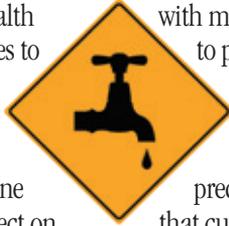




What Impact Will the Drought Have on Electricity, AMP and You?

From agriculture and employment to health and recreation, we all know water contributes to the quality of life in California. Water is also an important component in the production of electricity across the state. Even with February's rain, California is experiencing one of its driest years ever, and it can have an effect on electricity supply and prices.

In Alameda, we rely on power from a variety of resources including some that are influenced by water conditions in the state. While most of us immediately think of dams on rivers where electricity is generated, landfill gas and geothermal plants can also be affected (see sidebar on back), and AMP relies on all three in its diverse mix of energy resources. When drought conditions cause the output from these plants to decline, AMP must look elsewhere to ensure Alamedans have enough electricity. As is the case



with most electric utilities, AMP will likely resort to providing electricity from natural gas-fired plants, which generally are more expensive. But drought contingencies are something AMP plans for annually. We have precautionary measures in place to ensure that customers are protected from price increases as a result of drought conditions, so there should be little impact this year.

Be A Good Partner

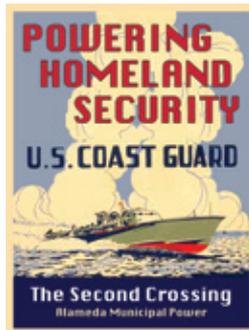
While AMP is able to minimize the impact of the drought on electric prices through prudent planning, it's important for all of us to do what we can to conserve not just water, but electricity as this drought persists. By conserving electricity and reducing demand in Alameda, AMP's need to purchase

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AMP to Bring More Power to Coast Guard Island

From its spot in the middle of the Oakland Estuary, the Coast Guard relies on AMP for its electricity as it protects our ports and waterways and provides homeland security for the nation. This spring, AMP will embark on one of its largest capital improvement projects in many years: building a second electrical crossing to Coast Guard Island.

Here in Alameda, our power system is built so that just about every house or business has an alternate power source, meaning there are two paths to bring power to your street. If there's an incident in one direction that knocks out power, we can reroute the power from another direction. But Coast Guard



Island Alameda has just one feed to power it, and the need for a second path is vital to their mission.

Adding a second crossing is no easy task though. It will be installed 60 feet beneath the Oakland Estuary using horizontal directional methods and require roughly 1,600 feet of electrical conduit, which will need to be assembled on land before it is pulled through the bore hole that will be drilled.

Conduit assembly, which will take approximately five weeks, will stretch from the back of the Shell/Pennzoil lot, along Clement Street, and then curve

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additional power from more expensive natural gas resources may be abated.

We'll continue to keep you posted about the effect of the drought on our electric supply, and we also invite you to join us for more discussion on its impact at AMP's annual budget planning workshop at 4 p.m. on Monday, April 21 at the AMP Service Center, 2000 Grand Street. At the workshop, the Public Utilities Board will also discuss the fifth year of AMP's five-year rate adjustment plan. It's unknown at this time if a rate increase will be proposed, but it will be addressed as part of the five-year plan that's been in effect since 2010. For more information about the budget workshop, visit AMP's website. 

into the former Chipman property. The conduit will be built on a framework of rollers on the ground so it can be easily fed through the bore hole under the estuary.

How It May Affect You

During construction, the drill will exit the estuary just north of Fortmann Way. Access to Grand Street, Clement Avenue and Fortman Way will remain open at all times. However, the boat ramp and adjacent parking lot will be closed for 8-12 hours during the latter phase of construction. Additionally, the parking lot that serves Marina Waterfront Park, near the corner of Clement Avenue and Ohlone Street, will be closed for five weeks. We apologize for any inconvenience that our construction will cause.

AMP will keep you posted about closures and traffic diversions through the media, Facebook and Twitter. To learn more about the project and watch its progress, visit our website or Facebook page. 

Power Needs Water—How Drought Can Affect Our Resources

Hydroelectric power is the most visible of the resources that can be affected by drought. AMP relies heavily on electricity generated from large hydro plants at Calaveras, Shasta, and Central Valley along with smaller plants at Graeagle and Central Valley. When streams and reservoir levels are low, there is not enough water to feed the power-generating plants.



Northern California's geothermal plants, including the Geysers on which AMP relies, are also affected by drought. Dry conditions mean that less water is available to be injected into the underground rocks to produce the steam needed to power the turbines that drive the generators.



Even landfill gas plants can be affected by drought. AMP relies on power produced by landfill gas in Pittsburg, Ox Mountain, Richmond, and Half Moon Bay. Landfills are capped with a layer of clay that enables the capture of methane gas as solid waste decomposes. The methane is then converted and used as an energy source. However, as conditions get drier, the layer of clay can crack, causing the methane to leak into the atmosphere instead, resulting in a decrease in power production.



S&P GIVES AMP an A+

Standard & Poor's has affirmed AMP's 'A+' long term bond rating, citing as factors in its decision the utility's good financial performance, strong liquidity, manageable five-year capital plan, competitive rates, and strong resource planning. S&P also noted AMP's resolution of many of the remaining issues from the telecommunications business that was sold to Comcast. 

CLIP and KEEP!
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