

RPU

Plugged In

REAL
customer
service

Cost
Consciousness

RELIABILITY

**Neighborhoodly
Service**

Economic Benefits
STAY
in Rochester

Local
CONTROL/
Local
DECISIONS

Photo by Josh Banks.

Message from the GM



Greetings! This is my first *RPU Plugged In* message and I'd like to take some time and introduce myself. My name is Mark Kotschevar and I have the distinct honor and privilege to serve as the new General Manager for Rochester Public Utilities. I was appointed by the RPU Board to replace Larry Koshire, who retired on April 30. I would first like to publicly thank Larry for his years of dedicated service

and leadership to the employees, public, and industry during his career here at RPU.

While I am new to this position, I am not new to RPU or the community. I started my public employment career with RPU 33 years ago and have held various positions within Engineering, Maintenance, and Construction, and most recently served as the Director of Core Services. My wife, Joan, and I have two boys who were born and raised here in Rochester. Our oldest just finished his second year at the University of Minnesota – Twin Cities and our youngest will start his first year at South Dakota State University this fall. The empty nest syndrome will be upon us, but luckily we still have the dog to ease the transition. We have always felt that Rochester is one of the greatest places to live, work, and raise a family.

We, at RPU, believe that we contribute to and support the success of Rochester and are committed to better serving each of you, every day. RPU is a municipal utility, which means that you, as citizens, are its owners. There are several benefits that this creates for you, including:

- 1. Local Control** – Because you are the owners, you have local control. Through the open meetings of the Utility Board and City Council decisions are made locally with your interests in mind. RPU reflects the values of the community and responds to your input.
- 2. Non-Profit Operation** – Rates are set to cover only the cost to serve, not to generate profits for shareholders. This removes the conflict of serving both the shareholder and the customer.
- 3. Low-Cost Structure** – The public ownership model has the advantage of tax-exempt financing, higher credit ratings, and lower operating costs. All of these things help keep rates as low as possible. As discussed in June's *RPU Plugged In*, during the four years 2010–2013, RPU had no increase in its electric or water rates. This is a statistic that is nearly unheard of in our industry and that we are very proud of at RPU. Each month RPU contributes an in lieu of tax payment back to the City's general fund that reflects a return on your investment in the system. Those payments help to offset your property taxes.
- 4. Primary Focus on Customers** – Our strategic business model is built around serving our owners – you, the customer. For many years now, we have been focused on providing exceptional customer service and our employees are very proud of their commitment to the vision of "We Will Set the Standard for Service."

I look forward to my new role and continuing to serve you and the community of Rochester in this capacity. Please know that I am always open to your comments on how we can create better service and provide greater value.

A handwritten signature in blue ink that reads "Mark".

Mark Kotschevar, General Manager

CapX2020 161 kV Line in Service

The first of two 161 kV (kilovolt) transmission lines for the Hampton-Rochester-LaCrosse (WI) part of the CapX2020 transmission project were energized on May 15, 2014, providing increased electric reliability to the Rochester area.

The 161 kV line spans from the new North Rochester substation to RPU's Northern Hills substation. Another 161 kV line is scheduled to go in-service to the east of Rochester in 2015.

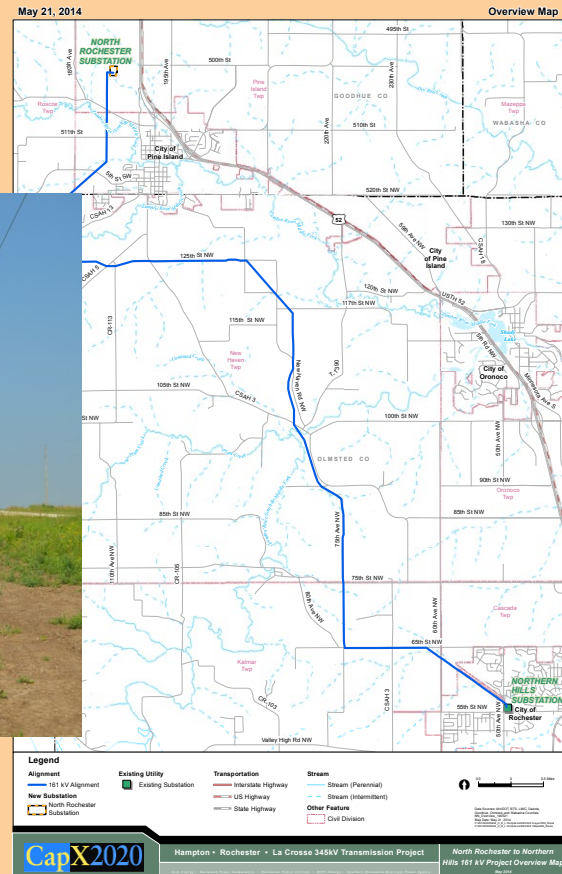
This is the first major electric transmission project in southeast Minnesota in over 30 years. When complete, the Rochester area will have added redundancy in its transmission infrastructure providing for added security and reliability.

