

Are You Ready For Deregulation Of Electricity Generation?

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Deregulation of electricity generation means that competition is being introduced into the generation of electricity. Poultry producers will soon have the opportunity to select the company or broker from whom they purchase their generated electricity. By January 1, 1999 one third of all electricity customers (residential, commercial, and industrial) will have the opportunity to select their electricity suppliers. Two thirds of all customers will have this choice by January 1, 2000 and everybody can choose by January 1, 2001. If any of you are participating in the pilot program (about 5 % of all customers), then you already have some experiences.

One of the first changes you will experience with the deregulation of electricity generation is the format of your electricity bill. When you get your bill now, there is just one charge for your electricity. Oh yes, there may be several additional charges for fuel adjustment and taxes. But after you select your electricity supplier, then your utility bill will include separate line item charges for generation, transmission, distribution, local service, competitive transition charge (also known as stranded investment charge), fuel adjustments, and taxes.

You need to do some homework before you begin shopping for an electricity supplier. First and foremost, make sure you know how many kilowatt hours of electricity you used last month and for each month of the past year. If you are on a commercial rate and pay demand charges, then

also record your demand in kilowatts for the last month and for each month of the last year. Please note that it is not sufficient to just know how much you paid for electricity during this period. If you are not sure how to gather all this information, check with your local utility company.

There are a number of questions to keep in mind when shopping for an electricity supplier. Of course, you are interested in knowing the price per kilowatt hour for the generated electricity from each supplier you are considering. Be sure to recognize that you will need to pay charges for the transmission, distribution, local service, stranded investment, and taxes IN ADDITION TO whatever price you are able to negotiate for the generated electricity.

But price isn't everything. Make sure you know whether you will need to pay any demand charges and what the demand charge is per kilowatt. Is the demand charge based on a 15-minute, 30-minute, or 60-minute interval? Is the demand charge based on your electricity use for 24 hours of each day or are some nighttime and weekend hours excluded? If you have a high demand charge for one month, will your bills in future months be affected by that one high month?

Will any suppliers offer you on-peak and off-peak rates for the generated electricity? If so, make sure you understand clearly just which hours of which days are on-peak and the hours of off-peak rates. Do these on-peak and off-peak hours apply for each month of the year or are the summer hours different than the winter hours?

Be wary of anyone offering free

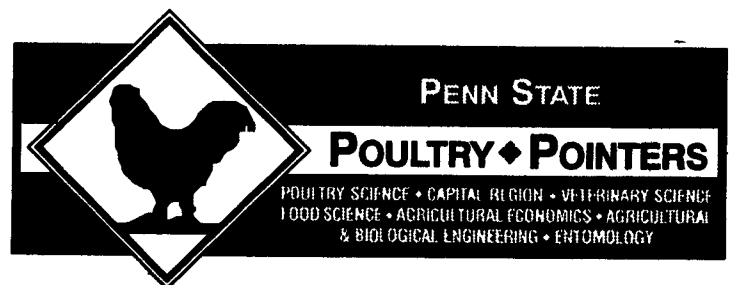
gifts or signing bonuses. Make sure these gifts or bonuses do not prevent you from making good business decisions on the basis of the price you will pay and the services that will be provided.

Read all the fine print of the contract that you commit yourself to for a particular supplier. What is the penalty (if any) if you want to cancel the contract? What is the minimum term of the contract? Since there are so many uncertainties at this time, I am recommending that contract periods should not exceed 12 months.

It is especially important for you to know if you are negotiating for interruptible or non-interruptible electricity. If a supplier offers you a really cheap rate for electricity, my guess is that the rate applies to an interruptible supply of electricity. If you have an interruptible supply, then the supplier can interrupt the electrical service to your meter so that other customers may be served. You may want to consider interruptible supply if you have a stand-by generator of sufficient capacity to provide 100% of the power you need to operate your poultry farm.

There are many additional questions that you need to consider. Do you want two bills for electricity each month (one for generation and one for everything else) or one combined bill? Will there be minimum monthly charges or service charges involved? Will you need to pay for a special meter if one is required? Can your contract for generated electricity be renewed automatically or will it be subject to renegotiation?

Additional information about the deregulation of electricity generation is readily available from your local utility company, Penn State's Agricultural and Biological



Engineering Department, Pennsylvania Utility Commission (PUC), trade journals, and the popular press. Up-to-date information is available on the Web at Penn State's site (<http://www.age.psu.edu/dept/extension/deregulation>) and at PUC's site (<http://puc.paonline.com>)

Poultry producers, just like any other customers of electricity, are interested in lowering their monthly bills for electricity and other forms of energy such as propane and natural gas. The surest way to lower your bills is to use less energy. However, be sure that you don't restrict your energy use to such an extent that you suf-

fer from increased bird mortality or reduced egg production or other negative consequences. Your objective needs to be to use the "right amount" of energy in order to increase your profitability and cash flow.

You need to start now to prepare for shopping for electricity suppliers. Those poultry producers who do their homework and do a good job of selecting electricity suppliers can probably save 10-15% in their electricity bills. Those producers who ignore deregulation of electricity generation until the last minute may lose 10-15% or more. Happy shopping!

Shorthorn Show Set

WEST FRIENDSHIP, Md. — The 12th annual Eastern Regional Shorthorn Show is scheduled Friday and Saturday, June 19-20, here at the Howard County Fairgrounds.

Some of top Shorthorn cattle in the east will be on display as Shorthorn breeders and enthusiasts gather for a weekend of competition and fellowship.

