



Energy Purchasing Strategies

IntegrYS Energy Services, Inc.

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9/22/2011

Background: Parent Company

■ Integrys Energy Group

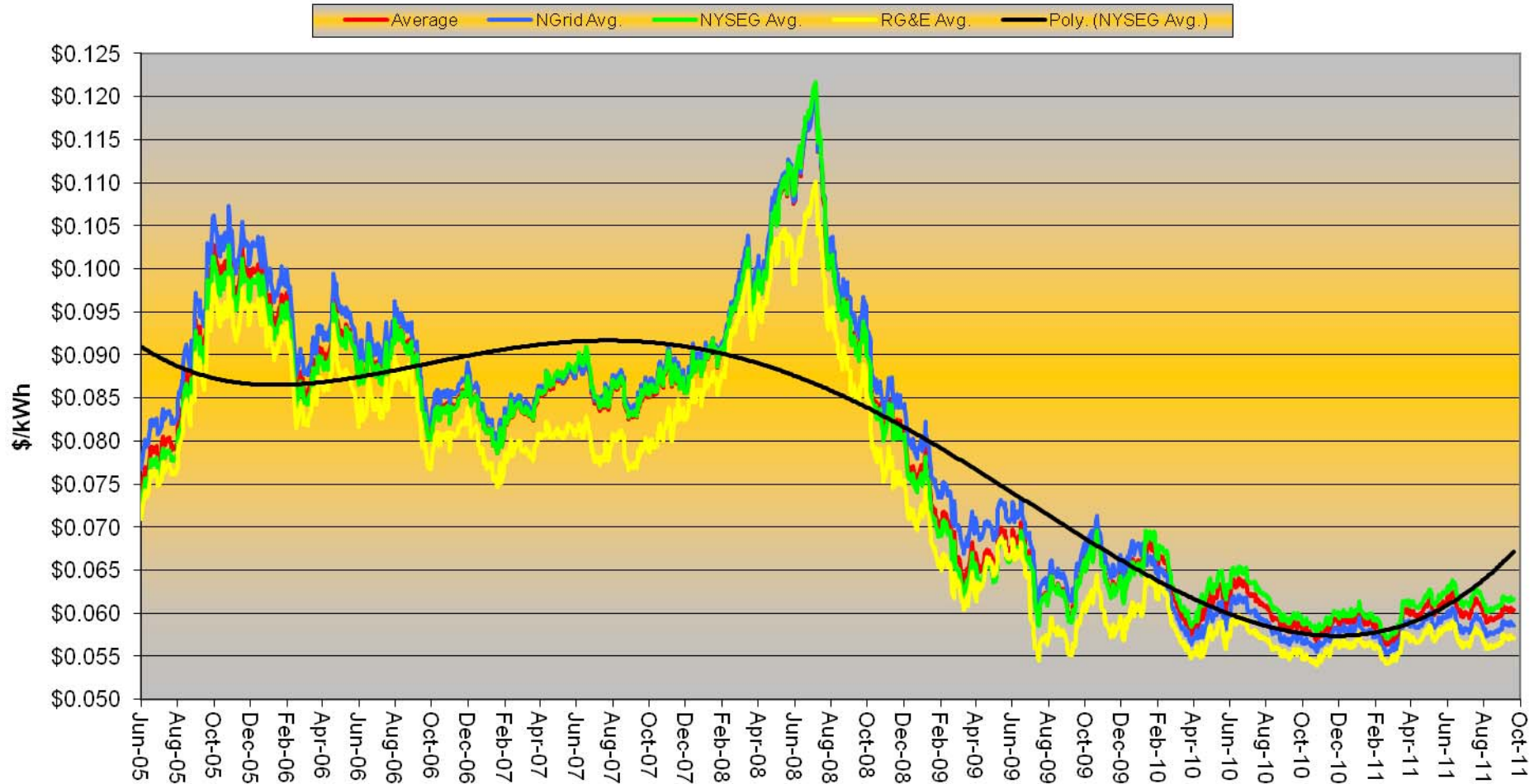
- Headquartered in Chicago, IL
- Ticker symbol (NYSE: TEG)
- A Fortune 500 Company 302 on 2010 list
- Corporate assets exceed \$11.8 billion
- Corporate revenues exceed \$7.5 billion
- Strong Credit Ratings
- Fortune: "Most Admired Energy Company" 2006, 2007, 2009 & 2010
- Forbes: "Twenty Most Responsible Companies" 2010
- Increased dividends for 52 consecutive years
- Corporate Mission: *To Provide Customers with the Best Value in Energy and Related Services*
- Website: www.integrysgroup.com

Energy Purchasing as a Strategy

- Energy is a substantial cost for most businesses
- Purchasing Electricity is a Complex Decision
 - Evaluate your Supplier options
 - Chose a Credible Company
 - Experience of Employees/Staff
 - Credit Worthiness
 - Public Service Commission Complaints
 - Make Decisions based on Market Trends/Opportunities
 - Choose a Pricing Option before Contract Term Ends
 - Concentrate on Market Timing, not Contract Timing
 - RFP's or Direct Supplier Purchasing – which strategy is better?

