

RPU Plugged In

RPU Silver Lake
Power Plant:
Future Plans as
Decommissioning
Progresses





RPU Silver Lake Power Plant: Future Plans as Decommissioning Progresses

Back on August 7, 2012, the RPU Board approved a resolution directing staff to develop and execute a plan to decommission the Silver Lake Plant (SLP) by December 31, 2015, or sooner. Decommissioning is defined as stopping all coal burning and electric generation.

Recently, a historic milestone was recognized with the final coal being burned on November 14, 2013. That final coal burn represented the end of a run of coal-fired generation dating back to 1949, when SLP first went online. Electricity may still be generated on-site as necessary up to the end of 2015, but will use natural gas as the fuel source. RPU will also continue to provide steam to Mayo Clinic for their process purposes.

Near Future

After the decommissioning was approved, RPU set up an internal group to put a plan together that will ensure a proper transition leading up to December 31, 2015. One of the first items addressed was offering senior

SLP staff an early retirement package and helping others with possible internal transfer opportunities. SLP staff is working on transitioning from a workforce originally approved at 54 full-time employees down to a number necessary to maintain the facilities, which could reach as low as 20 by the end of 2015. With the removal of coal and electricity, there will be equipment and inventory material that is no longer needed. It may be reasonable to sell or repurpose these items. Specialty coal and power plant equipment may take longer to sell.

An item such as a coal pulverizer, which grinds the coal pieces down to a fine powder, may only work in a few power plants in the region or nation. Also, as coal becomes less favorable for electric generation, potential buyers will be limited.

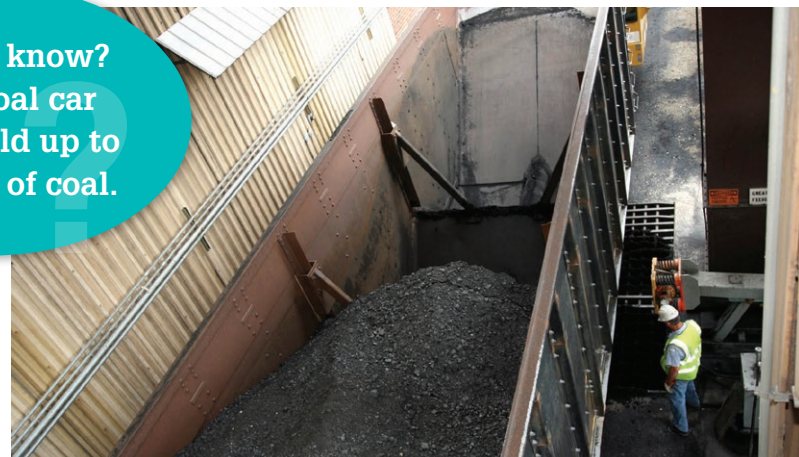
Visually, SLP will not look much different except for the back coal yard. For more than 60 years, Rochester residents have come to expect a coal pile of 50,000 tons or more on the Northwest corner of the SLP property. Today, the coal has

been scraped down to the bare ground to allow that space to be repurposed for other RPU needs.

With the end of the coal-fired generation at SLP, emissions to the atmosphere change substantially as well.

Reductions in sulfur dioxide, nitrogen oxides, particulates, greenhouse gases, and mercury will be realized.

When coal is burned, carbon dioxide (CO₂) and other greenhouse gases (GHGs), sulfur dioxide (SO₂), nitrogen oxides (NO_x), particulate matter (PM), mercury (Hg) compounds, and other hazardous air pollutants (HAPs) are released into the atmosphere. SLP has had EPA- and MPCA-regulated pollution control devices in place over the years to reduce the amount of potential emissions that could be released when coal was combusted.



Natural gas releases negligible amounts of SO₂, PM, Hg, and HAPs when combusted. NO_x, CO₂, and other GHGs are still emitted when natural gas is burned, but at much lower quantities than burning coal.

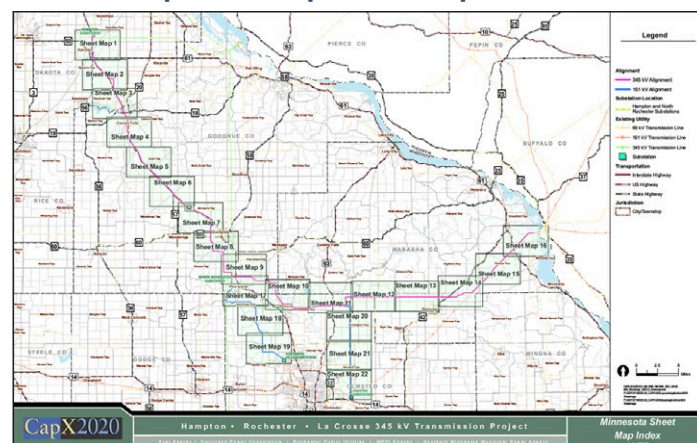
With the conversion to natural gas, SLP will reduce its potential emissions of SO₂, PM, Hg, and HAPs by more than 98%; NO_x by more than 60%; and CO₂/GHGs by more than 40%.

