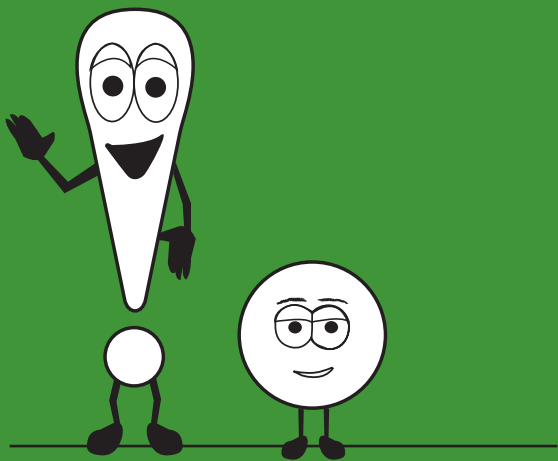


The choice is yours:

Stay with the utility
or switch to a retail
electricity provider.



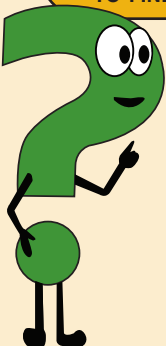
A guide to understanding electric deregulation
and what it means for your business.

Welcome to electric choice.

In a deregulated electricity market, also known as a competitive, open or retail market, companies other than the utility may compete to supply your electricity. If you're reading this, it's likely that your state's electricity market is in the process of becoming, or is already, deregulated.

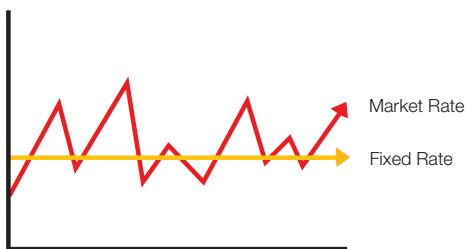
The information contained within this pamphlet will give you a clear understanding of what electric deregulation means for your business.

Hi. I'M A BUSINESS LIKE YOU, WITH QUESTIONS ABOUT HOW ELECTRICITY DEREGULATION WORKS. LOOK FOR ME TO FIND SOME HELPFUL ANSWERS.

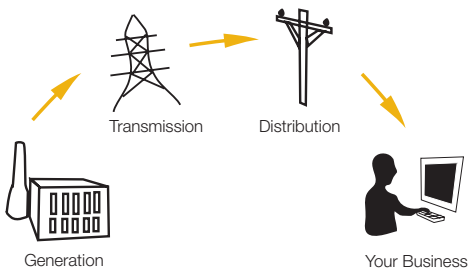


To start, here are the basic elements you should know.

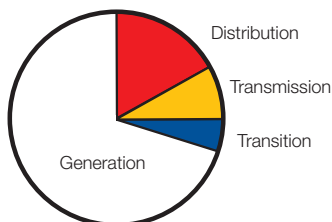
1. A deregulated market provides your business with options, primarily the ability to shop for a more competitive rate and choose which company supplies your electricity.



2. If you choose an REP, the utility is still responsible for servicing the infrastructure: the towers, lines, transformers and all other physical pieces of the supply chain.

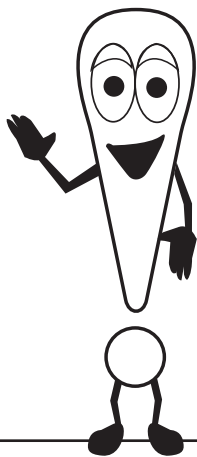


3. Only the generation portion of your bill is open to competition. Distribution, transmission and transition charges, which are applied to the maintenance and development of the utility's infrastructure, remain controlled by the utility.

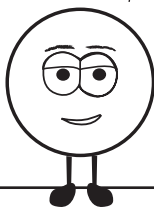


Meet your potential suppliers: The Utility and a Retail Electricity Provider.

Hello! I'm a retail
electricity provider,
but you can call me REP!

