

AGENDA  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
REGULAR MEETING  
NOVEMBER 19, 2018

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Approval of Minutes**
3. **Communications**
4. **Approve the Agenda**
5. **Approval of Consent Business**
6. **Bills: Approve Warrant List**
7. **Liaison Report**
8. **Reports: Water Items**
  - 8a) Water System Operations Report – Verbal
  - 8b) Large Water Meter Testing Results
9. **Reports: Electric Items**
  - 9a) Electric System Operations Report – Verbal
  - 9b) Rahr Looping/Apgar Street Watermain Project
  - 9c) Conservation Improvement Plan- Closed
  - 9d) SEP Interconnection Agreement
10. **Reports: Human Resources**
  - 10a) 2019 Wage and Compensation Planning Assumptions Revision
11. **Reports: General**
  - C=> 11a) October 2018 Financial Results
  - 11b) 2019 Capital Projects and Equipment – Final
    1. Administrative Projects and Equipment
    2. Electric Projects and Equipment
    3. Water Projects and Equipment
  - 11c) 2019-2023 Capital Improvement Plan – Final
  - 11d) 2019 Proposed Budget, Cash Flows and Key Assumptions
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**
  - Regular Meeting -- December 3
  - Mid Month Meeting -- December 17
  - Regular Meeting -- January 7, 2019
  - Mid Month Meeting -- January 21
14. **Adjourn** to 11/19/18 at the SPUC Service Center, 255 Sarazin Street

MINUTES  
OF THE  
SHAKOPEE PUBLIC UTILITIES COMMISSION  
(Regular Meeting)

Vice President Joos called the regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M., November 5, 2018.

MEMBERS PRESENT: Commissioners Joos, Meyer and Amundson. Also present, Utilities Manager Crooks, Finance Director Schmid, Planning & Engineering Director Adams, Electric Superintendent Drent, Water Superintendent Schemel and Marketing/Customer Relations Director Walsh. President Weyer was absent as previously advised.

Motion by Meyer, seconded by Amundson to approve the minutes of the October 15, 2018 Commission meeting. Motion carried.

There were no Communications items.

Vice President Joos offered the agenda for approval.

Motion by Amundson, seconded by Meyer to approve the agenda as presented. Motion carried.

The warrant listing for bills paid November 5, 2018 was presented.

Motion by Meyer, seconded by Amundson to approve the warrant listing dated November 5, 2018 as presented. Motion carried.

There was no Liaison Report.

Water Superintendent Schemel provided a report of current water operations. The winterization of the water tanks has been completed. Phase 1 of the SCADA upgrade has been completed. There was a water service leak in the Windermere development and was repaired under warranty.

Electric Superintendent Drent provided a report of current electric operations. There were six electric outages that were reviewed. An update on construction projects was provided.

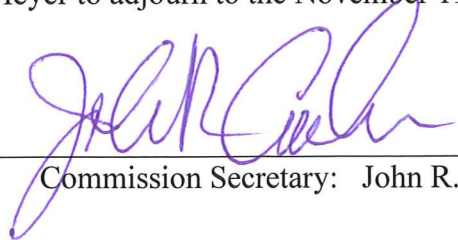
Planning and Engineering Director Adams reviewed the Electric Service Rules and Regulations of the Shakopee Public Utilities Commission. Two items within the document, tree trimming and disconnects will be updated with more detailed information. The document and resolution adopting it will be brought back to the Commission at the December 3 meeting.

Utilities Manager Crooks read the MMPA Board meeting public summary for October 2018.

Mr. Adams presented the 2019-2023 Semi-Final Capital Improvement Plan. A review of Electric, Water and Administrative projects and equipment was provided. The Capital Improvement Plan, as presented, will be brought back at the next Commission meeting, November 19.

The tentative commission meeting dates of November 19 and December 3 were noted.

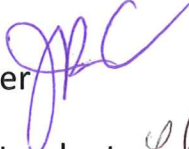
Motion by Amundson, seconded by Meyer to adjourn to the November 19, 2018 meeting. Motion carried.




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Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John R. Crooks, Utilities Manager 

FROM: Lon R. Schemel, Water Superintendent 

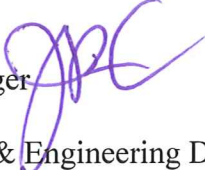
SUBJECT: **2018 Large Meter Testing Result Summary**


DATE: November 15, 2018

This year, the water department had 54 large meters tested for accuracy. Of the 54, 11 (20%) were slow. No meters tested fast. The size of the meters ranged from 2-inch to 10-inch. The average inaccuracy of these meters is 93%. Based on historical usage for these meters we calculate a loss of 3.3 million gallons which is approximately \$6,800. The meters are for our top 10 customers by volume and assorted homeowner associations. M.E.Simpson Co, Inc. of Valparaiso, IN did the testing.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Rahr Loop/ Apgar Street Water Main Project

DATE: November 14, 2018

**ISSUE**

The Commission's project engineer, John Powell of WSB Engineering, is now recommending the Commission execute the attached change order number 1 with Ryan Contracting in the amount of \$77,711.00 that will increase the construction contract from \$215,171.00 to a total of \$292,882.00 and extends the completion date to September 1, 2019.

**BACKGROUND**

See the attached letter report from WSB's John Powell dated November 7, 2018 for the project background.

**DISCUSSION**

Staff concurs with the project engineer's recommendation to approve change order number 1 as the most cost effective means to complete the project. This is a reversal of our previous recommendation to terminate the contract. After further discussions with WSB, considering the probable bid environment if the project were to be re-bid and tabulating the extra costs involved to do that staff believes this route is the best course of action to complete the project despite the increase in costs.

In addition to the construction contract cost, the engineering services, project management and construction engineering expenses for this project are now projected to be \$30,404.

As one of the UPPR permit requirements, additional surveying services to monitor the railroad tracks during the boring must be retained at an estimated expense of \$5,735.

Our insurance expenses may also increase another \$1,500 because of the delay in completing the project.

The combined total cost of the water main extension once completed will now be \$330,521 plus staff time and internal construction observation costs that we estimate to be another \$2,000-\$3,000.

#### REQUESTED ACTION

Staff requests the Commission approve change order number 1 and authorize its execution.



November 7, 2018

Mr. Joseph D. Adams  
Planning and Engineering Director  
Shakopee Public Utilities  
255 Sarazin Street  
Shakopee, MN 55379

RE: Change Order No. 1  
Rahr Malting Watermain Extension

Dear Mr. Adams,

The contractor for the referenced project, Ryan Contracting Co., has requested an adjustment to their unit prices due to construction delays related to the Union Pacific Railroad permit. The proposed unit prices for completing the project in 2019, and a partially executed Change Order No. 1, are attached; our review of this request is presented below.

