IMPA KeyNote

News for key accounts from the Indiana Municipal Power Agency
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PRESIDENT'S MESSAGE

Welcome to IMPA KeyNote

—by Raj G. Rao

Welcome to the first issue of the IMPA KeyNote, our new quarterly newsletter for our Commercial & Industrial customers. We started this newsletter in response to your requests for more information on your electric service.

Though still young, 2021 is starting out with exciting news: Over 100 million Americans have received at least one dose of the vaccine against COVID-19. That is good news indeed!

From our conversations with you, and our own experiences, we understand how difficult 2020 was. The virus affected so many in our communities, and the restrictions enacted to slow or stop its spread had the effect of strangling the economic livelihoods of many businesses. We sincerely hope there is light at the end of a long, dark tunnel.

In February, as the nation was starting to fight back against COVID-19, a deep freeze gripped much of the U.S. As Midwesterners, we have gone through cold snaps on a regular basis. But 1,000 miles away, in Texas, historically cold temperatures drove up electric demand while also freezing nearly half of the state's electric

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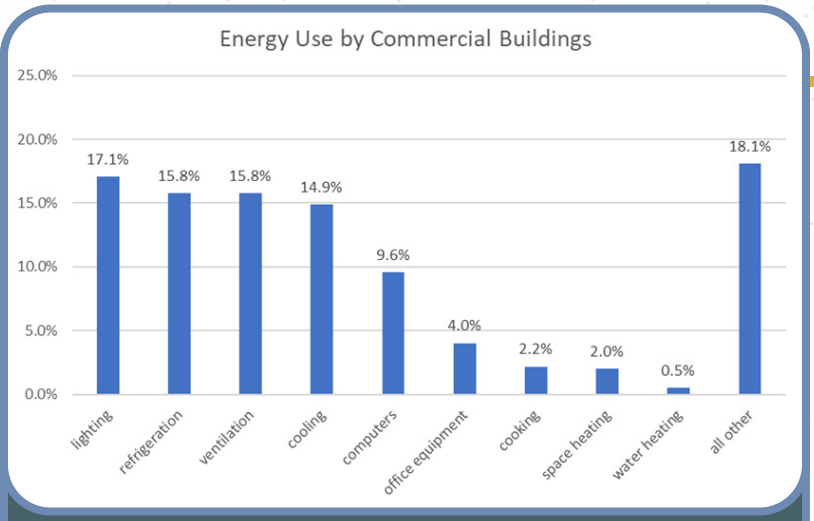
INSIDE



BECOME ONE OF THE BRIGHTEST BULBS

Facilities managers at commercial & industrial businesses have found lighting upgrades to be one of the quickest ways to cut energy spending and improve workplace aesthetics.

Older lighting technologies, whether incandescent or fluorescent, are still prevalent in Indiana businesses. Over the last decade or two, some have upgraded to compact fluorescent lighting (CFL), but even that technology has been surpassed by light emitting diode (LED) lighting, which lasts far longer than previous generations of lighting.

LEDs are electronic, which means they last longer than other types of lighting. There's nothing to burn out! That means you'll be changing bulbs less frequently — say every five years instead of every year.

Lighting is the largest single user of electrical energy in commercial buildings, more than refrigeration, ventilation, or cooling, according to the U.S. Energy Information Administration, a division of the U.S. Department of Energy (see chart above).

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BRIGHTEST BULBS

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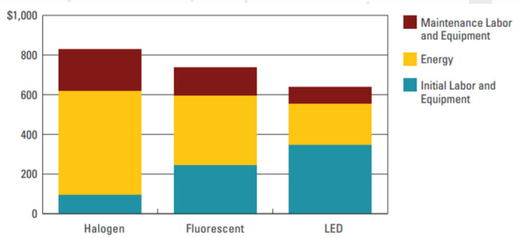
And while saving money is important, so too is the quality of lighting in your buildings and factory floors. Supermarkets know that brighter lighting makes the colors pop in their produce aisles. Retailers know better-quality lighting moves merchandise faster. More lumens for less cost eases eye strain and makes schoolrooms, offices, and hospitals a warmer and more inviting place. Better quality lighting on the factory floor could lower the number of "slip and fall" worker injuries, potentially saving you big bucks.



There will be some capital costs associated with an upgrade to LED lighting, and IMPA currently does not offer incentives to lower the cost of an upgrade. But with sharply lower costs for maintenance and energy, it's easy to see an LED lighting upgrade is a long-term winner.

The initial cost of a light is only part of the life-cycle cost of a facility's lighting system. Maintenance and lamp replacement costs depend on the lifetime of the equipment. The energy costs depend on the equipment's efficiency. Inefficient, older lighting technologies use more energy and have to be replaced more often than LEDs. That's why high-efficiency LED lighting can produce significant savings, even if they have up-front capital costs.

Still not sure? Call IMPA today to speak with an energy efficiency expert! Pretty soon, your boss will start to think of you as one of the brightest bulbs around.

AUTOMAKER SEES BRIGHT FUTURE, POST-PANDEMIC

Like a lot of Hoosiers, Eric Fields is looking forward to the day when the COVID-19 pandemic is but a distant memory.

"The pandemic has affected the automotive industry, really all industries, over the past several months. However, there are indications of improvements on the horizon. In May we will be running two full shifts and expect orders to increase over the next several months.," he told us recently. "We are excited and have a very positive outlook for our future".