Longer Term

One of the major long-term effects of decommissioning SLP will be the cost savings to RPU customers. RPU estimates a savings of approximately \$44 million over the next seven years. The expense to generate electricity at SLP and the price to buy electricity from the energy market are significantly different. At times, the price differential to buy electricity is a fraction of what it would be to generate it at SLP.

Reliability and availability of electricity is a concern that RPU has heard about from customers since the decommissioning announcement. In a stroke of good timing, the CapX2020

View the CapX2020 map at www.capx2020.com.



transmission project will help to provide a robust, state-of-the-art transmission system for the Rochester area, which will provide redundancy and a stronger pathway for Rochester to bring in electricity. With our current transmission system and the future addition of the CapX2020 project, the local generation from SLP will not be needed.

The Rochester part of the CapX2020 project, paired with the power purchases from a robust wholesale market will provide the energy needed as Rochester grows in the future.

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Remember to Use Caution in Work Areas this Winter

RPU crews are on call, as needed, to address system issues. Because of this, crews are usually called out in situations with high wind, freezing temperatures, snow and ice, or a mixture of all of them.

Please use extreme caution when traveling in or near utility work zones. Safety is the top priority for crews and you can help ensure that they get home safely after work by using caution around utility work zones.

Your RPU water and electric crews thank you!



If you don't have **SERVICE ASSURED®**, you could get stuck paying thousands of dollars out-of-pocket to repair your damaged underground water or electric services.

For only \$2.99 per month*, you can rest assured that you won't be hit with costly repair bills if your underground electric or water service breaks!

To learn more and enroll, visit: www.rpu.org

*Contact us to determine your eligibility; some exclusions apply.





Minnesota Municipal Utilities Association

Tom Bovitz Memorial Scholarships for High School Seniors

Entries Due March 28, 2014

ESSAY SCHOLARSHIP CONTEST:

- * First Place **\$2000**
- * Second Place **\$1500**
- * Third Place **\$1000**
- * Fourth Place **\$500**



Visit **www.rpu.org** for essay guidelines
and to download a scholarship
entry form. Good luck!

New Sales Tax to Be Aware of on RPU Billing Statements

Customers will notice a slight change to the sales tax computation in 2014 with the addition of a new 0.25% Olmsted County transit sales and use tax. The change will first appear on the customer's RPU billing statements with the billing period starting on or after January 1, 2014.

Per the Minnesota Department of Revenue fact sheet regarding this tax, the revenue collected will be used to fund:

- Public infrastructure for the Mayo Clinic "Destination Medical Center" initiative.
- Other transit and transportation projects, including roads and bridges, airports, and transportation improvements.
- Maintenance on the county's roads and bridges.

RPU billing statements will show one line with both the current 0.50% City Sales Tax and the new 0.25% Olmsted County Sales Tax, with the sales tax percentages included in the line item description. The new tax will add \$0.25 to every \$100 of taxable utility service.



FREE ENERGY WORKSHOP

Tuesday 03.11.2014

Bamber Valley Elementary • 6:30pm

Monday 04.14.2014

Kellogg Middle School • 6:30pm

**NEXT
CLASS
DATES!**

**Attendees are eligible for a
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Learn more at www.rpu.org

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Many questions have been asked about the site itself along Silver Lake Drive. It is still vital to RPU for other purposes, including material and equipment storage, office spaces and integrated utilities and steam production. The operation of facilities, such as the Lake Zumbro hydroelectric dam, the Silver Lake dam, the gas turbines at the Cascade Creek substation and the diesel generators at IBM, can all be operated remotely from SLP.

Learning More

Updates are given, from time to time, at the RPU Board meeting if there are significant items to share. The process to decommission SLP will be a lengthy and thorough one, but it is one that can certainly involve customer input. As a municipal utility, RPU conducts all Board meetings and discussions in an open meeting format. The public is welcome to attend and listen or speak before the Board. The full Board meeting schedule for 2014 can be found on the RPU website (www.rpu.org).

Longtime RPU General Manager Larry Koshire Announces Retirement



At the December 17, 2013, RPU board meeting, long-time RPU general manager Larry Koshire announced his plans for retirement in April 2014.

Koshire has been the general manager of RPU since 1997, overseeing the largest municipal utility in the state of Minnesota with (electric/water) revenues topping \$150 million annually.

"Larry will indeed be missed. His leadership and vision in guiding the Rochester Public Utilities has been exemplary, shown not only by his commitment to the staff and their excellence but also by the quality of the service provided to this community. He is an outstanding leader," says Jerry Williams, RPU board president.