**Background**

In 2016, WSB and Associates, Inc. was retained by Shakopee Public Utilities (SPU) to prepare construction documents and provide bidding assistance for the extension of 8-inch watermain from the southwest corner of 2<sup>nd</sup> Street/Apgar Street into the Rahr Malting Co. site. The alignment was to cross beneath the Union Pacific Railroad (UPRR) tracks then follow an easement that Rahr had provided on their site. Most of the easement on the Rahr site was adjacent to the spur track on the Rahr property. The Engineer's Opinion of the Cost was \$216,556.75; bid results were as follows:

Ryan Contracting Co.	\$215,171.00
Alcon Construction Corporation	\$227,644.76
Max Steininger, Inc.	\$258,997.97
Minger Construction Co., Inc.	\$337,980.45
S.M. Hentges & Sons, Inc.	\$351,629.84

A construction contract was awarded to the low bidder, Ryan Contracting Co., in the amount of their bid. The construction contract date is September 18, 2017; a pre-construction meeting was held September 26, 2017. The bid documents included the following deadlines:

- November 10, 2017 All work shall be substantially complete. Substantial completion shall include water main installation, curb and gutter installation, placement of bituminous, restoration, initial turf installation acceptance, and cleanup.
- November 17, 2017 Final completion including punch list items, removal of traffic control, removal of erosion/sediment control, temporary striping shall be on or before.

June 30, 2018 Final completion of bituminous wear course paving, and permanent striping shall be on or before.

### **Union Pacific Railroad**

The following information is based on information shared directly with WSB as part of the permit approval process. We understand there was other communication directly between Rahr, UPRR, and SPU specifically related to the processing of this permit request. Following are important dates related to the UPRR approvals:

- July 28, 2017 A Crossing Permit Application was submitted to the UPRR.
- September 25, 2017 After multiple contacts with UPRR related to the urgency of the approval; we received comments back that included the following: “northern industry track, include distances from pipeline the centerline of the track. The pipe should remain a minimum of 25 feet from the centerline of near track.” Centering the proposed watermain in the 20-foot wide easement that was provided by Rahr, used as a basis for the design, required that the pipe be about 16 feet from the track centerline for about 100 feet of the proposed alignment.
- October 13, 2017 UPRR indicates that the application is not approved; comments included “The proposed pipeline is a crossing and encroachment.” This and the other comments indicate that the UPRR is treating the spur track on Rahr property as a UPRR facility.
- October 17, 2018 SPU receives confirmation from Rahr that Rahr owns the northernmost spur track after it is outside of Apgar Street; and UPRR owns it in Apgar Street and along the main line only.
- January 8, 2018 After several e-mail exchanges including contact with Rahr, UPRR again states in an e-mail for SPU to “provide your updated plans showing 25 ft from spur track.” The UPRR appears to continue assuming ownership of the spur track.
- January 25, 2018 Rahr indicates that they have been “going back and forth with the UP the last couple days and am waiting to hear back. They were saying the setback needed to be 25’ the whole length because they owned the land underneath the tracks but that is not correct.”
- March 19, 2018 UPRR indicates “This permit continues to remain pending due to proposed location of proximity parallel to industry track” due to uncertainty in track ownership and maintenance responsibility.
- April 12, 2018 Rahr indicates “We believe we are close to coming to an agreement on land ownership” and that they have a signed lease agreement to UPRR.
- April 13, 2018 UPRR issues to SPU the agreement covering SPU use of the Railroad Company’s right of way for the construction.
- May 7, 2018 SPU approves the UPRR agreements and submits it to UPRR.



June 5, 2018                    SPU indicates that the fully executed agreement from Union Pacific has been received. Upon receipt of this notice, Ryan Contracting Co. began reviewing their schedule to identify a date they could begin the work.

It appears that a fundamental misunderstanding regarding track ownership between Rahr and UPRR was the reason for the prolonged permit review and approval process. This delay in obtaining UPRR approval was not anticipated in the original bid documents, and prevented the Contractor from even starting most of the work. This UPRR approval delay was outside of the control of Ryan Contracting Co. and WSB, and the SPU. It was a matter that needed to be resolved between Rahr and the UPRR.

**Requested Unit Price Adjustments**

As mentioned above, the unit prices proposed by Ryan Contracting Co. for 2019, and a partially executed Change Order No. 1 that incorporates these prices, are attached. A summary of the increase is presented below:

	<u>2017</u>	<u>2019</u>	<u>Amount Difference</u>	<u>Percentage Increase</u>
Street	\$ 51,911	\$ 71,052	\$ 19,141	36.9 %
Utilities	\$ 163,260	\$ 221,830	\$ 58,570	35.9 %
Total	\$ 215,171	\$ 292,882	\$ 77,711	36.1 %

The price increase requested from 2017 to 2019 is about 36.1% and the increase was not limited to specific work items. Even with this increase, the total contract amount is still less than the two of the bids originally received for this work. The change order does not include about \$5,735 in costs for SPU to monitor the railroad track elevations twice daily during the casing pipe installation.

The current contract amount is \$215,171; no change orders have been processed to date. One pay voucher has been processed to date for \$7,600 related to mobilization costs.

**Re-Bidding**

If SPU decides to terminate the Ryan Contracting Co. contract and re-bid the project, additional costs can be anticipated as follows:

- SPU has already paid \$7,600 in Mobilization costs to Ryan Contracting Co.; these costs will also be incurred by a new contractor and will have to be paid again.
- The estimated engineering costs for WSB to update the plans and specifications, and re-advertise the project are \$10,265.
- We cannot project the specific unit price costs increases that may occur for construction in 2019. The unit prices may result in the same estimated contract amount as Ryan Contracting Co. proposes or higher. No other contractor is as familiar with this project, and the railroad requirements specific to this project, as Ryan Contracting Co.



Mr. Joseph Adams  
November 7, 2018  
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**Recommendation**

In our opinion, the unit price adjustments requested by Ryan Contracting Co. are reasonable and we recommend approval of Change Order No. 1 by the SPU as proposed. Re-bidding this project could mean higher unit prices, and increased engineering and construction administration costs.

If you have any questions, or need additional information, please contact me at 952-737-4661.

Sincerely,

*WSB & Associates, Inc.*

A handwritten signature in black ink that reads "John M. Powell". The signature is written in a cursive style with a large initial "J" and "P".

John M. Powell, P.E.  
Senior Project Manager

c: Beth Tatge, Ryan Contracting Co.

CHANGE ORDER NO. 1

RAHR MALTING WATERMAIN EXTENSION  
SHAKOPEE PUBLIC UTILITIES  
WSB PROJECT NO. 02143-020

NOVEMBER 5, 2018

OWNER:

SHAKOPEE PUBLIC UTILITIES  
255 SARAZIN STREET  
SHAKOPEE, MN 55379

CONTRACTOR:

RYAN CONTRACTING CO.  
26480 FRANCE AVENUE, PO BOX 246  
ELKO NEW MARKET, MN 55020

YOU ARE DIRECTED TO MAKE THE FOLLOWING CHANGES IN THE CONTRACT DOCUMENT DESCRIPTION:

1. ADJUST BID UNIT PRICES FOR 2019 CONSTRUCTION (SEE ATTACHED CONTRACTOR PROPOSAL).
2. ADJUST COMPLETION DATES TO THE FOLLOWING: SUBSTANTIAL THROUGH BITUMINOUS BASE AND WEAR; AND FINAL CLEAN UP: SEPTEMBER 1, 2019

IT IS UNDERSTOOD THAT THIS CHANGE ORDER INCLUDES ALL ADDITIONAL COSTS AND TIME EXTENSIONS WHICH ARE IN ANY WAY, SHAPE, OR FORM ASSOCIATED WITH THE WORK ELEMENTS DESCRIBED ABOVE.