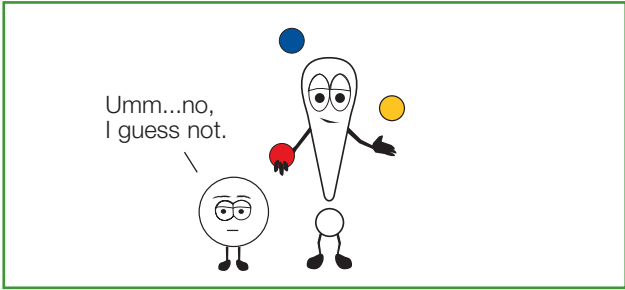
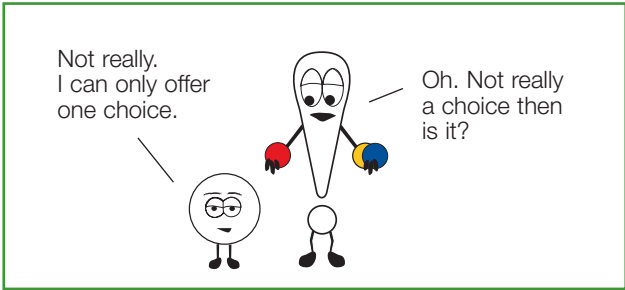
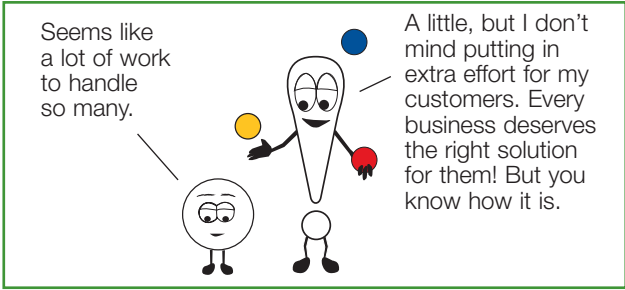
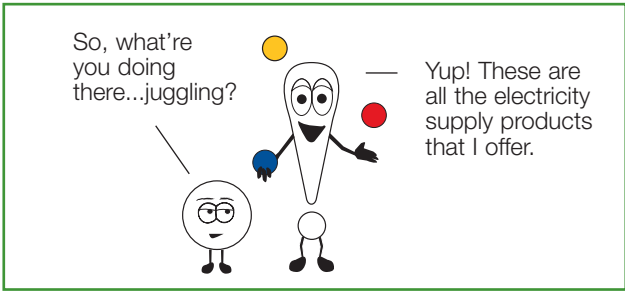


Hi, I'm an
electric utility.



In a deregulated electricity market, you can choose either the utility or a retail electricity provider (REP) as your electricity supplier. To help you understand the benefits of switching to an REP, we've outlined the main differences in the next few pages.

Product Options



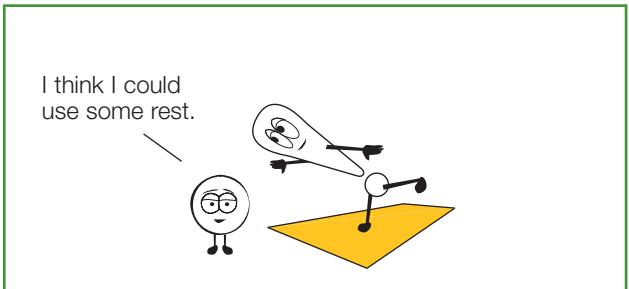
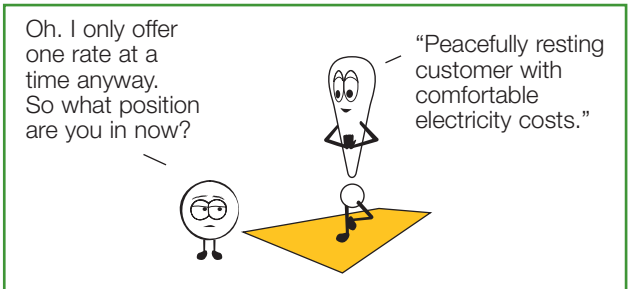
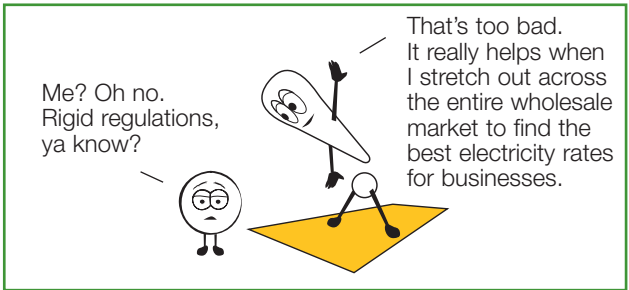
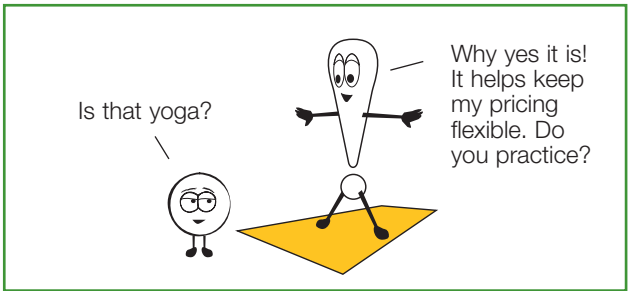
WHAT DO YOU MEAN BY AN ELECTRICITY PRODUCT?



