

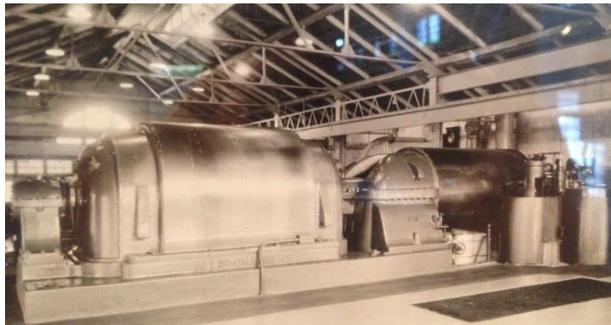
BRIEF HISTORY OF PERU UTILITIES ELECTRIC GENERATION

The first electric lights in Peru made their appearance in October 1885 when the Thomas-Houston Electric Company installed a dynamo with a capacity of 25 arc lights as an experiment taking power from Millers Mill. By August 1900, the City of Peru purchased what little existing electric structure was available from a privately owned company called the City Lighting Company of Peru. The City of Peru located the light company on Canal Street, just west of Broadway. Within two years, there were 98 street lights and 50 commercial arc lights.

In 1911, the City of Peru built what is now known as Peru Utilities at Canal and Wayne Street. The old plant was taken out of service October 23, 1911, at 8:00 a.m. and the new plant was put into service. At the time, the Peru Utilities plant consisted of two Corliss engines, both with 350 Kw generators.



In 1918, a 500 Kw General Electric unit was installed and was served as the main generating unit until 1923. It operated as a stand-by unit until 1949, and was removed from the plant in 1957.



In 1923, an Allis Chalmers 2,000 Kw unit was installed and served as the main generating unit until 1925. This unit was removed in 1957.

A General Electric 2,500 Kw turbine generator was installed in 1925, and was the main generating unit until 1933. It transitioned to a stand-by unit until 1940 when peak loads increased. The unit burned up in 1957 and was removed from the plant.

From 1933 to 1949, an Allis Chalmers 5,000 Kw unit was installed. It operated as the main generating unit standby for 16 years, and then served as a stand-by unit until 1959.

In 1948 an Allis Chalmers 10,000 Kw unit was installed as the main generating unit, and was used as a standby/peaking unit after 1959. This unit is still operable on site today as a standby unit.

In 1959 an Allis Chalmers 22,000 Kw unit was installed and was the main generating unit for Peru, and is considered a standby/peaking unit today.



Peru Utilities interconnected with Public Service Indiana to meet the growing load demands in 1968. The Peru power plant was generating 24 hours a day, seven days a week, but supplemented demands through PSI's supply.

In 1983, Peru Utilities became a full-requirements purchaser of wholesale electricity from the Indiana Municipal Power Agency. As an IMPA member, Peru purchased all of its electricity from IMPA. Peru also supplemented IMPA's supply of electricity on the grid by generating 24 hours a day, for which Peru was reimbursed generously.

On January 25, 1984, Peru Utilities moved its offices from East Third Street to a newly built facility at 335 E. Canal Street, which is the current location of administrative offices for Electric Division, Engineering, Customer Service and Management.



A turbine overspeed incident damaged the 12,500 Kw unit in 2006 causing significant damage. The unit was out of service for well over a year as it was being rebuilt off site. It was redesigned during the rebuild for efficiency.

Economic factors related to the price of power and aging equipment prompted the Peru plant to adjust its generation status to standby by 2006, powering up when the demand price of power exceeded the Peru plant's cost to generate. The Peru Utility was reimbursed by IMPA for its capacity to generate, and still represented a

valuable asset to the Utility and the City of Peru. IMPA's capacity payments at that time totaled \$3.8 million. The Utility's overall power bill was reduced by that amount, so Peru's ratepayers benefitted significantly from the power plant's operations.

However, by 2009, the Peru plant was only actually generating a few days each year. IMPA called for an adjustment in the capacity purchase agreement, and Peru's lucrative capacity reimbursements all but disappeared. Skilled journeyman turbine operators and maintenance staff were laid off so that the plant's operating expenses did not place a burden the Utility's rate payers. A handful journeyman operators were placed elsewhere in the Utility so that the plant could be operated, though only on a temporary or emergency basis.

Today, under a new agreement with IMPA, Peru's contract allows for no capacity reimbursement. Due to environmental restrictions and other economic factors, the Peru power plant rarely generates; and it is anticipated that the plant will be decommissioned by January 2016.



Peru Utilities Original Office
19 E. Third Street



Peru Utilities Main Office after 1984

