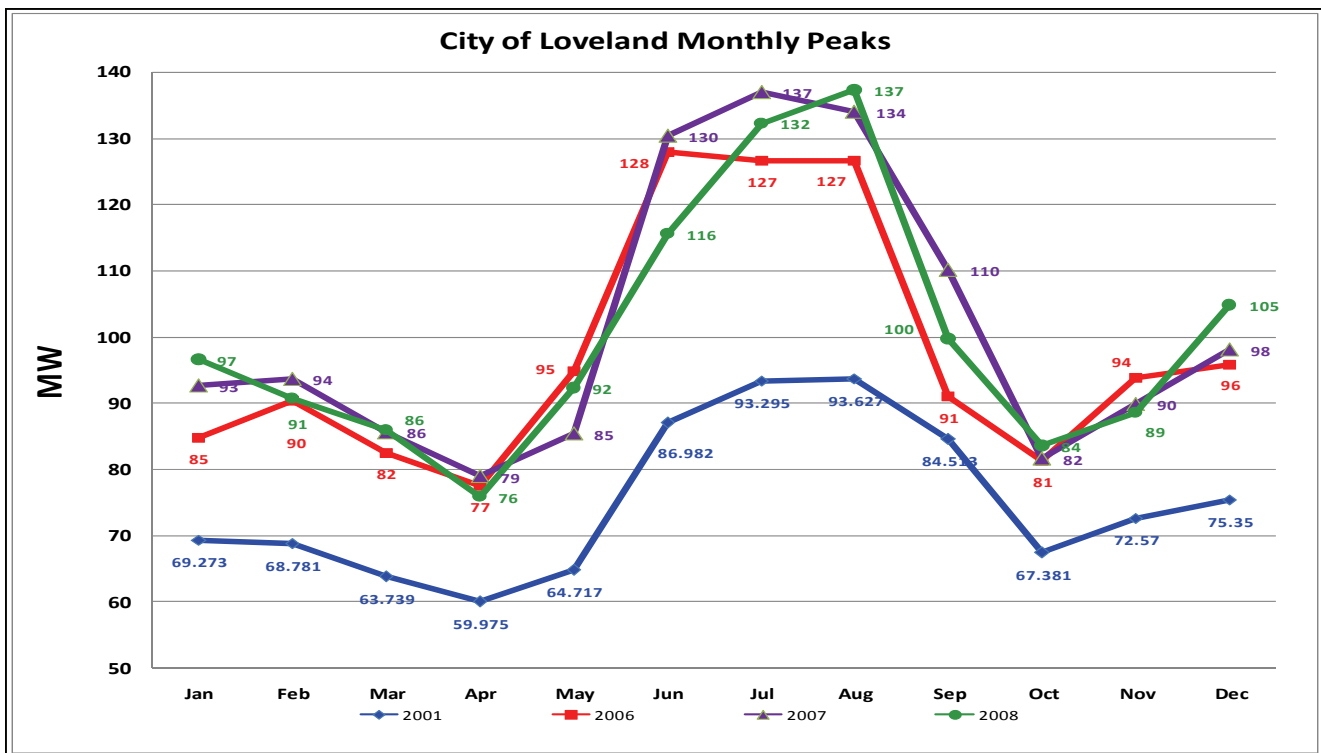


Understanding Peak Demand for Power & How it Affects Our Community



What is peak demand?

The Energy Information Administration defines peak demand as the maximum load during a specified period of time. In terms of Loveland and electricity use, our peak demand occurs during the summer months. The maximum load that we call “peak” has additional charges associated with it that Loveland Water and Power must pay to our generation supplier. These peak demand charges are a large portion of our summer power expenses. That, in turn, affects your energy rate. During the summers of 2006 through 2008, more than half of our expenditures paid for power during peak times. As you can see in the graph below, from 2001 through 2008, Loveland’s peak grew from a high of 93 megawatts (MW) to a high of 137MW. That’s an increase of 47%!



Now that you understand what peak is, you are probably wondering why our community has experienced such a large increase. Over half of our peak demand is related to central air conditioning. The significant growth in peak demand, as shown in the graph above, has caused additional power generation and capacity to be added to our system. Additional summer purchases of electricity have also been made on the wholesale market. Both of these add costs to supplying your power and contribute to higher rates.

We want to keep the rates in our community competitive. You can help by participating in our Partnering with Power program. Please read the enclosed brochure for details on how this free and voluntary program works. We need your help to manage our community’s peak power demand! Please enroll today by calling 962-3000 or go to our website at www.cityofloveland.org/pwp.