Completion of the Rochester-Hampton-LaCrosse transmission line project is scheduled for late 2015.

The other partners on this line, along with RPU, include: Xcel Energy, SMMPA (Southern Minnesota Municipal Power Agency), Dairyland, and WPPI Energy.



Photo of the CapX2020 161 kV line.



Overview map for the CapX2020 Hampton-Rochester-LaCrosse (WI) line.

Make Some Waves...



Since 2006, WaterSense has helped consumers save 487 billion gallons of water! **RPU can help you make some waves for water conservation** – install water-efficient products and apply for a rebate on your purchase. **Download a rebate application at www.rpu.org** with a complete list of eligible items as well as terms and conditions.

CONSERVE & \$AVE®

MMUA Tom Bovitz Memorial Scholarship Contest Winner

Each year, along with our state association, Minnesota Municipal Utilities Association (MMUA), we invite Rochester high school seniors to submit an essay with the theme, "Municipal Utilities: Good for All of Us" for the Tom Bovitz Memorial Scholarship Contest. We received a number of great essay submissions this year, with the essay by Andrea Walker selected as the top Rochester submission. Andrea's essay was included in statewide judging along with other essays from other municipal utilities across Minnesota and was selected as the top essay. Andrea will receive the top scholarship prize of \$2,000 to go toward her college tuition this fall at RCTC.



Andrea's Essay – 'Bigger than Ourselves'

"I'm a little tired," muttered Ellie, the electron, to her friend Ron, who was resting beside her in a light bulb filament at the RPU Silver Lake Power Plant early one morning.

"All day, every day, we whiz through power lines and electric circuits, traveling all over Rochester. I feel like taking a vacation. Our job isn't really that important, is it? We're just two electrons in the entire Rochester municipal electric system." Ellie glanced glumly at Ron and sighed as a utility worker strode into the room and reached for the light switch. "Here we go again." The moment the worker flipped the switch, they were off, flying along the filaments, down the electrical wires, and through the cables to the power lines outside.

Traveling through the wires from power pole to power pole, Ron nudged Ellie.

"Look off to the right: there's the Silver Lake dam. Did you know that our dam near Mazeppa generates 2.6 megawatts of hydroelectric power from turbines in the spillway at Lake Zumbro?"

"Really? I had no idea," responded Ellie.

"Yes, the Lake Zumbro Power Plant produces power with hardly any emissions, reflecting RPU's core value of Stewardship – of the environment and of our natural resources," replied Ron. "That plant is a key source of sustainable, clean energy."

Veering abruptly left into the power lines over Broadway, Ron and Ellie zipped past two linemen performing maintenance.

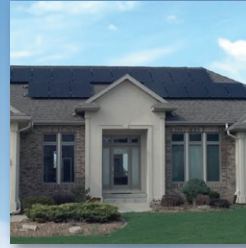
"See those workers, Ellie?" queried Ron. "They're just two of the hundreds of employees who have helped provide Rochester with a reliable source of electricity since 1894."

"That's right! I remember the day we started running this circuit. It was on March 14, 120 years ago this month," mused Ellie.

Ron remained silent as they turned east onto the lines leading towards the government center. In a few moments



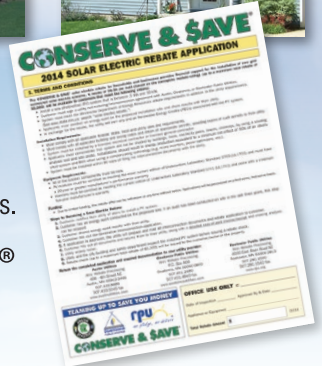
Sun Catchers... Power Makers... Rebate Receivers!



There were 140,000 new solar installations in the U.S. during 2013, bringing the total to more than 445,000 PV systems operating today.* **RPU can help you become a sun catcher in Rochester!** Install a qualifying photovoltaic (PV) system with a utility interconnection agreement and apply for a rebate of \$0.50 per watt. **Download a rebate application at www.rpu.org** with complete terms and conditions. If you are planning a project, be sure to **contact Stephanie Humphrey at 507.280.1639** to reserve funds.

CONSERVE & \$AVE®

*Statistic from the Solar Energy Industries Association at www.seia.org.



they zipped through a branch line and into the building. Whirling through the circuits and light fixtures inside, they passed an inspector looking over electrical plans in the building safety department, a council member reviewing proposals for the DMC, and Mayor Brede examining the city's budget.

"It looks like they're all doing their best to serve the public," commented Ron. "And we're helping them do their job – not only by providing electricity, but also by serving as a source of revenue. RPU gave over \$6.8 million to the City of Rochester in 2001."

"Wow, that's a lot," observed Ellie. "That could make a big difference in the city's budget."

"It can and does," replied Ron. "Hold on, we're heading out of the building again."

Returning to the power lines outside, Ron and Ellie whizzed west on Fourth Street, headed for the historic houses on Pill Hill. Hastening up the hill, they

diverged from the main line and entered a home. Inside they passed through the kitchen where two children were studying on their laptops as chicken baked in the oven.