Energy Trends: Long-Term

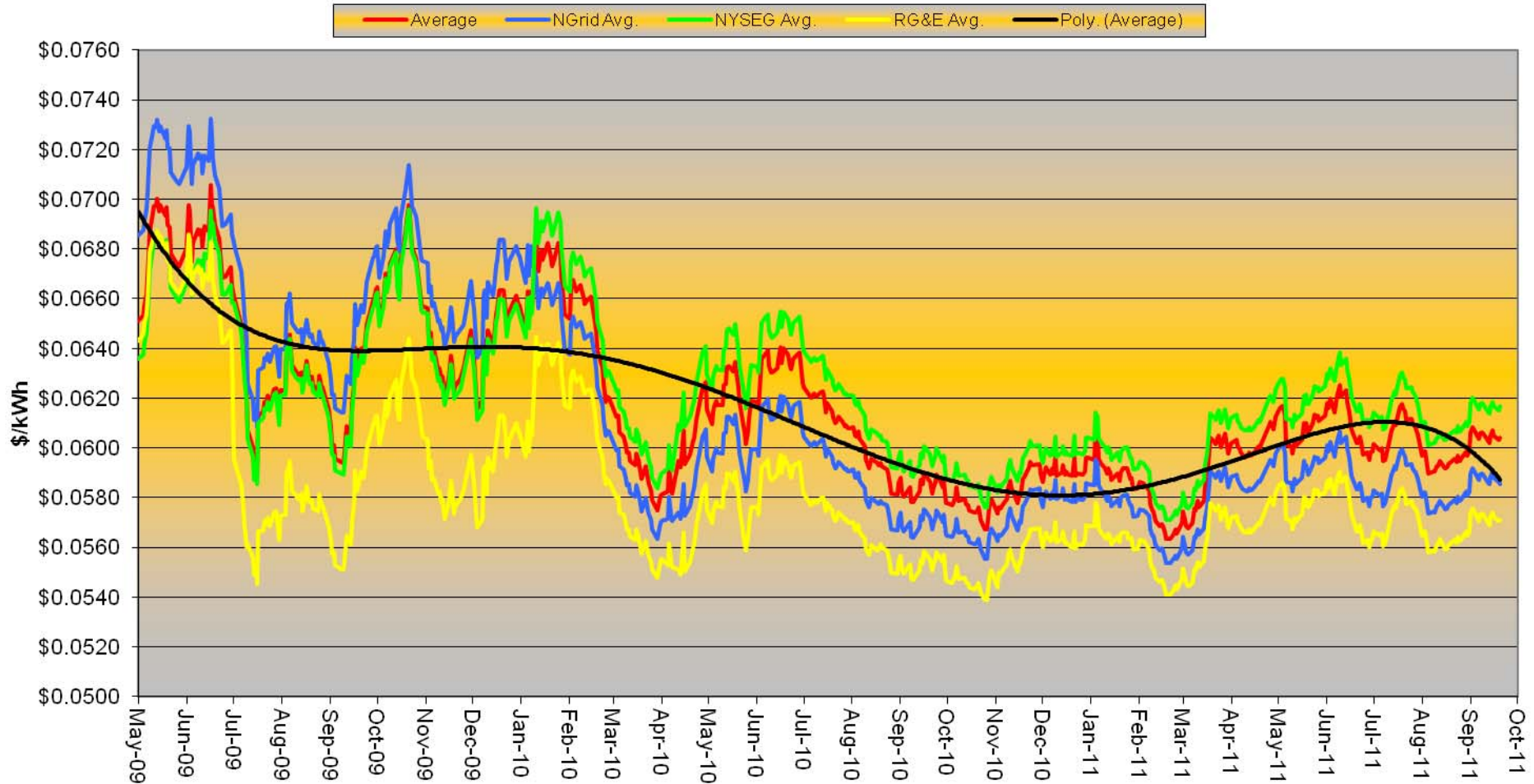
Average 24-month Forward Fixed-Prices



The information herein is intended for discussion purposes only and does not include all of the terms for the related transaction. The transaction described herein is subject to further review and approval of Integrys NY and Customer, as evidenced by the execution of a written agreement signed by both parties. Pricing is based on the market conditions when prepared and subject to change without notice. Please contact your representative to receive an update and to discuss other relevant terms.

Energy Trends: Short-Term

Average 24-month Forward Fixed-Prices



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Understanding Energy Strategies

- There are 5 Major Energy Costs Components:
 - Energy (Supply), Losses, Ancillaries, Capacity, and Fees
 - There are options to Fix or Pass-Through each cost
 - Selecting an option should be specific to business need
 - Pass-Through options may not make sense for budgeting
 - Fixing some components carries a Higher Premium than others
 - Some components are more liquid than others
 - Combination Products (Fixed/Variable) allow businesses to manage costs, limit risk, and carry lower premiums
 - Full Requirements – excellent for budgeting purposes, but businesses assume the risk (or reward) of losing or saving money



Supplier Contracts

- Comparing Apples to Apples:
 - Is your Fixed-Price truly fixed?
 - What does bandwidth or tolerance mean?
 - How is it measured? E.g. monthly, daily, hourly, etc.
 - What does a Change in Capacity Requirement mean?
 - Is everything included in my contract price (rate)?
 - Losses, management fees, Gross Receipts Tax, etc.?
 - How do Suppliers determine “pass-through” costs?
 - Tariff rates or calculated Supplier rates
 - Customer specific costs or socialized costs

Consultants: Friend or Foe?

- Consultants have increased over the years
 - Mitigate Purchasing, but often Reduce Pricing Options
 - May have a Large Network of Supplier Relationships
 - Similar to a Travel Agent – would you pay to use one?
- Choosing a Consultant
 - The PSC does not regulate Consultants
 - Knowledge & Experience vary greatly
 - Which Suppliers do they use, and why?
 - Who pays for their services and how much does it cost?
 - Do they disclose their fee or is it hidden in the supplier's price?
 - MEGA – Municipal Electric & Gas Alliance (Aggregator)