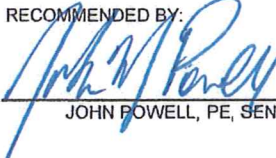
CHANGE IN CONTRACT PRICE:

CHANGE IN CONTRACT TIME:

ORIGINAL CONTRACT PRICE:	\$215,171.00	ORIGINAL CONTRACT TIME:	6/30/2018
PREVIOUS CHANGE ORDERS:	\$0.00	NET CHANGE FROM PREVIOUS CHANGE ORDERS:	NONE
CONTRACT PRICE PRIOR TO THIS CHANGE ORDER:	\$215,171.00	CONTRACT TIME PRIOR TO THIS CHANGE ORDER:	6/30/2018
NET INCREASE OF THIS CHANGE ORDER*	\$77,711.00	NET INCREASE OF CHANGE ORDER:	14 MONTHS
CONTRACT PRICE WITH ALL APPROVED CHANGE ORDERS:	\$292,882.00	CONTRACT TIME WITH APPROVED CHANGE ORDERS:	9/1/2019

\* USING ESTIMATED QUANTITIES

RECOMMENDED BY:

 11.7.18  
JOHN POWELL, PE, SENIOR PROJECT MANAGER

WSB & ASSOCIATES, INC.  
ENGINEER

APPROVED BY:

  
CONTRACTOR SIGNATURE

RYAN CONTRACTING CO.  
CONTRACTOR

APPROVED BY:

SHAKOPEE PUBLIC UTILITIES  
OWNER

DATE

**#1081 RAHR MALTING WATERMAIN EXTENSION**

2019 Pricing

Description	Qty	Unit	Unit Price	Total Amt
<b>STREET IMPROVEMENT</b>				
MOBILIZATION	1.00	LS	\$ 13,000.00	\$ 13,000.00
CLEARING AND GRUBBING	1.00	EA	\$ 630.00	\$ 630.00
REMOVE CURB & GUTTER	70.00	LF	\$ 6.00	\$ 420.00
REMOVE BITUMINOUS PAVEMENT	588.00	SY	\$ 6.00	\$ 3,528.00
SAWING BITUMINOUS PAVEMENT	158.00	LF	\$ 6.00	\$ 948.00
SALVAGE & REINSTALL SIGN	1.00	EA	\$ 1.00	\$ 1.00
TOPSOIL BORROW (CV)	21.00	CY	\$ 49.00	\$ 1,029.00
SUBGRADE PREPARATION	588.00	SY	\$ 3.00	\$ 1,764.00
STREET SWEEPER (WITH PICKUP BROOM)	3.00	HR	\$ 182.00	\$ 546.00
WATER (DUST CONTROL)	2,000.00	GAL	\$ 0.01	\$ 20.00
AGGREGATE BASE CLASS 5	252.00	TN	\$ 37.00	\$ 9,324.00
BIT MATL FOR TACK	35.00	GAL	\$ 21.00	\$ 735.00
TYPE SP 12.5 WEAR COURSE MIX 2,B	60.00	TN	\$ 138.00	\$ 8,280.00
TYPE SP 12.5 NON WEAR COURSE MIX (2,B)	100.00	TN	\$ 125.00	\$ 12,500.00
ADJUST MANHOLE CASTING	2.00	EA	\$ 604.00	\$ 1,208.00
CONCRETE CURB & GUTTER DESIGN B618	70.00	LF	\$ 51.00	\$ 3,570.00
TRAFFIC CONTROL	1.00	LS	\$ 8,138.00	\$ 8,138.00
SALVAGE AND REINSTALL SIGN	1.00	EA	\$ 1.00	\$ 1.00
STORM DRAIN INLET PROTECTION	6.00	EA	\$ 61.00	\$ 366.00
FILTER LOG TYPE WOOD FIBER	489.00	LF	\$ 4.00	\$ 1,956.00
FILTER LOG TYPE ROCK LOG	40.00	LF	\$ 4.00	\$ 160.00
TEMP ROCK CONSTRUCTION ENTRANCE	1.00	LS	\$ 363.00	\$ 363.00
SEEDING & SEED MIX 270 INC FERT & MULCH	67.00	SY	\$ 6.00	\$ 402.00
SODDING TYPE LAWN	61.00	SY	\$ 8.00	\$ 488.00
HYDRAULIC SOIL STABILIZER TYPE 5	128.00	SY	\$ 4.00	\$ 512.00
24" SOLID LINE PAINT	21.00	LF	\$ 19.00	\$ 399.00
4" BROKEN LINE PAINT	10.00	LF	\$ 10.00	\$ 100.00
24" SOLID LINE EPOXY	21.00	LF	\$ 24.00	\$ 504.00
4" BROKEN LINE YELLOW-EPOXY	10.00	LF	\$ 16.00	\$ 160.00
<b>TOTAL STREET IMP</b>				<b>\$ 71,052.00</b>



<b>UTILITIES</b>				
REMOVE WATER MAIN	58.00	LF	\$ 25.00	\$ 1,450.00
SALVAGE AND REINSTALL HYDRANT AND VALVE	1.00	EA	\$ 2,000.00	\$ 2,000.00
ABANDON WATER MAIN	80.00	LF	\$ 15.00	\$ 1,200.00
ROCK EXCAVATION	80.00	CY	\$ 180.00	\$ 14,400.00
DEWATERING	1.00	LS	\$ 1.00	\$ 1.00
22" STEEL CASING PIPE (JACKED)	75.00	LF	\$ 1,600.00	\$ 120,000.00
TEMPORARY WATER SERVICE	1.00	LS	\$ 1.00	\$ 1.00
CONNECT TO EXISTING WATER MAIN	3.00	EA	\$ 5,000.00	\$ 15,000.00
CONNECT TO EXISTING WATER SERVICE	1.00	EA	\$ 1.00	\$ 1.00
INSTALL HYDRANT	1.00	EA	\$ 7,000.00	\$ 7,000.00
1" CORPORATION STOP	1.00	EA	\$ 500.00	\$ 500.00
6" GATE VALVE & BOX	1.00	EA	\$ 2,500.00	\$ 2,500.00
8" GATE VALVE & BOX	2.00	EA	\$ 2,900.00	\$ 5,800.00
1" CURB STOP & BOX	1.00	EA	\$ 600.00	\$ 600.00
1" TYPE K COPPER PIPE	20.00	LF	\$ 42.00	\$ 840.00
8" WATERMAIN DUCTILE IRON CL 52	572.00	LF	\$ 75.00	\$ 42,900.00
4" POLYSTYRENE INSULATION	12.00	SY	\$ 49.00	\$ 588.00
DUCTILE IRON FITTINGS	881.00	LB	\$ 8.00	\$ 7,048.00
UTILITY COORDINATION	1.00	LS	\$ 1.00	\$ 1.00
<b>TOTAL UTILITIES</b>				<b>\$ 221,830.00</b>
<b>GRAND TOTAL</b>				<b>\$ 292,882.00</b>



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# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

November 13, 2018

TO: John Crooks, Utilities Manager 

FROM: Sharon Walsh, Director of Marketing and Customer Relations

SUBJECT: 2018 Conservation Improvement Program Closed

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## Overview

The Conservation Improvement Program (CIP) is a state-mandated program that requires utilities to spend 1.5% of their electric revenues on energy conservation programs with a goal to reduce energy usage by 1.5%. Each year SPU has a finite budget to spend on these conservation initiatives, with the majority of the dollars being spent on customer rebates. The rebates are spread between both residential and non-residential customers for energy-efficient purchases and installations. Funds are also allocated to initiatives for low income audiences and behavioral marketing mailings, as well as solar installations and SmartSwitch, SPU’s load management program. As of November 5<sup>th</sup>, the CIP fund was exhausted and the program officially closed for 2018.