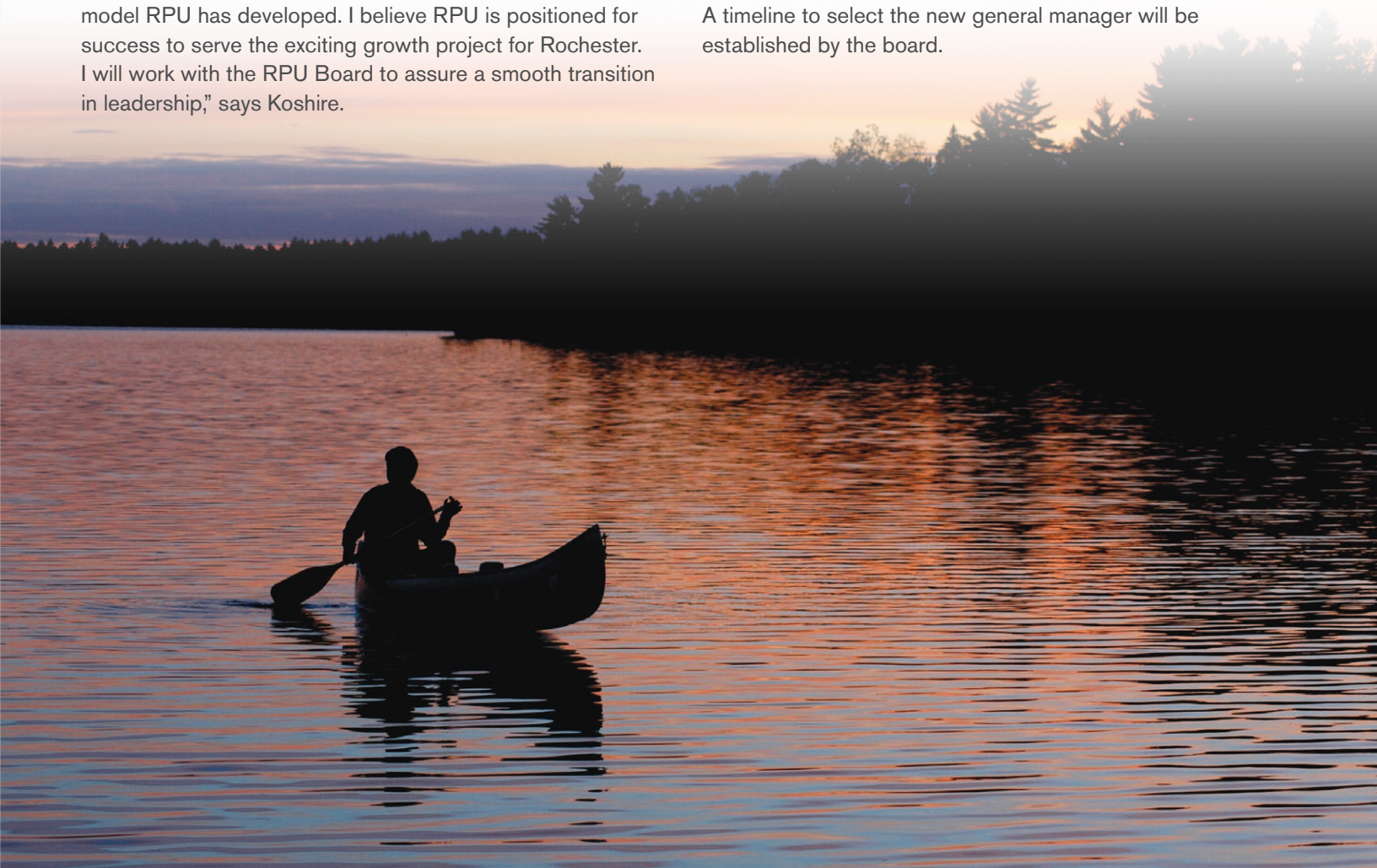
"I have felt it a privilege to have worked with such a great group of people dedicated to providing safe and reliable service to the citizens of Rochester. The board has provided a strategic direction, which has supported the customer service model RPU has developed. I believe RPU is positioned for success to serve the exciting growth project for Rochester. I will work with the RPU Board to assure a smooth transition in leadership," says Koshire.

During his tenure, Koshire has seen customer growth increase by more than 30% in both utilities, as well as overseen a number of major maintenance and capital projects, including the installation of the Cascade Creek gas turbines, diesel generators at IBM, participation in CapX2020, and recently the building of the 3.3-million-gallon water reservoir in south-west Rochester. In addition, over the 16 years as the general manager, Koshire tirelessly kept the focus on providing reliable services at an affordable price, while ensuring the safety of employees, customers, and the community.

Koshire has also been a leader on a number of local, state, and national boards, committees, and professional organizations, including:

- American Public Power Association (APPA)
- Minnesota Municipal Utilities Association (MMUA)
- Mid-Continent Area Power Pool (MAPP)
- Midwest Reliability Organization (MRO)
- National Society of Professional Engineers
- Rochester Area Economic Development Inc. (RAEDI)
- Cascade Meadow Wetlands & Environmental Science Center

A timeline to select the new general manager will be established by the board.





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RPU Closed

RPU will be closed
February 17 in recognition
of Presidents Day

See Ya at the Home Show!

Come visit with RPU employees, ask questions about your energy and water efficiency, and learn about solar energy at the RPU booth at the Rochester Area Builder's Home Show February 7-9. This year, RPU is partnering with Solar Connection to have solar experts on hand to answer all of your questions.

**Make sure to ask
about available rebates.
Funds are limited!**