FTIC uses two of these three thousand ton transfer presses to manufacture automotive body structure parts. This press, one of the largest in the industry, is the height of four school buses and the width of three school buses.

Source: FTIC

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PRESIDENT'S MESSAGE

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generation. All types of power generation — gas, coal, nuclear and wind — suffered unscheduled outages. Millions lost heat and power, and dozens died.

Could that happen here? It's very unlikely. IMPA weatherizes its power plants so they can continue operating during bitterly cold temperatures. Also, IMPA is connected to two large regional transmission organizations that serve as multistate marketplaces. Power easily can be shipped across states or regions. Texas, by contrast, is a power island, unconnected to surrounding transmission organizations.

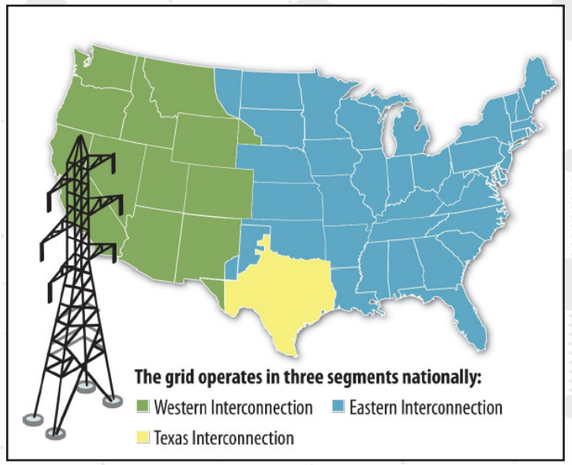
IMPA and its customers are not immune to extreme weather risks. However, IMPA winterizes our power plants so they can continue generating during extreme temperatures.

Being part of two large regional transmission groups — MISO and PJM — that are governed by rules that incentivize low power costs and high system reliability means IMPA can draw on the diverse power supply and reliable fuel source mix that is necessary to keep the lights on.

In each quarterly issue, IMPA KeyNote will focus on a customer segment, or a single customer, that is improving its operations with energy efficiency upgrades. In this inaugural issue, we will take a closer look at advanced manufacturers operating in the service areas of our 61 members.

We understand that some of you are part of organizations that have made sustainability commitments that include "greening" your supply chains, including energy providers. IMPA is taking steps to increase the amount of renewable energy resources in its power portfolio

As we do that, we are reminded that the cheapest kilowatt-hour of electricity is the kilowatt-hour that is not generated because energy efficiency improvements have lowered customer demand. That's why we're partnering with a growing number of our largest customers on energy efficiency.



AUTOMAKER

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Eric is the general manager of administration for Fukai Toyotetsu Indiana Corp. (FTIC), which manufacturesstamped and welded automotive body structure parts for four popular models of Subaru vehicles: Impreza, Outback, Ascent, and Legacy.

The facility, which employs about 500 people, is located in Jamestown, Indiana, about 35 miles northwest of Indianapolis. It is one of the largest employers in Boone County.

The FTIC facility established in 2014 and has gone through two significant expansions since then, owing to the popularity of the Subaru vehicles. Eric is mum about possible future expansions, but he sounded hopeful.

We caught up with Eric, and FTIC Engineering Manager David Smith, while the plant was in the middle of a two-week furlough caused by bottlenecks in the supply chain. "The auto business is a global one, with supply chains stretching around the world," said David. "Bottlenecks in the supply chain have affected our production but customer demand for our vehicles is still very strong."

All the more reason to hope our nation is nearing the finish line for the pandemic. There's a lot of pent-up demand for nearly every economic aspect of life in the U.S. — from restaurants and movies to travel, vehicle sales and home purchases. Most economists expect the U.S. economy will grow faster this year than it has in decades — assuming the pandemic is defeated.

That day can't come soon enough for Eric and David. In a given (non-pandemic) year, FTIC makes millions of automotive body structure parts per year. In addition to employing 500 people, the facility also uses about 170 robots to weld frame pieces.

Lighting quality is critical for the FTIC manufacturing floor, where line workers inspect welds done by the robots. "Lighting quality is a safety issue for us," explained David. "Better quality lighting leads to better, safer products. Safety & Quality are both our #1 Job, because our friends, family, and neighbors could be driving a Subaru vehicle that contains frame parts we make here."

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AUTOMAKER

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The facility, which covers about 406,697 square feet, is in the second phase of a complete changeover to light-emitting diode (LED) lighting. The six-year project will be complete by 2025, David estimated.

Power quality is another very important electric issue for the FTIC facility. "Pretty much all our equipment, except for the heating, ventilation and air conditioning (HVAC), is sensitive to fluctuations in the power. Any variation in the power quality will cause our equipment to trip off, and we would have to spend time to restart it."

Working exclusively for Subaru, this FTIC plant produces millions of automotive body structure parts per year.

Source: FTIC

"Fortunately, the quality of power supplied by IMPA is superb," David said.

Manufacturers like FTIC have embraced energy efficiency, partly because of corporate guidelines but also as a way to boost their competitiveness. Electricity is seen as a controllable cost, and one of the largest costs at the FTIC plant, so finding ways to lower the factory's near-seven-figure annual electric bill is a perennial concern.

IMPA has helped FTIC lower its electric costs by installing variable-speed drives to its HVAC and water pumps, as well as making LED lighting recommendations.

"Energy efficiency is a large driving force in manufacturing," Eric said. "IMPA is helping keep us competitive."