This is the first time in many years that all CIP funding has been utilized in a calendar year. Traditionally we have carried over dollars from one year to the next building an extensive surplus fund. In 2018, approximately 350 residential customers received nearly \$72,000 in rebates for the purchase of energy-star appliances; the recycling of non-energy star appliances; and energy-efficient, high SEER-rated air conditioning units. Nearly forty commercial accounts submitted projects that generated just over \$320,000 in rebates. A large portion of the remaining rebate dollars were applied to converting all Shakopee street lighting to LED fixtures, a responsible project for our community.


The CIP program is a great way to offset the expense of energy-efficient purchases. We are hoping 2019 will be another strong year with improved program communications and enhanced rebate amounts. The new 2019 program will not be released until we receive state approval after the first of the year.

## Action Requested

No action is requested of the Commission.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**FROM: JOHN R. CROOKS, UTILITIES MANAGER**   
**SUBJECT: SHAKOPEE ENERGY PARK INTERCONNECTION  
AGREEMENT**  
**DATE: NOVEMBER 16, 2018**

**ISSUE –**

The Shakopee Energy Park (SEP) has been in service since February 15, 2017. The facility has performed as planned, designed and expected. The delay in having the Interconnection Agreement approved by both the MMPA Board and the SPU Commission has been related to three issues: Station Power, Alternative Ownership and Compensation to Export Power to MISO.

**BACKGROUND –**

The Interconnection Agreement has been developed by MMPA with the following principles:

1. Provide the greatest value to the MMPA member
2. There is to be no cost to the host member
3. There is to be no windfall to the host member

Keeping the above principles in the forefront in finalizing the agreement, MMPA and SPU have agreed upon how to address the three issues; Station Power, Alternative Ownership and Power Export Compensation.

**DISCUSSION –**

The first issue, station power, was resolved at the October 15 Commission meeting by allowing SEP to purchase power from SPU at a wholesale rate.

The second issue, alternative ownership was addressed by deleting any and all language referring to an alternative owner of the plant. The facility is and will be owned and operated by MMPA.

The third and most difficult issue was the MMPA compensation for SEP with the pending opportunity to export power to MISO, operators of the high voltage transmission grid.

The Shakopee Energy Park has the capacity to generate 47 MW of electricity. Currently, SEP can only provide the same power that the Dean Lake Substation can put into our electrical distribution system. In other words, if the demand at the Dean Lake Substation is at 31 MW, SEP can only produce 31 MW.

MMPA has been in talks with both Xcel Energy and MISO representatives to allow the ability to export excess power to the grid. This would mean if the Dean Lake Substation can only use 31 MW and if SEP was running at full capacity, then the excess power generated, 16 MW, would be exported to the grid. Negotiations, modeling, analysis and filings have been underway since June 2017. If allowed and it is anticipated to be allowed, the earliest SEP could export excess power would be April, 2019.

SEP only generates power if there is margin to be made between the cost to produce that power and the price it is sold to MISO, or if called upon to generate by MISO. Presently, it runs 8-15 times a month and typically between the hours of 8am and 4pm. This works out to be on average approximately 10% -15% of each month. MMPA projections show the facility will only generate up to 20% - 25% of the time.

Also affecting the potential exporting of power from SEP is the increasing demand at Dean Lake Substation. With the anticipated development within Canterbury Commons and potential development within the area of the Dean Lake Substation, there will be increased SPU use of the power generated by SEP. The design of SEP has the energy generated going into our distribution system before any power can be exported to MISO. Therefore the more energy used at Dean Lake, the less energy to be exported. Over the next several years the energy required of the Substation will certainly increase substantially.

The final point to discuss is the changing strategic initiative with MMPA. Emphasis is being made toward an increasing use of renewables in their portfolio and as the percentage of renewable resources increases, there will be less of a need to produce energy at SEP.

As negotiations have progressed on a fair compensation for the potential export of excess energy from SEP, all the above factors were taken into account.

MMPA is willing to pay for 30% of the cost of Dean Lake transformer #3, which was purchased and installed in conjunction with the construction of SEP and the interconnection between SEP and the Dean Lake Substation.

The capital cost for transformer #3 was \$775,000. 30% of that cost would be \$240,000 and would be paid to SPU in one lump sum. The second part of the compensation negotiations is MMPA paying 30% of any direct repair or replacement costs related to the Dean Lake Transformer #3 and the export of power.

**ACTION REQUESTED –**

Attorneys for both SPU and MMPA have reviewed the Interconnection Agreement that is attached to this memo. It is the recommendation of the Utilities Manager to approve the Shakopee Energy Park Interconnection Agreement, barring any small detail/verbiage changes as suggested by our attorney. Staff would be directed to complete the execution of the agreement.



**INTERCONNECTION AGREEMENT**

This Interconnection Agreement ("Agreement") is entered into as of the \_\_\_\_\_ date of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date") by and between Minnesota Municipal Power Agency ("MMPA") and Shakopee Public Utilities Commission ("Member"). MMPA and Member are sometimes also referred to in this Agreement jointly as "Parties" or individually as "Party".

**RECITALS**

**WHEREAS**, MMPA is a municipal power agency and political subdivision of the State of Minnesota, established pursuant to an Agency Agreement dated May 11, 1992, as amended, to which Member is a party;

**WHEREAS**, Member is a municipal corporation of the State of Minnesota and a member of MMPA;

**WHEREAS**, MMPA provides the Member's full wholesale requirements of capacity and energy through December 31, 2050 pursuant to a Power Sales Agreement between the Parties dated April 27, 2004, as amended;

**WHEREAS**, Member owns and operates a municipal electrical Distribution System, providing electric service to customers within the Member's assigned electric service territory;

**WHEREAS**, MMPA intends to install, own and operate the Generation System and MMPA Interconnection Facilities for the common benefit of all MMPA members and desires to interconnect the Generation System and MMPA Interconnection Facilities to the Member Interconnection Facilities for the purpose of delivering energy from the Generation System to the Member;

**WHEREAS**, MMPA intends to install, own and operate the Generation System and MMPA Interconnection Facilities for the common benefit of all MMPA members and desires to interconnect the Generation System and MMPA Interconnection Facilities to the Member Interconnection Facilities for the purpose of delivering energy from the Generation System to the transmission system directly or through the Member Interconnection Facilities and Member's Distribution System;

**WHEREAS**, MMPA and Member have agreed to enter into this Agreement to facilitate the interconnection of the Generation System with the Member;

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, it is agreed:

**I. DEFINITIONS**

- A) **Distribution System**: Member-owned facilities used to deliver electric power to retail customers served by Member, including Member Interconnection Facilities.
- B) **Generation**: Any device producing electrical energy, i.e., rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar, fuel cells, etc., or any other electric producing device, including energy storage technologies.
- C) **Generation System**: The interconnected generator(s), controls, relays, switches, breakers, transformers, inverters and associated wiring and cables, up to the Point of Interconnection, but not including the MMPA Interconnection Facilities.

