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LIPA NEWS



www.lipower.org

A Message from LIPA

In developing our operating budget for 2008, our biggest challenge was the dramatic increases anticipated in the cost of fuels used to generate electricity and the cost of purchased power – the electricity we buy from suppliers. In 2008, we are projecting these costs to total more than \$2 billion, a 10% increase over the previous year’s projected level and representing 55% of our entire operating budget.

To help offset the impact of these non-discretionary cost increases, we have put in place a “smart management” approach in budgeting our discretionary costs, effectively eliminating more than \$8 million from our operating budget.

The net result of these actions will be a modest increase in our power supply charge back to the rate that was in effect at the start of 2007. This amounts to a modest 2% increase, or approximately \$3 per month, on the typical residential LIPA bill.

We appreciate that any increase in electric costs, no matter how small, is a burden for Long Island residents and businesses. That is why I instructed my management team to be aggressive in looking for ways to cut our discretionary expenses. Our 2008 budget incorporates many cost-saving measures, including a reduction of over \$5 million in outside legal, lobbying and consulting fees; the elimination of three upper management positions; a reduction in advertising, sponsorship, travel and conference costs; the hiring of new employees at lower salaries than the individuals previously in those positions; and cutting expenses not deemed central to LIPA’s core mission. Overall, our cost-cutting efforts – even in the face of record-setting increases in our non-discretionary fuel and purchased power costs – will keep our operating expense increase to 2.9%, which is below the change in the consumer price index.

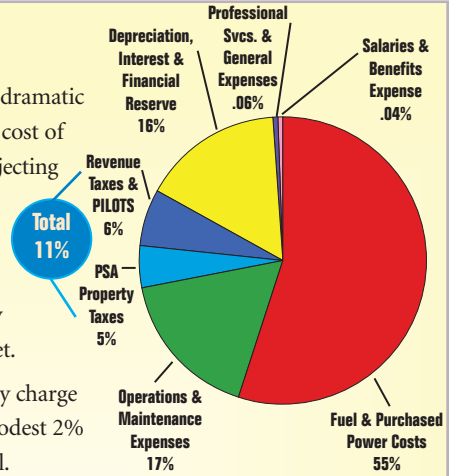
While we will continue to look for ways to cut our operating expenses to help mitigate the rising costs of fuel and purchased power, we realize creating an energy efficient Long Island must also be one of our top priorities. In 2008, our plans in this area include increased funding for our renewable portfolio standards program; increased funding for our array of energy efficiency programs, including a major increase for our Solar Pioneer program; and more money to support our low-income conservation program.

These programs will all help create a greener, more energy efficient future for Long Island. The most effective way for you to manage your electric costs today is to make energy efficiency a priority in your home or business. A good place to start is by replacing all your incandescent light bulbs with new, compact fluorescent bulbs. They use 75% less electricity and last ten times longer. When it comes time to replace appliances like dishwashers, washing machines and clothes dryers, make sure you purchase ENERGY STAR®-qualified models. If you own a business that is expanding or relocating on Long Island, our Clean Energy Initiative’s Commercial Construction Program offers rebates and incentives on the installation of energy efficient technologies and fixtures.

Finally, I have called for an Energy Master Plan in 2008 and will be seeking public comments on the scope of that plan later this year and I look forward to hearing from you. Check our Web site frequently for updates on the Energy Master Plan or for more tips on how to use energy more efficiently, or call our Energy Infoline at 1-800-692-2626. Working together, we can create an energy efficient Long Island.

Wishing all of you a very Happy New Year.

Kevin S. Law
President & CEO



Welcome to Winter!

The winter months create a safety challenge to our Meter Readers. Every day they contend with the cold, snow, and icy roads and sidewalks. We do our best to get actual readings of your meter but, there are some things you can do to help in the winter months:



1. Make sure no hidden objects are buried under snow
2. Keep the path to your meter clear when you expect a reading (reading dates are shown on your bill)
3. Keep your walkways free from ice

Keep Your Hard Earned Money in Your Pocket!

Here are a few energy saving tips you can do at home, at absolutely no cost to you.

- *Let the sunshine in.* Open drapes and let the sun heat your home for free... (close them again at sundown so they help insulate)
- *Turn off kitchen and bath-ventilating fans* after they've done their job - these fans can pull out a house-full of heated air if inadvertently left on
- *Traditional fireplaces are an energy loser* - they pull heated air out of the house and up the chimney. When not in use, make absolutely sure the damper is closed

RELIPABILITY

INVESTING IN RELIABLE SERVICE

You rely on dependable electric service, and we work hard to make sure that your power is available whenever you need it. You may not always see us working on the system, but we are out there every day in your community.

Keeping ahead of the electric needs of our business partners and neighbors is our top priority, and that's why we devote lots of time, energy and money expanding and strengthening our electric system.



BABY IT'S COLD OUTSIDE! STAY SAFE AND WARM THIS WINTER

- Dress appropriately outdoors and in! Dress in layers – air trapped between the layers keeps you warm. And wear a hat! Most body heat is lost through your head.
- Mittens provide more warmth than gloves.
- Use caution when traveling in winter. Allow extra time, monitor weather conditions and listen to weather advisories.
- Keep a winter storm survival kit in your car. Include blankets, food, flares, shovel, ice scraper, flashlight and batteries, gloves, water and first aid supplies.
- Install smoke and carbon monoxide detectors, test them and change the batteries regularly.
- NEVER USE AN OUTDOOR GRILL TO COOK INDOORS OR TO HEAT YOUR HOME -dangerous carbon monoxide gas can build up in your home, causing illness and even death.

WHAT TO EXPECT AT A REAP VISIT

REAP is an income-eligible program that provides energy audits allowing us to investigate the opportunities for electrical energy efficiencies in your home. We should be able to provide you with energy savings at no cost to you.



What sort of things will you do?

- We will replace, whenever possible, incandescent light bulbs that are operated for at least an hour per day with compact fluorescent bulbs (CFLs). CFLs provide the same or greater light output, use 75% less energy and produce a lot less heat.
- Your refrigerator will be metered during the visit (typically lasting an hour or so) to determine if it warrants replacement with a high efficiency model.
- If you have an electric water heater, we will look for opportunities to reduce hot water use and heat loss from the tank and pipes.
- If you have a central air conditioner, we will inspect any ductwork in the attic. Any important leakage locations found will be sealed with long-lasting materials.
- We will test your gas or oil-fired equipment to ensure its safe operation.

What is expected of me?

- Have a responsible adult present who is authorized to sign our forms and to allow us access to all areas of the house or apartment.
- If there is central air conditioning with ductwork in the attic, we will need access.