"I didn't realize how central electricity is to today's lifestyle," remarked Ellie. "We power everything from their phones to their laptops!"

"It's both our pleasure and our duty to serve them," commented Ron as they spiraled through the heating element in the stove. "We make life here in Minnesota possible for this family and for over 48,000 other customers."

"You're right!" exclaimed Ellie. "The electricity we produce powers stoves, water heaters, and even allows natural gas fireplaces and furnaces to run in the winter. Without us, surviving our cold, snowy Minnesota winters would be a hardship."

Exiting the stove element, Ellie and Ron returned outside to finish the final leg

of their daily journey: lighting the street lamps. As they hastened from light pole to light pole, Ellie remarked sheepishly to Ron, "I guess I was wrong when I said we weren't important this morning. After all, we're part of something greater – a municipal utility dedicated to serving our community! Look at all the good we've done! We're caring for the environment by using sustainable energy, providing jobs for hundreds of utility employees, giving revenue back to the city, and most importantly, enabling life here in Minnesota!"

"I'm glad you've come to see it that way," replied Ron, smiling wisely. "It's true, we're part of something so much bigger than ourselves."

Pausing in a street light filament at the top of Pill Hill, Ellie gazed out over the city.

"Who needs a vacation when you have a circuit like ours? I wouldn't miss our day for the world!"

Pride in Public Power

In the past two editions of *RPU Plugged In*, we have included ads from the American Public Power Association (APPA) pointing out the benefits of having a public power provider in your community. RPU – and its 175+ employees – are proud to serve Rochester as the largest municipal utility in the state of Minnesota.

Delivering Key Services Each and Every Day

Many of the benefits may not be apparent and, quite possibly, may only be visible when you need help from RPU. That's okay with us because we understand that you rely on us for important services each and every day.



Reliability – RPU is a four-time recipient of the APPA RP3 award for electric reliability practices. This distinction shows that RPU is taking the proper steps to prevent an outage from occurring and, if an outage does occur, we have the right pieces in place to remedy the issue quickly and safely.



Economic Benefits Stay in Rochester – RPU spends a significant amount of money in the Rochester community with large companies and small companies alike. RPU's employees also support local businesses and organizations through their spending and non-profit giving. In addition, in 2013 RPU transferred \$8.3 million to the City of Rochester as an in lieu of tax payment.



Neighborhood Service – As much as we try to avoid it, there are times that the lights go out due to weather, animals, or equipment failure. No matter what the cause, the line workers and RPU employees who will be working on the outage or talking with customers are all from Rochester and the surrounding areas. They are already in the neighborhood when help is needed.



Local Control/Local Decisions – We answer to our neighbors, not stockholders. Often times, it is a difficult process to find a phone number to a large national company that you do business with, let alone get time to speak with an employee, or attend a board meeting. We welcome questions from our customers and are always available to help in any way we can. If addressing the RPU board is something that interests you, check the RPU website for board meeting times and attend to watch, or sign up to address the board with your thoughts or concerns. All RPU board meetings are open to the public.



Real Customer Service – People helping people. Our local customer service department is staffed by people dedicated to customer satisfaction. They are people who live in the Rochester community and want to provide RPU customers with personal service and attention.



Cost Consciousness – We're not-for-profit and make decisions with the Rochester community in mind. When the matter of spending money comes up, it is always a subject that is not taken lightly. Every effort is made to increase efficiencies before additional expenditures are made. This is the same way that we approach rates each year as we go through our budgeting process. With the guidance of the RPU board, we scrutinize our spending and do what we can to keep rates affordable without compromising safety and reliability.



Committed to Our Customers

We are proud to be the public power provider for the City of Rochester. Our service and commitment to you, our customers, has never been stronger.

We look forward to serving you each day and working with you to provide more value and exceed your expectations on a regular basis.

Thank you for being our customer!



4000 East River Road NE
Rochester, MN 55906
507.280.1500
www.rpu.org

PRESORTED
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**RPU Service Center
Holiday Hours**

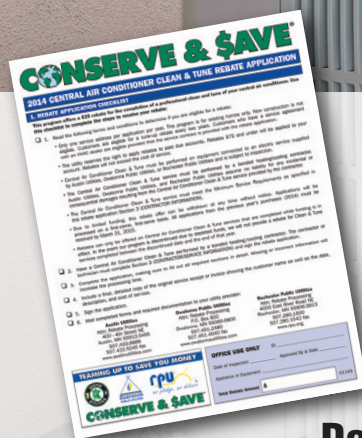
The RPU Service Center
will be closed on:

**Friday, July 4, in observance
of Independence Day**

**Monday, Sept. 1, in
observance of Labor Day**

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When you have a professional Central
Air Conditioner Clean & Tune performed
on your system, you can apply for a

\$25 REBATE

Download an application at www.rpu.org.

(Application has complete terms and conditions; some exclusions apply.)