## SHAKOPEE ENERGY PARK

A general description of the Generation System and project location are as follows:

### **General Description:**

A nominal 46.7 mW, generation facility consisting of five (5) Wartsila, V2034SG, spark ignited, reciprocating engine-generators. Engine-generators are fired on natural gas furnished by CenterPoint Energy via their LDC system, with liquefied natural gas (LNG) utilized as a supplemental fuel during curtailment periods.

### **Project Location:**

Shakopee Energy Park, 3030 Vierling Drive East, Shakopee, MN 55379

- D) Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- E) Member Interconnection Facilities: All facilities utilized for interconnection of the Generation System to the Member's Distribution System and interconnection of the Generation System to the transmission system, owned by the Member.
- F) MMPA Interconnection Facilities: All facilities utilized for interconnection of the Generation System to the Member's Distribution System and interconnection of the Generation System to the transmission system, owned by MMPA.
- G) Nameplate Capacity: The total nameplate capacity rating of all the Generation included in the Generation System. For this definition the "standby" and/or maximum rated kW capacity on the nameplate shall be used.
- H) Point of Interconnection: The point where the MMPA Interconnection Facilities are connected to the Member's Interconnection Facilities.
- I) Point of Delivery: The point or points on the Distribution System where the energy changes possession from one party to the other. Typically this will be where the metering is installed but it is not required that the Point of Delivery is the same as where the energy is metered.

## **II. RESPONSIBILITIES OF THE PARTIES**

The Parties shall perform all obligations of this Agreement in accordance with all applicable laws and regulations, operating requirements and Good Utility Practice.

## **III. DOCUMENTS INCLUDED WITH THIS AGREEMENT**

This agreement includes the following Exhibits (if any of these Exhibits are deemed not applicable they may be omitted from the final Agreement), which are specifically incorporated herein and made part of this Agreement by this reference:



## SHAKOPEE ENERGY PARK

- 1) Exhibit A – Generation System & MMPA Interconnection Facilities Description and Single-Line Diagram(s)
- 2) Exhibit B – Member Interconnection Facilities Description and Single-Line Diagram(s)
- 3) Exhibit C – Responsibility Matrix – OMITTED
- 4) Exhibit D – Cost Estimates – OMITTED
- 5) Exhibit E – Interconnection Reimbursement Agreement, dated March 30, 2016

### IV. FACILITIES DESCRIPTION

Descriptions of the Generation System, MMPA Interconnection Facilities, and Member Interconnection Facilities, including single-line diagrams showing the general arrangement of how the Generation System and MMPA Interconnection Facilities are interconnected with the Member Interconnection Facilities and Distribution System, are attached to and made part of this Agreement as Exhibit A (Generation System and MMPA Interconnection Facilities) and Exhibit B (Member Interconnection Facilities). The single-line diagrams show the following:

- 1) Point of Interconnection
- 2) Location of Meter(s)
- 3) Ownership of the equipment
- 4) Generation System total Nameplate Capacity 46,700 kW
- 5) Scheduled operational (on-line) date for the Generation System February 15, 2017

### V. OWNERSHIP

A) Refer to Exhibit E for ownership delineation of the Generation System, MMPA Interconnection Facilities, and Member Interconnection Facilities.

~~B) MMPA shall have the right to engage in alternative ownership structures with regards to the Generation System and MMPA Interconnection Facilities. Such a right shall be for the common benefit of all MMPA members. Alternative ownership may include complete or partial non-MMPA ownership of the Generation System and MMPA Interconnection Facilities, coupled with a legal agreement, to facilitate MMPA's capacity and energy delivery requirements as referenced in this Agreement.~~

### VI. COST AND CONSTRUCTION

- A) The Parties agree to cause their facilities or systems to be constructed in accordance with this Agreement and the laws of the State of Minnesota and to meet applicable codes and standards provided by the NESC (National Electrical Safety Code), ANSI (American National Standards Institute), IEEE (Institute of Electrical and Electronic Engineers), NEC (National Electrical Code), UL (Underwriter's Laboratory), and local building codes and other applicable ordinances in effect at the time of the installation of the Generation System and MMPA Interconnection Facilities.
- B) MMPA is responsible for the actual costs to interconnect the Generation System with Member's Distribution System, including, but not limited to any Member Interconnection Facilities required to add the Generation System and MMPA Interconnection Facilities, the Member labor for installation coordination, installation testing and engineering review of the MMPA Interconnection

## SHAKOPEE ENERGY PARK

Facilities and interconnection design. Refer to Exhibit E for cost and construction responsibilities for the Generation System, MMPA Interconnection Facilities, and Member Interconnection Facilities. Refer to Exhibit E for cost estimates. All costs for which the Parties are responsible must be reasonable under the circumstances of the design and construction.

### VII. METERING

MMPA agrees to install a compensating metering device on each feeder at or close to the Point(s) of Delivery as shown in Exhibits A and B. Meters will be tested by MMPA annually and maintained using Good Utility Practice.

### VIII. MAINTENANCE

Upon reasonable request by MMPA, Member agrees to perform maintenance services on the MMPA Interconnection Facilities and MMPA agrees to provide reasonable financial compensation to Member for such services. Financial compensation shall be based on Member's standard hourly rates or reasonable rates which Parties mutually agree upon prior to the performance of services. MMPA may contract with Member for maintenance services for all or part of the MMPA Interconnection Facilities.

### IX. STATION POWER

If necessary, Member will supply the electrical requirements of the Generation System that are not supplied by the Generation System. Such electric service shall be supplied to the Generation System at the same wholesale rates that MMPA charges Member. The Parties agree that Member shall also charge MMPA for its cost-based Conservation Improvement Program surcharge for station power. Member shall also charge MMPA sales tax; provided however that MMPA may provide Member with evidence of exemption from sales tax for all or a portion of station power charges.

### X. POWER DELIVERY

Except for permitted disconnections pursuant to Article XIV below, Member shall take delivery of all power received from the Generation System up to Member's load at the applicable Point(s) of Delivery, and shall not take any action or permit any third party to take any action that would interfere with Member's ability to receive power from the Generation System up to Member's load at such Point(s) of Delivery.

### XI. POWER EXPORT

MMPA shall have the right to deliver power to the Midcontinent Independent System Operator ("MISO") transmission system over Member's Interconnection Facilities. Any such delivery of power to the MISO transmission system shall be in accordance with applicable MISO rules. Provided, however, that MMPA, Member, and other parties shall work together to confirm all equipment necessary for delivery of power to the MISO transmission system is properly installed and can be operated according to Good Utility Practice. MMPA is responsible for the actual, reasonable costs of installation and equipment necessary for delivery of power to the MISO transmission system. The Parties agree that MMPA shall pay Member \$240,000 as its share of the cost of the Dean Lake transformer #3, as well as 30% of any direct repair or replacement costs related to the Dean Lake transformer #3 as full compensation for power export.

### XII. USE OF FACILITIES



## SHAKOPEE ENERGY PARK

MMPA's use of Member Interconnection facilities, for which MMPA has paid, for delivery of the full output of the Generation System to Member at the designated Point(s) of Delivery shall not be limited.

### XIII. RIGHT OF ACCESS

At all times, Member's personnel shall have access to the disconnect switch(s) of the MMPA Interconnection Facilities for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement, to meet its obligation to operate the Member's Distribution System safely and to provide service to its customers.