The word “product” in the electricity market typically refers to a pricing structure or plan. Electricity supply products can consist of a flat, fixed rate; a variable or indexed rate; or a blended portfolio of fixed and variable rates. Some products may even allow you to lock in or adjust your rate at predetermined times or values.

The more products available from an REP, the more options you'll have for an energy strategy that supports your business goals.

Pricing Flexibility



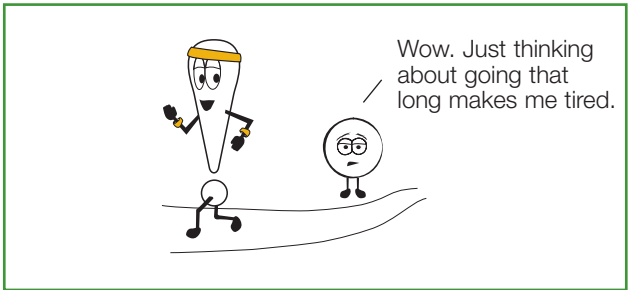
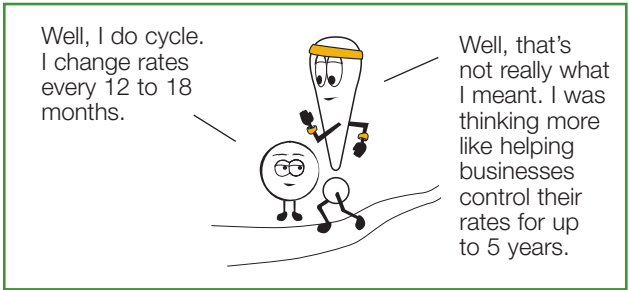
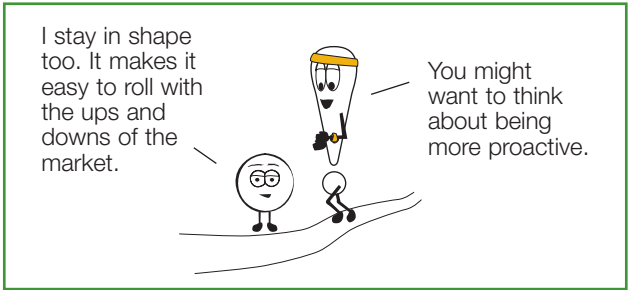
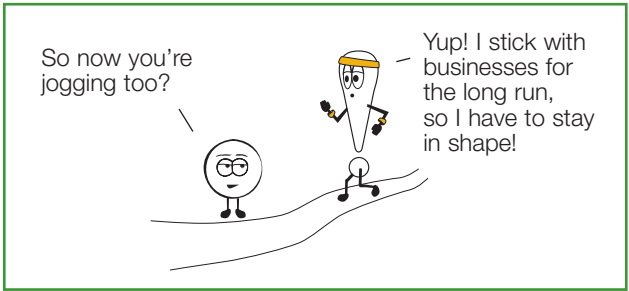
WHY CAN THE REP OFFER MORE FLEXIBLE PRICING THAN THE UTILITY?



