



Power Lines

Summer 2012

A Quarterly Publication for Shakopee Public Utilities' Residential Customers

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LED - The Future of Residential Lighting

Light-emitting diodes (LED) has been a proven technology for decades. Since the 1960's, LED technology has been used for traffic lights and electronic instruments. In 1998, LED light strings began to brighten the holidays. But LEDs are not just for Christmas anymore. In fact, LED is one of the most rapidly-developing technologies for residential lighting applications.



According to the U.S. Department of Energy, LED is a highly energy-efficient technology that has the potential to change the future of lighting in the United States. ENERGY STAR rated LEDs use 75-80% less energy than incandescent light bulbs and last 25 times longer. Even if left on 24-hours a day, LEDs last up to six years. Plus, you'll never be left in the dark when using LED light bulbs because they don't actually "burn out." LEDs lose luminosity over their lifetime, so you'll need to replace the bulb when it begins to fade.

LED products use light-emitting diodes to produce light. Unlike incandescent light bulbs that create light by passing electricity through a metal filament until it becomes so hot it glows, LEDs illuminate tiny light sources by the movement of electrons through a semiconductor material. While incandescent light bulbs release 90% of their energy as heat, the small amount of heat generated in a well-designed LED product is released backwards into a heat sink, making LEDs basically cool to the touch.

Lighting accounts for approximately 12% of the average US home's electric bill. The U.S. Department of Energy estimates that switching to LED lighting over the next 20 years could save the U.S. \$250 billion in energy costs over that period. "To help encourage customers to make the switch to LEDs, SPU will be expanding its Efficient Lighting Program to include LED light bulbs in 2013," said Julie Ambach, SPU's Marketing Director.

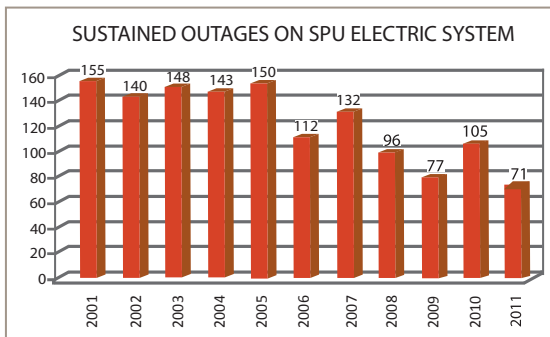
The following table compares a 60 watt traditional incandescent light bulb with energy efficient bulbs that provide similar light levels.

Compare and Save				
	60W Traditional Incandescent	43W Energy-Saving Incandescent	15W CFL	12W LED
% of \$ Saved	n/a	~25%	~75%	~75-80%
Annual Energy Cost*	\$8.62	\$6.28	\$2.16	\$1.80
Bulb Life	1,000 hours	1,000-3,000 hours	10,000 hours	25,000 hours

* Based on 4 hours/day of usage with an electricity rate of .0988 cents per kilowatt-hour

Outage Response

During 2011 SPU electric crews responded to 109 reports of power outages. The outages included in the graph are sustained outages – outages of more than 5 minutes. Subtracting the number of outages that did not involve SPU facilities, (i.e. customer fuses and faulted customer underground service wires) the total number of outages involving SPU facilities is 71 for 2011.



Animals were the leading cause of outages on SPU’s electrical system. There were 22 outages caused by animals (mostly squirrels and birds) during 2011 as compared to 29 in 2010. Other leading causes of outages including lightning (7) and trees (7).

22 Number of outages caused by animals during 2011

To calculate reliability, SPU uses indices consistent with “IEEE Guide for Electric Power Distribution Reliability Indices.” The Average Service Availability Index – the fraction of time SPU customers received power during 2011 – was 99.998.

