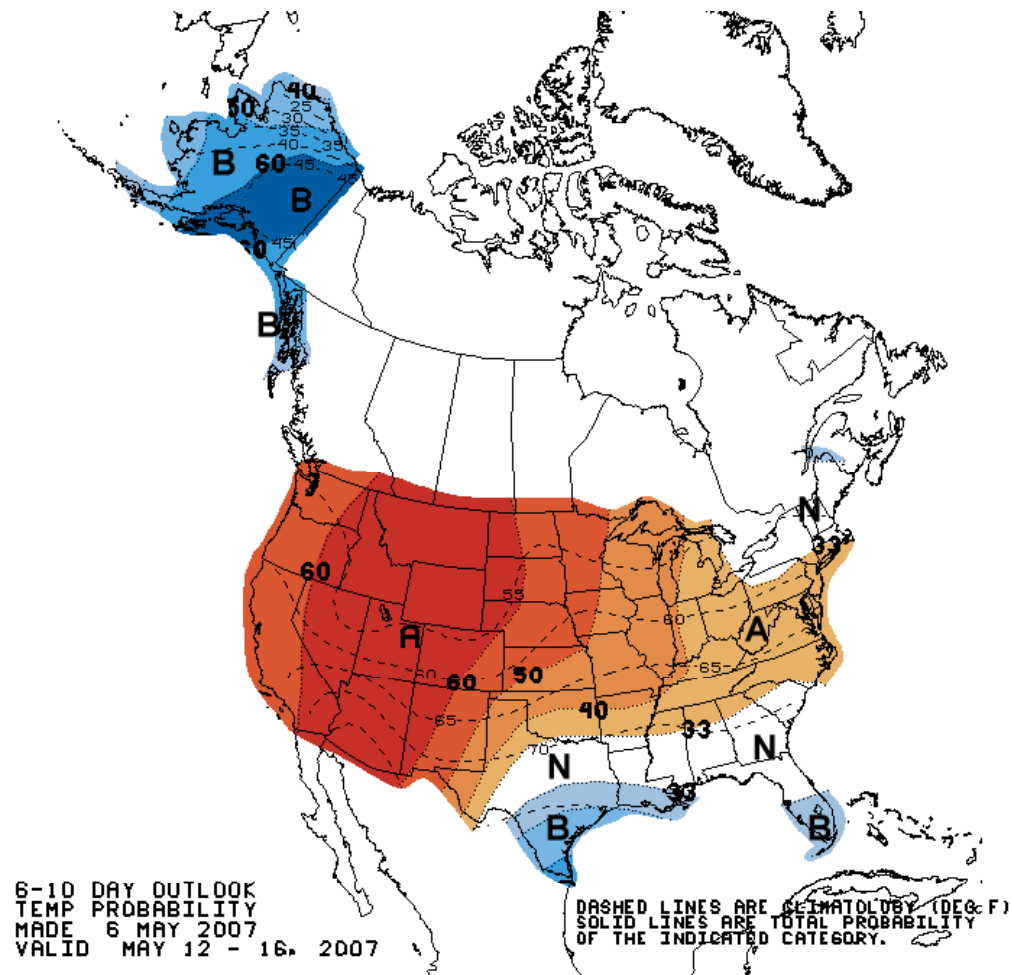
Gain Control of Multiple-Site Operational Expenses

But Wait ! ! ! !



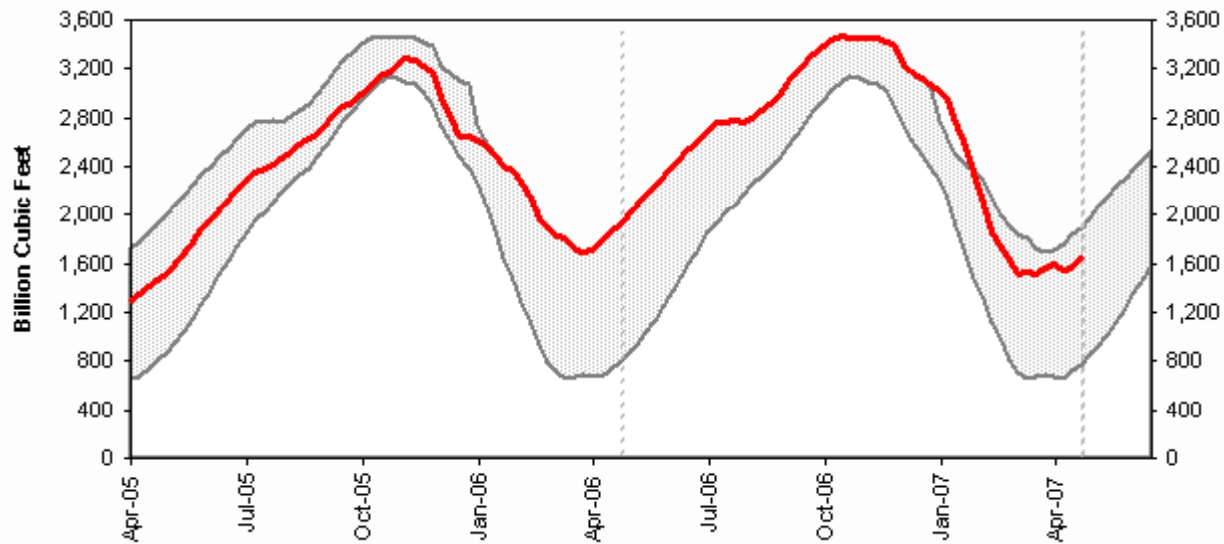
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Climate Forecast



Cadence – Services

Storage - What Is The Impact



Cadence – Services

The Final Analysis

- Prices are rising
- Growth of deregulated states is in retreat
- Does that constitute failure?

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The Final Analysis

- NO – Not at all !!!!!

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