The utility operates under the regulation of the Public Utility Commission. Its rates are often fixed for a short period of time and are typically determined by some form of auction or simply adjusted to match the market price at that time. In contrast, an REP is an unregulated business that defines its own rates.

Furthermore, an REP can purchase electricity from generators anywhere in the country, obtaining competitive pricing by negotiating and buying in bulk.

Contract Length



WHY DO I NEED A CONTRACT?

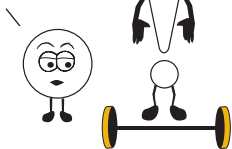


A formal document allows an REP to provide your business with your chosen product and rates for an extended period of time. Your agreement with an REP provides them with the ability to plan for and secure the load necessary to meet your company's demand.

The predictability established by your contract is what creates the budgeting and savings opportunities that are possible with an REP as your electricity supplier.

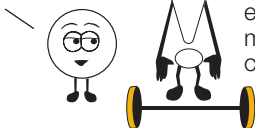
Added Value

That looks like a lot of weight.



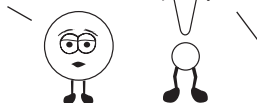
Oh it is! But I do all the heavy lifting for my customers.

Oh, me too. I tell customers how much electricity they used and how much they owe. I even mail their bill right to them.



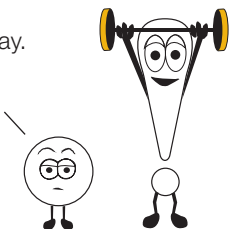
Well, I meant shopping around for rates, advocating on their behalf, helping them develop effective strategies for managing electricity costs...stuff like that.

Oh, yeah, that stuff's good too.



Want to give it a try?

No, that's okay. I'm not really built for it.



WHY DO I NEED ANYTHING MORE THAN WHAT IS OFFERED BY THE UTILITY?



The deregulated electricity market offers your business the opportunity to exercise greater control over your electricity budget. The services of an REP can help you make the most of this opportunity. An REP shops for competitive pricing and advocates for regulations favorable to your business, while working to provide options and services that support your electricity strategy.

Glossary of Terms

Demand: The amount of electric power used by your business. It is measured in kilowatts (kW).

Deregulation: The process of decreasing government controls over industry and allowing competitive forces into the market. In the electricity market, it is the end of utility monopolies as other companies are permitted to offer service to customers. The utility retains control of transmitting and distributing power while power generation becomes open to competition.

Distribution: The delivery of electricity from the transmission grid into businesses and homes through low-voltage lines.

Energy Supplier: Can refer to either a utility or a retail electricity provider.

Generation: The most significant part of every customer's electricity bill, it pays for the actual production of electricity. Generation is the only cost open to competitive pricing in deregulated electric markets.

Load: The amount of electric power required to meet customers' use at a given time. The amount of electric power delivered at any specific point in a system.

Retail Electricity Provider (REP): A company licensed to offer products and services related to electricity generation. Also commonly called an Electric Service Company (ESCO), Retail Electricity Supplier (RES), Electric Service Provider (ESP) or Competitive Electricity Supplier.

Transmission: The process of carrying large amounts of electricity from power generation plants to local distribution lines over high-voltage wires.

An exciting alternative to the utility!

Strategic Energy® is one of the nation's leading retail electricity providers. We draw on 20 years of expertise to help you make informed business decisions regarding your electricity cost management.

Our first priority is providing you with objective information and unbiased advice. We are wholly committed to assisting you in the process of determining an appropriate energy strategy for your business. As a Strategic Energy customer, you can expect that level of respect and dedication to continue, along with:

- Concise contracts in straightforward, easy-to-understand language.
- A Customer Service Center staffed with friendly, helpful professionals.
- Convenient, one-stop access to online market updates and regulatory news.

To learn more about the benefits of choosing Strategic Energy as your electricity supplier, visit www.strategicenergy.com or call **800.959.2161** today.