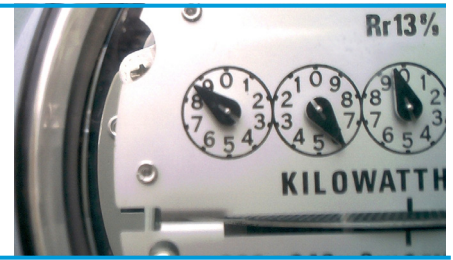
99.998 Fraction of time customers received power

SPU Electric Meters

SPU realized an increase of 175 new customers in 2011. The total number of electric meters served by SPU reached 16,314.

1,644,127

kWh SPU residential Conservation Improvement Program participants collectively saved in 2011



Minnesota statutes established energy savings goals through Conservation Improvement Programs (CIP). The energy savings goal is equivalent to 1.5 percent of the energy that electric utility providers would have otherwise sold to customers averaged over the most recent three year period. SPU encourages reductions in energy consumption through various programs, such as rebate incentives, as well through consumer behavior programs.

In 2011, SPU Residential Conservation Improvement Program participants collectively saved 1,644,127 kWh – approximately \$161,124 savings on their electric bills. When including the 6,842,803 kWh saved by SPU commercial/industrial customers, the total kWh saved in 2011 totals 8,486,930.

The residential programs that contributed to the kWh savings include:

Program	2011 kWh Saved
OPower Program (5 months)	894,000
Lighting Programs	469,298
Appliance Recycling Programs	140,218
Energy Star Appliance Programs	70,367
Other Programs	70,244

The 2011 energy savings realized through SPU’s Conservation Improvement Programs reduced the amount of electricity needed for the 16,314 electric customers by 2.2 percent – exceeding the mandated goal.

“SPU was able to meet its energy savings goal because of our customers’ commitment to saving energy and money,” said Julie Ambach, Marketing/Customer Relations Director. “Thank you to our customers who participated.”

Statistical Data

	2011	2010	% Change
Electric Department			
Total kWh Purchased	414,150,120	412,310,323	0.4%
Total Cost of kWh purchased	\$ 26,782,509	\$ 25,808,252	3.8%
Average cost of kWh purchased	0.06467	0.06259	3.3%
Total kWh Delivered	397,223,982	395,127,626	0.5%
Number of Metered Customers	16,314	16,139	1.1%
Water Department			
Total Gallons Pumped (in thousands)	1,771,143	1,718,027	3.1%
Number of Metered Customers	10,781	10,648	1.2%

The BALANCE SHEET

Assets

	2011	2010	% Change
Cash & Investments	\$ 23,177,827	\$ 24,489,502	-5.4%
Accrued Interest	67,888	67,259	0.9%
Accounts Receivable	3,239,279	3,202,838	1.1%
Payments Due from City of Shakopee	112,405	74,509	50.9%
Inventory	960,884	722,599	33.0%
Prepaid Expenses	83,507	83,924	-0.5%
Restricted Assets	6,910,708	6,406,765	7.9%
Unamortized Electric Plant Acquisition	348,249	434,392	-19.8%
Unamortized Debt Expense	464,538	557,471	-16.7%
Property, Plant & Equipment, minus depreciation	72,837,188	70,786,182	2.9%
Total Assets	\$ 108,202,473	\$ 106,825,441	1.3%

Liabilities

Accounts Payable	\$ 2,981,126	\$ 2,911,208	2.4%
Due to City of Shakopee	23,067	159,632	-85.5%
Other Liabilities	184,825	160,797	14.9%
Customer Deposits	1,218,502	1,133,783	7.5%
Interest Payable	336,031	382,532	-12.2%
Bonds Payable	18,885,000	21,470,000	-12.0%
Unearned Revenues	1,231	97,944	-98.7%
Other Liabilities	(999,107)	(1,038,453)	-3.8%
Total Liabilities	\$ 22,630,675	\$ 25,277,443	-10.5%
Net Assets	\$ 85,571,798	\$ 81,547,998	4.9%
Total Liabilities and Net Assets	\$ 108,202,473	\$ 106,825,441	1.3%

