

Demand Explained

Your utility bill is comprised of two components – consumption and demand.

Electric consumption (kWh) is recorded much like your car's odometer records accumulated mileage.

Demand is recorded by how much energy you need in a particular moment in time reached and maintained in a 15 minute interval within the billing period. In other words, it can be explained as how quickly you are using energy.

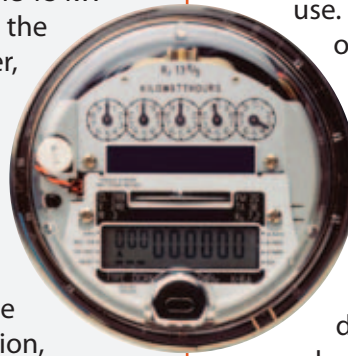
Suppose you have two motors - one 10 kW motor and one 15 kW motor. If the motors run simultaneously for 15 minutes, the demand for that billing cycle will be 25 kW. If, however, the motors run individually at 15 minute intervals, the demand kW would be 15 kW - the highest motor's usage.

In order to supply the energy at the rate required, the utility must have the equipment necessary to meet the capacity of the electrical delivery system at the rate required. To do so, the utility must have generation, transmission and distribution equipment on constant standby sized to meet the demand when the need for electricity is at its highest.

The most equitable way to cover the cost of this equipment is to have those customers who create this demand and who have the need for power during the peaks pay for it. This is accomplished by the utility spreading the costs of this extra equipment among all commercial and industrial customers as a separate charge for demand.

At Shakopee Public Utilities, the billing demand charge is based on the greatest 15 minute peak demand of kilowatts during the month, but not less than 60% of the highest billing demand during the preceding 11 months.

Contact Julie Ambach, your SPU account representative, for specific energy-saving recommendations for your business.



Strategies to Reduce Demand

Do everything you can to reduce your electricity use. Once you have reached a basic level of kWh of electricity needed for your operation, you can still work on the demand charge portion of your bill.

To reduce peak demand, examine your operation and perform electrical load planning and management. Five key steps to developing an energy management plan are:

- 1. Assess your facility's energy performance.** Contact Shakopee Public Utilities to request a one year usage history report that includes demand charges.
- 2. Set goals.** Create clear, measurable goals with target dates.
- 3. Create an Action Plan.** With measurable goals in place, it's time to take action. Define the steps necessary to reach the most optimal energy efficient operation.
- 4. Evaluate progress and determine accomplishments.** Periodically compare your facility's current energy consumption to the goals established in your energy management plan.
- 5. Recognize achievements.** Recognizing energy management achievements is a necessary step in maintaining momentum.



Shakopee Public Utilities

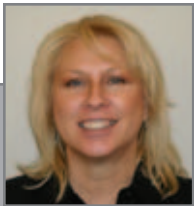
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In This Issue

Demand Explained
Introducing www.ci.spucweb.com



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Introducing www.ci.spucweb.com

A website specifically designed for SPU's Commercial Industrial Customers



SPU recently launched a website with Commercial Industrial customers in mind.

This new site features information specifically for SPU's Commercial Industrial customers, including:

- » **Rebate Information**
- » **Power Connection Issues**
- » **Rates**

"Our goal was to provide a user-friendly site with information that our commercial industrial customers could easily locate," said Julie Ambach, SPU's Marketing and Customer Relations Director. "We're excited to hear what our customers think."