



Why You Should Read This

Remember, it is your right to provide input on energy policy decisions.

If your son or daughter asked you for \$100,000 for college would you simply write a check? Or would you sit down and help your teenager weigh all the options, and make the best choices for the future. And would you make sure that things were going well each year of college? If you are like most parents, you want to be involved with these decisions, not just because it's your money, but also because it's an important part of your future. *Did you know that when it comes to issues about energy, decisions are made that affect your future, yet you might not be aware of them?*

As your municipally owned utility, we understand that we are responsible to you – our owners. We stay constantly informed of pending and proposed energy policy changes and we assess how they will affect the Norwich community. When we feel there is an issue that deserves your attention we will use a bulletin and our web site to tell you about it. We urge you to read these communications in order to become more aware and informed of these important issues. Should you wish to take action on an issue to let your views be known, we will provide you effective methods to do so. Remember, it is your *right* to provide input on energy policy decisions.

A Complex System Behind the Simple Switch

One of the four services provided by Norwich Public Utilities is electricity. We all expect that a flip of a switch commands our lights, TVs and computers, yet the complexity behind this process is an interconnected twisting path that's been operating for over 50 years.

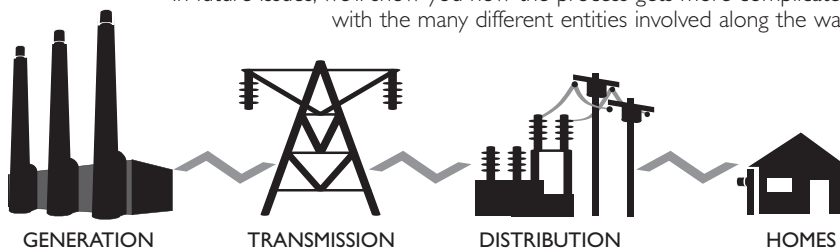
First, power is generated at a power plant. The plant 'makes' power by burning fossil fuels such as oil or gas. Alternatively, power can be generated by hydro (water), wind, solar or nuclear means. Norwich receives its power from several of these sources that are companies known as power generators. Once power is generated, it can't be stored, and it must be immediately transmitted or carried over cables. In order for the power to travel long distances

from the plant to other destinations, it must be kept at a very high voltage. These high voltage lines can be seen as the power 'grid' traveling on tall transmission towers across the

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UNDERSTANDING HOW POWER GETS TO YOUR HOME

This is a simplified look at what's involved to get power to your home. In future issues, we'll show you how the process gets more complicated with the many different entities involved along the way.



GENERATION
Power is generated by various sources such as natural gas, coal and nuclear. Power comes from both nearby sources, and sources farther away.

TRANSMISSION
Power is transmitted from the plant across long distances through transmission lines, commonly called the 'power grid.' The grid forms a complex pattern as it interconnects with others across many states.

DISTRIBUTION
The transmission lines connect to smaller substations within the local community. The power is converted here to lower voltages so it can be distributed to customers.

HOMES
Local wiring systems carry the power from the substations to individual homes, schools and businesses. Usage is measured by a meter that monitors power used.

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landscape. Connecting substations take the incoming power and transform it to a lower level voltage. The local distribution system, which is a web of several types of lines, takes the power from the substation and delivers it to customers' businesses, homes and schools. Norwich Public Utilities is responsible for building, maintaining and servicing the local distribution system including substations, wires and poles. We also buy and manage

We need to act now to change the reliance on fuel that is both limited, and unstable in price.

the power needed for the community by interfacing with transmission companies and power generators.

The first home electricity systems came about over a century ago. Many components of the power grid system in place today have been

there since the 1950's. The nation's system is analogous to an old house. As children were born, we added rooms on, then added more stories and so on. Today, we have a very complex 'house' and some say, a crumbling foundation. As well maintained as the Norwich system is, it is inescapably linked to the problems of the nation's system and still relies heavily on fossil fuels instead of clean renewable sources. We need to act now to change the reliance on fuel that is both limited, and unstable in price.

Deregulation has added even more complexity to the power story. The idea of deregulation was that the market would be opened up and prices for power would be related to customer demand. It was thought that this move would create more competitive markets that would result in lower costs for consumers. For a whole host of reasons, deregulation hasn't yielded the anticipated benefits for customers. In some states, notably California, deregulation lead to higher prices *and* poorer service. How could this have happened? Could this happen here?

These are questions you *should* be asking. And you should also know that you are an owner of a utility and you have the right to question things which affect regional and national energy policy and share your concerns. There is no quick fix for today's electricity market. But at Norwich we believe the entire system requires the input of people like you, not just big industry, or a select group of people. In order to create a new system that functions for everyone, we invite you to become involved with us and build a future that works.

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WHY ELECTRICITY IS SO COMPLEX

Once electricity is generated, it must be used – it cannot be stored. So generators must know how much power to make, transmitters and distributors must know where to send it and demand and supply must always be in balance. This is why usage is monitored across the country very carefully. One little glitch can wreak havoc on the system. Last summer, many of our neighboring states experienced a blackout said to have started at a plant hundreds of miles away from them.

Who is the ISO?

Independent System Operators (ISOs) were created to manage the supply and demand of electricity with the advent of deregulation. Their guidelines are to provide fair and open access to electricity and they function as non-profit. ISO New England manages 6 states and consults with NEPOOL (New England Power Pool) which is a group of 200 entities involved with various parts of the process from generation to transmission and distribution. The ISO influences our future as well. For example, Connecticut has been deemed a congested area for the power grid. As such, there are implications that may mean higher rates – a type of penalty paid by consumers for the higher demand. The idea is that these higher rates will create an incentive for suppliers of electricity to invest more in these congested areas. **But will more money in the pockets of the power generators and transmitters lead to an improved supply system? Let us know what you think. Call us or visit our web site.**



Here to Serve You

Visit a special link on our web site for more information about energy issues:
www.norwichpublicutilities.com/communitymatters

Please call, fax or email us your questions, comments and suggestions.

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