Statement of REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2011	2010	% Change
Operating Revenue	\$ 41,935,218	\$ 40,938,592	2.4%
Operating Expense	36,305,101	34,966,982	3.8%
Operating Income	\$ 5,630,117	\$ 5,971,610	-5.7%
Non-Operating Revenue (Expense):			
Rental and Miscellaneous	\$ 360,446	\$ 350,914	2.7%
Investment Income	170,905	343,663	-50.3%
Interest Expense	(871,023)	(927,423)	-6.1%
Amortization of debt issuance costs	(183,774)	(99,084)	85.5%
Total Non-Operating Revenue(Expense)	\$ (523,446)	\$ (331,930)	57.7%
Income before Contributions & Transfers	\$ 5,106,671	\$ 5,639,680	-9.5%
Capital Contributions	928,488	1,215,801	-23.6%
Operating Transfer to City of Shakopee	(2,011,359)	(1,989,406)	1.1%
Change in Net Assets	\$ 4,023,800	\$ 4,866,075	-17.3%
Total Net Assets - Beginning of Year	81,547,998	76,681,923	6.3%
Total Net Assets - End of Year	\$ 85,571,798	\$ 81,547,998	4.9%

2012 kWh Savings Goal REPORT

2012
Savings Goal:
5,821,459 kWh

The energy savings goal is equivalent to 1.5 percent of the energy that SPU would have otherwise sold to customers.

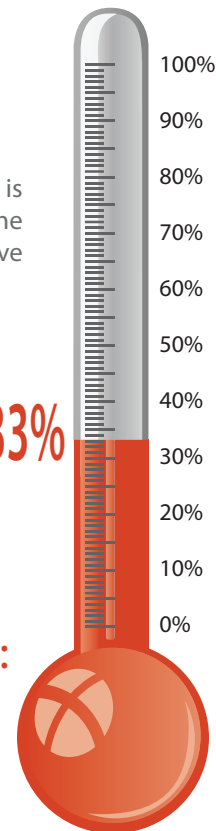
2012 Goal
Achieved
to Date*

*As of May 31, 2012

33%

2012
Remaining Goal:
3,874,142 kWh*

*As of June 11, 2012



2012 kWh Savings To Date*

Program	kWh Savings
Home Energy Reports	1,600,000**
Residential Programs	40,554
Commercial Programs	306,763
Total Goal Achieved	347,317
Remaining Goal	3,874,142

*As of June 11, 2012

** Anticipated kWh Savings

SPU residential electric customers may qualify for a rebate when purchasing ENERGY STAR qualified light products, appliances, and heating and cooling products. Rebates are also offered for recycling old, inefficient appliances.

To learn ways you can save energy and money, visit www.spucweb.com, where you'll find home energy savings tips, residential rebate details and forms.

in this ISSUE



Shakopee Public Utilities
“Lighting the Way—Yesterday, Today and Beyond”

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2012 Consumer Confidence Report

The Spotlight's on... Mike Skoug, Storekeeper

On December 12, 2011, Mike Skoug joined SPU as Storekeeper.

As Storekeeper, Mike is responsible for maintaining inventory control, issuing parts and equipment to SPU's service personnel, shipping and receiving, as well as maintaining the building's equipment.

When asked what he likes best about his job, Mike said, "I thoroughly enjoy the friendly atmosphere at SPU. Everyone has been extremely helpful as I learn my new responsibilities."

Since joining SPU, Mike has learned more about how electricity is delivered to SPU customers. "There's a lot of interesting things that go on in the background – much more than just a power line running up to your house," Mike said. "I find the computer monitoring system interesting. It allows SPU to continuously monitor loads on the system, open and close breakers as required, and monitor all the substations to make sure everything is working properly." Mike added.

Mike, who is originally from Eau Claire, Wisconsin, has been a Shakopee resident for 18 years. Mike and his wife, Colleen, like hunting – especially for good cheese curds, sausage and barbecue sauces while travelling to their cabin in Hayward, WI. Mike also enjoys fishing and stock car racing.

Welcome Mike!



Mike Skoug, Storekeeper