### XIV. DISCONNECTION

Member may disconnect the MMPA Interconnection Facilities as reasonably necessary as follows: termination of this Agreement, system emergency, imminent danger to the public or the Member's personnel, repairs and modifications to Member's Distribution System. Member may disconnect MMPA Interconnection Facilities for routine maintenance with written consent of MMPA. When reasonably possible the Member shall provide prior notice to MMPA explaining the reason for the disconnection. If prior notice is not reasonably possible the Member shall, after the fact, provide information to MMPA as to why the disconnection was required. The Member shall expend reasonable effort to reconnect the MMPA Interconnection Facilities in a timely manner and to work towards mitigating damages and losses to MMPA where reasonably possible.

### XV. COOPERATION AND COORDINATION

Without limiting either Party's rights under the terms of this Agreement, both the Member and MMPA shall communicate and coordinate their operations, so that the normal operation of the Member's Distribution System does not unduly affect or interfere with the normal operation of the Generation System and the Generation System does not unduly affect or interfere with the normal operation of the Member's Distribution System. Each Party shall provide reasonably timely communication to the other Party to facilitate mitigation of any potentially negative effects of the abnormal operation of their system.

### XVI. TERMS AND TERMINATION

- A) This Agreement shall become effective as of the Effective Date and shall continue in full force and effect until the earliest of (a) the end of the useful life of the Generation System or (b) termination of the Agreement pursuant to the earliest date that one of the following events occurs:
- 1) The Parties agree in writing to terminate the Agreement; or
  - 2) MMPA may terminate this agreement at any time, by written notice to the Member, prior to the completion of the final acceptance testing of the Generation System by Member. Upon receipt of a cancellation notice, the Member shall take reasonable steps to minimize additional costs to MMPA, where reasonably possible.
- B) Upon termination of this Agreement, the MMPA Interconnection Facilities shall be disconnected from the Member. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing, at the time of the termination.

**XVII. INDEMNIFICATION AND LIMITATION OF LIABILITY**

- A) Each Party shall at all times indemnify, defend, and save the other Party harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the indemnifying Party's performance of its obligations under this Agreement.
- B) Each Party's liability to the other Party for failure to perform its obligations under this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.
- C) Notwithstanding any other provision in this Agreement, with respect to Member's provision of electric service to any customer including MMPA, Member's liability to such customer shall be limited as set forth in Member's tariffs and terms and conditions for electric service, and shall not be affected by the terms of this Agreement.

**XVIII. DISPUTE RESOLUTION**

- A) Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.
- B) In the event a dispute arises under this Agreement, and if it cannot be resolved by the Parties within thirty (30) days after written notice of the dispute to the other Party, the Parties agree to submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in the State of Minnesota. The Parties agree to participate in good faith in the mediation process for a period of 90 days. If the Parties are not successful in resolving their disputes through mediation, the Parties hereby agree that either Party may take action to resolve any dispute in a court of competent jurisdiction, which court shall be located and venued in Ramsey County, Minnesota.

**XIX. INSURANCE**

- A) At a minimum, in connection with each Party's performance of its duties and obligations under this Agreement, each Party shall maintain, during the term of the Agreement, general liability insurance from an insurance provider with a B+ or better rating by A.M. Best and with coverage limits of no less than the maximum liability of any municipality as stated in M.S.A. 466.04. Such general liability insurance shall include coverage against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage arising out of either Party's ownership and/or operation of the facilities under this Agreement.
- B) The MMPA general liability insurance required shall, by endorsement to the policy or policies, (a) include the Member as an additional loss payee; (b) contain a severability of interest clause or cross-liability clause; (c) provide that the Member shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to the Member prior to cancellation, termination, alteration, or material change of such insurance.
- C) MMPA shall furnish the required insurance certificates and endorsements to the Member prior to the initial operation of the Generation System. Upon written request, either Party shall furnish the required insurance certificates and endorsements to the other Party within a reasonable timeframe.



**SHAKOPEE ENERGY PARK**

- D) Evidence of the insurance required in Section XIX.A. shall state that coverage provided is primary and is not excess to or contributing with any insurance maintained by the Party.
- E) Failure of either Party to enforce the minimum levels of insurance does not relieve either Party from maintaining such levels of insurance or relieve either Party of any liability.
- F) All insurance certificates, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted pursuant to Section XX.B.

**XX. MISCELLANEOUS**

**A) FORCE MAJEURE**

- 1) An event of Force Majeure means any act of God, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. An event of Force Majeure does not include an act of negligence or intentional wrongdoing.
- 2) Neither Party will be considered in default of any obligation hereunder if such Party is prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations hereunder.
- 3) If a Force Majeure event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure event. The notification must specify in reasonable detail the circumstances of the Force Majeure event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments related to the Force Majeure event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligation under this Agreement only to the extent that the effect of the Force Majeure event cannot be mitigated by the use of reasonable efforts. The Affected Party will use reasonable efforts to resume its performance as soon as possible.

**B) NOTICES**

- 1) Any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

<p>If to Member</p> <p>Shakopee Public Utilities Commission</p> <p>Attention: Utilities Manager</p> <p>P.O. Box 470, 255 Sarazin St.</p> <p>Shakopee, MN 55379-0470</p>	<p>If to MMPA</p> <p>Minnesota Municipal Power Agency</p> <p>Attention: Director of Operations</p> <p>220 South Sixth Street, Suite 1300</p> <p>Minneapolis, MN 55402</p>
---	---

- 2) A Party may change its address for notices at any time by providing the other Party written notice of the change, in accordance with this Section.



## SHAKOPEE ENERGY PARK

- 3) The Parties may also designate operating representatives to conduct the daily communications which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party's notice to the other Party.

### C) ASSIGNMENT

MMPA shall not assign its rights nor delegate its duties under this Agreement without the Member's written consent, which consent shall not be unreasonably withheld. Any purported assignment or delegation MMPA makes without the Member's written consent shall not be valid. Provided, however, that this Assignment clause shall not be deemed to in any way diminish MMPA's rights with respect to Alternative Ownership structures under Section V(B) of this Agreement.

### D) NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

### E) GOVERNING LAW

This Agreement shall be interpreted, governed and construed under the laws of the State of Minnesota as if executed and to be performed wholly within the State of Minnesota without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

### F) AMENDMENT AND MODIFICATION

This Agreement can only be amended or modified by a writing signed by both Parties.

### G) ENTIRE AGREEMENT

This Agreement, including all attachments, exhibits, and appendices, constitutes the entire Agreement between the Parties with regard to the interconnection of the Generation System of the Parties at the Point(s) of Interconnection expressly provided for in this Agreement and supersedes all prior agreements or understandings, whether verbal or written. It is expressly acknowledged that the Parties may have other agreements covering other services, obligations and relationships not expressly provided for herein, which agreements are unaffected by this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on the promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated attachments, exhibits and appendices.

### H) EXECUTION

This Agreement may be executed in multiple counterparts and, when all counterparts are assembled together, shall constitute a single, complete, enforceable instrument.

### I) SEVERABILITY

If any provision or portion of the Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other governmental authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to resort insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

**XXI. SCHEDULE**

Member shall complete the necessary modifications and additions to the Member's Distribution System, specifically the Member Interconnection Facilities, to facilitate interconnection of the Generation system and MMPA Interconnection Facilities to the Member's Distribution System no later than February 15, 2017.

**XXII. APPROVALS AND SIGNATURES**

- A) The Parties understand and agree that this Agreement cannot take effect until approved by the governing bodies of MMPA and Member.
- B) IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective as of the Effective Date.