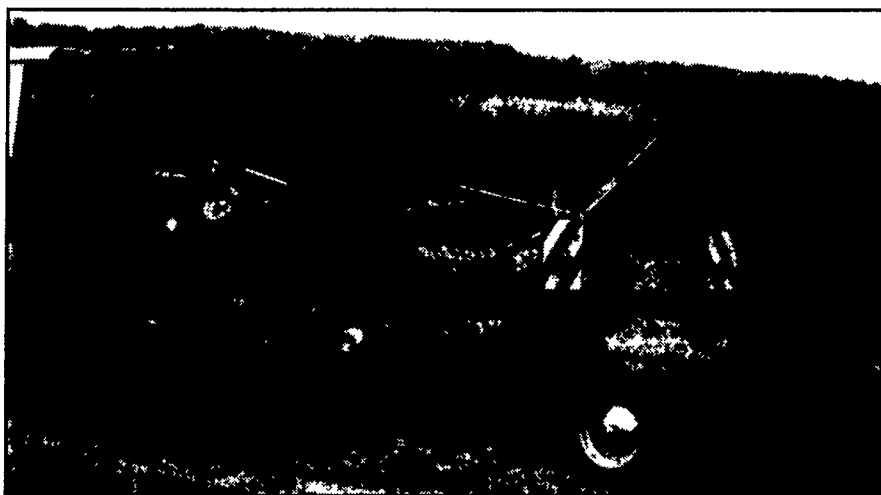
The show starts on Friday with Junior Showmanship at 6 p.m. followed by a junior steer show with Shorthorn and Shorthorn-cross divisions. Shorthorn steer calves are eligible for cash incentives, as part of the Maryland Shorthorn Steer Incentive Program, if calves were purchased from 1997 Maryland Shorthorn Association members. Entries for the show are due June

9, 1998. Entry fee per head is \$8 for breeding cattle and \$15 per head for steers.

Saturday's events will begin at 7:30 a.m. with registration for a junior judging contest, which will start at 8 a.m. Awards will be presented to the top juniors (8-11), intermediates (11-13), and seniors (14-19).

The Eastern Regional Shorthorn Show is sponsored by the Maryland Shorthorn Association and the Maryland Junior Shorthorn Association. For more information, entry blanks or class sponsorship details, contact Martin Hamilton at (410) 442-2497 or Rick Hodiak at (410) 875-2874.

VICON ROTARY RAKE



Hydraulically lifted rake rotors

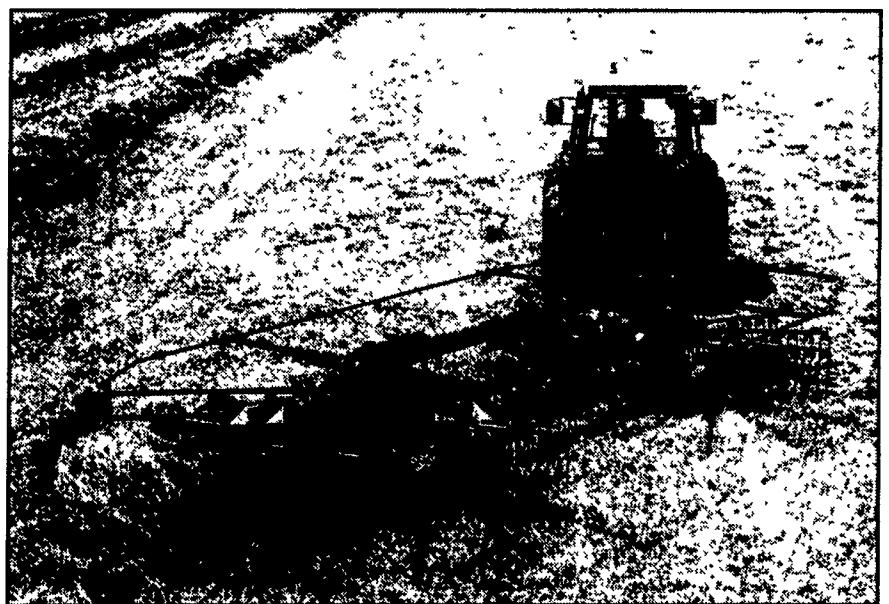
VICON 722

CENTRAL SWATH, IDEAL FOR RAPID FORAGE HARVESTING

In this versatile range of rotary rakes the dual rotor rake with central output takes up a leading position. With the large working width and the compact swath formation, these new rotary rakes are geared for the ever increasing capacity of forage

harvesting machines.

The rotors of the Vicon 632 and the Vicon 722 can be lifted hydraulically for turning at the headland, driving across swaths or putting the machine into transport position.



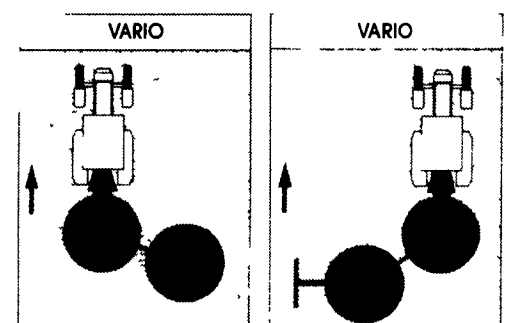
VICON 812 VARIO

The Vicon 812 Vario is a dual trailed rake with side delivery. In its trailed version the Vario is also suitable for lighter tractors.

The machine features a hydraulic lifting device for transport or lifting at the headland

The hydraulic control of the rear rotor makes it possible to let the rotors run diagonally to the left or to the right behind each other to make one or two swaths.

Rakes up to 43'.



2x single swathing
(2 rotors = 1 swath)

Multiple swathing
(depending on capacity)



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