**Minnesota Municipal Power Agency**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Shakopee Public Utilities Commission**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SHAKOPEE ENERGY PARK**

**EXHIBIT A**

**GENERATION SYSTEM & MMPA INTERCONNECTION FACILITIES**

**DESCRIPTION AND SINGLE-LINE DIAGRAM(S)**



**SHAKOPEE ENERGY PARK**

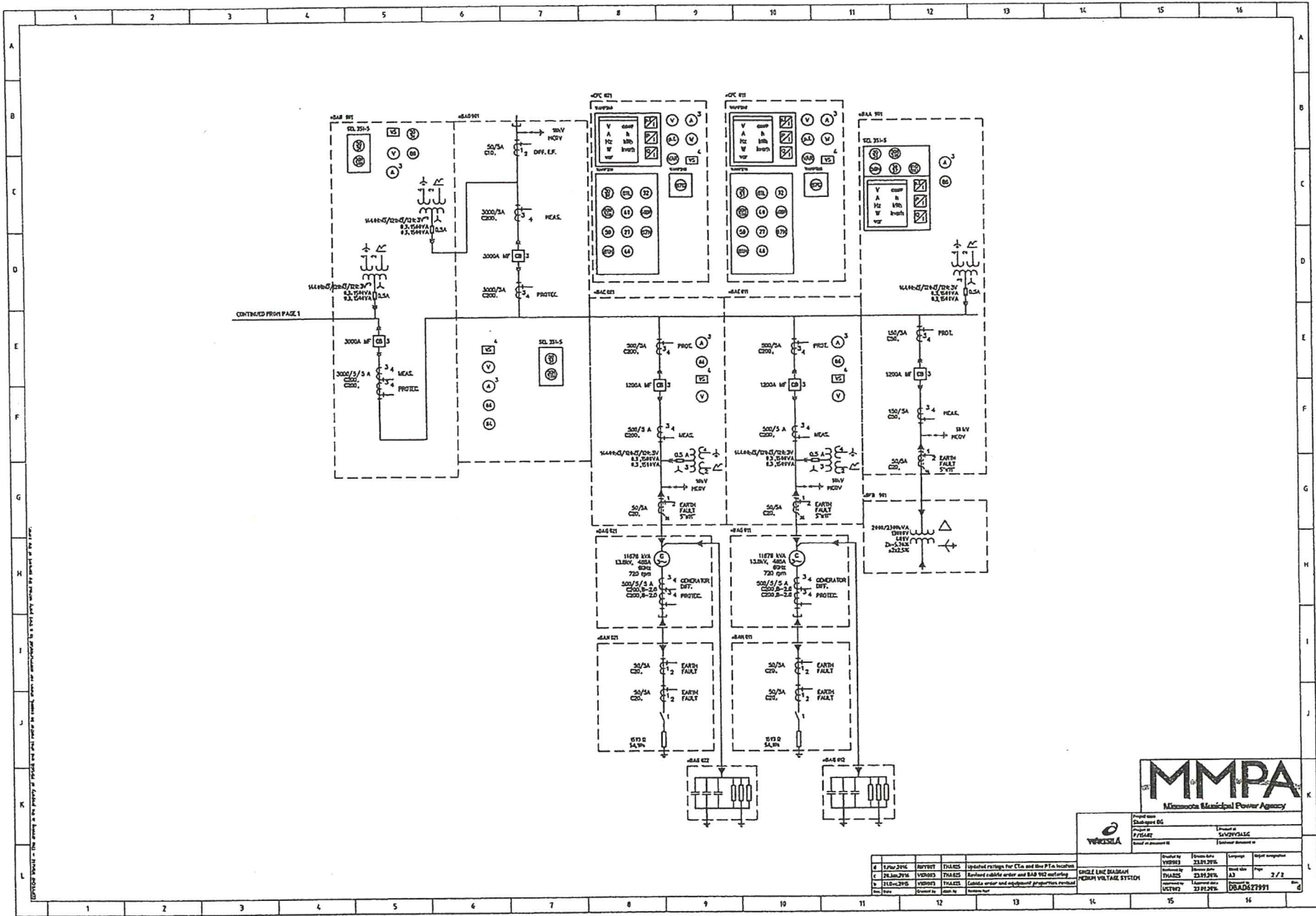
**EXHIBIT B**

**MEMBER INTERCONNECTION FACILITIES  
DESCRIPTION AND SINGLE-LINE DIAGRAM(S)**

**SHAKOPEE ENERGY PARK**

**EXHIBIT E**

**INTERCONNECTION REIMBURSEMENT AGREEMENT**

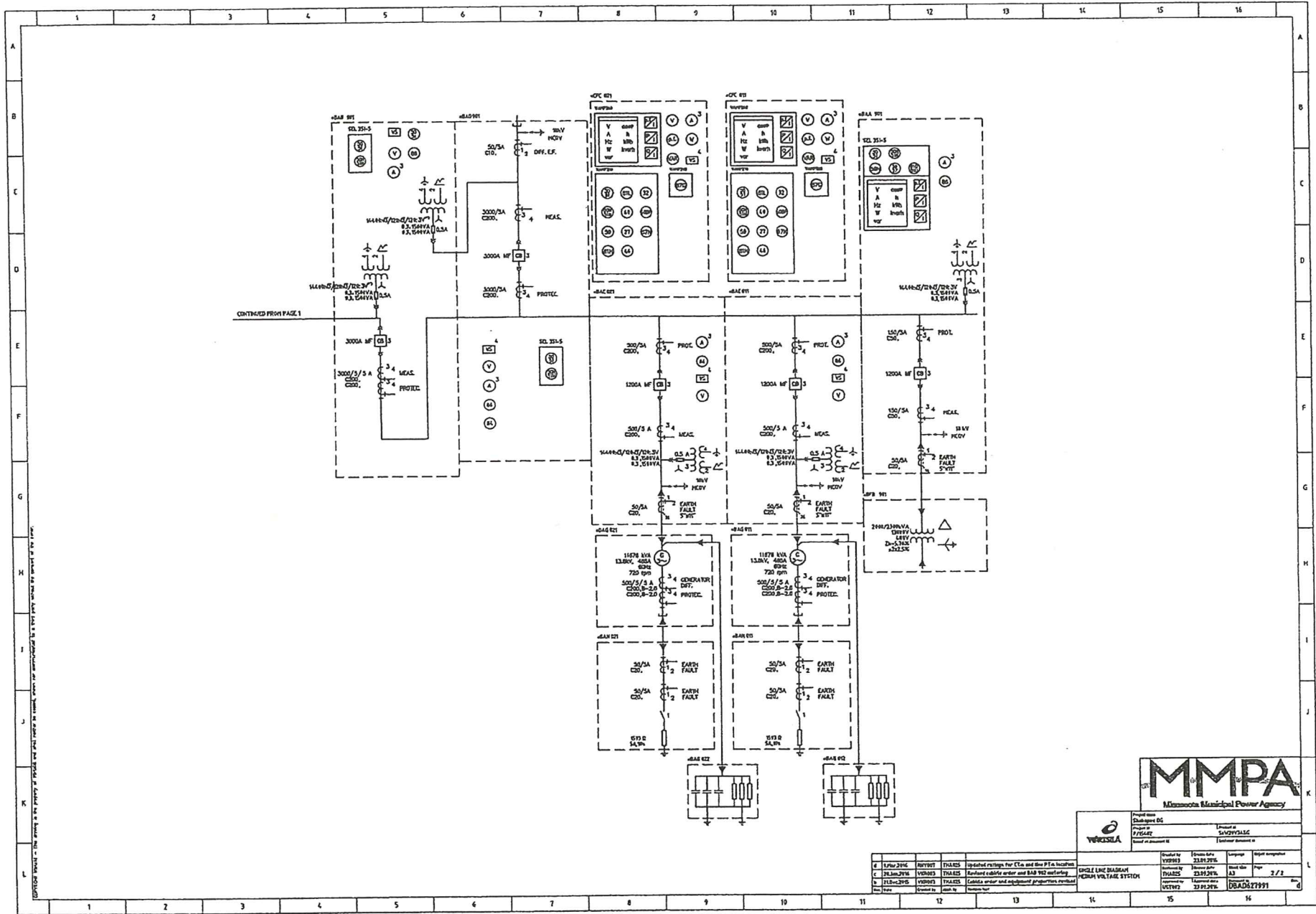


Project No.	21012716	Revision No.	21012716
Project Name	CHOLE LINC BALSAW	Project No.	21012716
Project Location	MINNAPOLIS VILLAGE	Project No.	21012716
Project Manager	DAVID W. HARRIS	Project No.	21012716

Rev	Date	By	Checked by	Description
1	1/10/2016	WJH	THL	Initial settings for CTA and the PTs location
2	24 Jan 2016	WJH	THL	Revised cable order and B4B 902 metering
3	10 Feb 2016	WJH	THL	Added order and equipment procurement details

Copyright 2016 - The drawing is the property of Minnesota Municipal Power Agency and shall remain the property of the Agency.





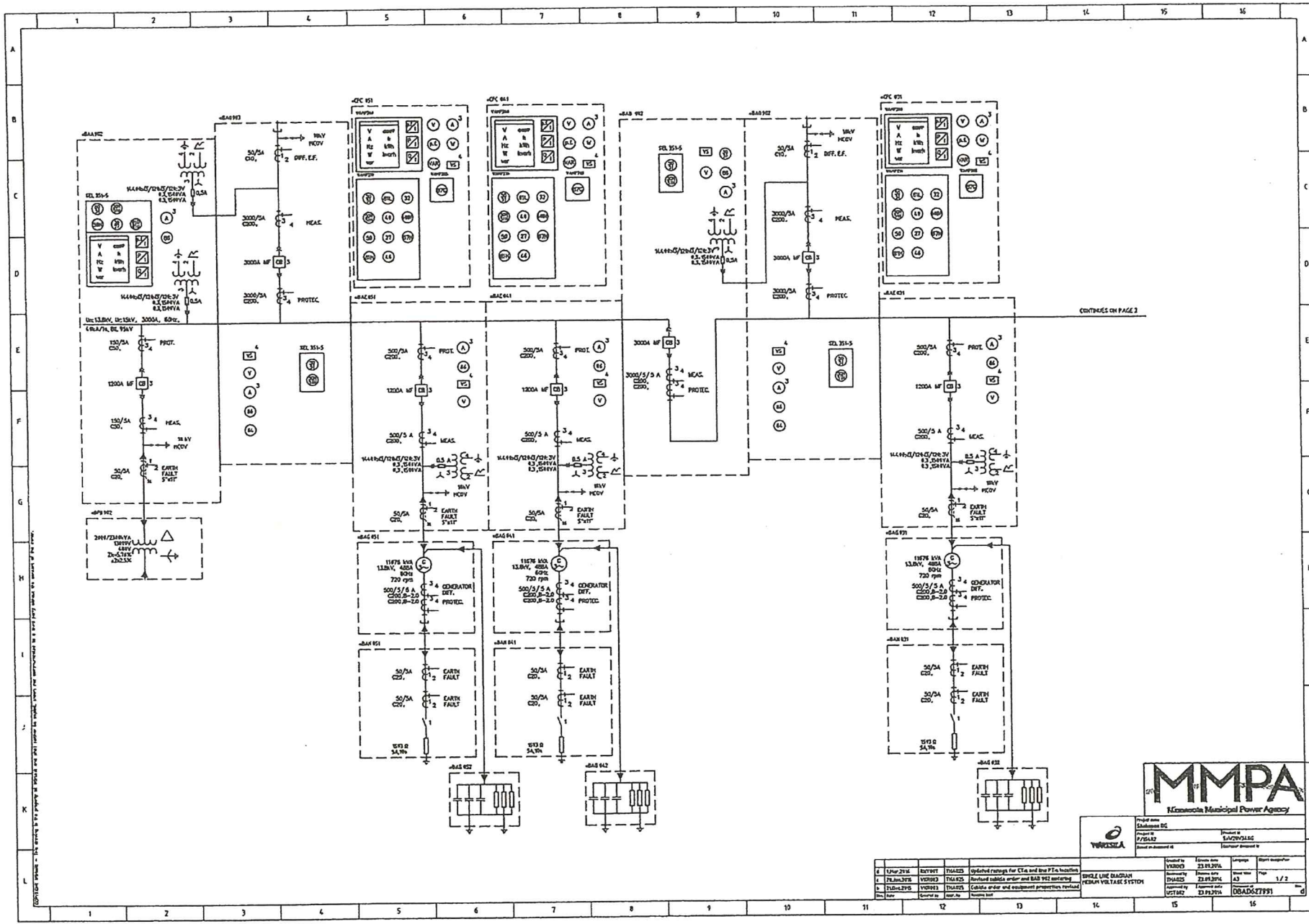
**MMPA**  
Minnesota Municipal Power Agency

Project Name Chapman DG	Project # P/REAR	Location SANDWYLAKE
Drawn by V/REAR	Checked by [Signature]	Scale As shown

Revised by V/REAR	Revision date 2/21/2016	Project Chapman DG
Drawn by V/REAR	Drawn date 2/21/2016	Sheet No. 2/2
Checked by V/REAR	Checked date 2/21/2016	Project No. DBAD627991

a	11.875-13.8	V/REAR	TRADES	Initialed ratings for CEs and show PTA location
b	11.875-13.8	V/REAR	TRADES	Standard cable order and S&B W&E ordering
c	11.875-13.8	V/REAR	TRADES	Cable order and equipment properties verified

SINGLE LINE DIAGRAM  
MEDIUM VOLTAGE SYSTEM



CONTINUES ON PAGE 3



Project name Madisonville DC	Project # 170442	Drawn by SACON/SLC
Checked by YORKS/SLA	Approved by [Signature]	Issue number 1

Rev	By	Date	Description
1	PLM/SLC	03/21/2014	Updated ratings for CTs and the PTA location
2	PLM/SLC	03/21/2014	Revised substation and bus bar numbering
3	PLM/SLC	03/21/2014	Added order and equipment preparation remarks

Project name MMPA	Project # 170442	Drawn by SACON/SLC	Issue number 1
Checked by YORKS/SLA	Approved by [Signature]	Issue number 1	Sheet number 1 / 2

DBAD627991

**SHAKOPEE ENERGY PARK**

**EXHIBIT B**

**MEMBER INTERCONNECTION FACILITIES  
DESCRIPTION AND SINGLE-LINE DIAGRAM(S)**



# ATTACHMENT 1

## NOTES:

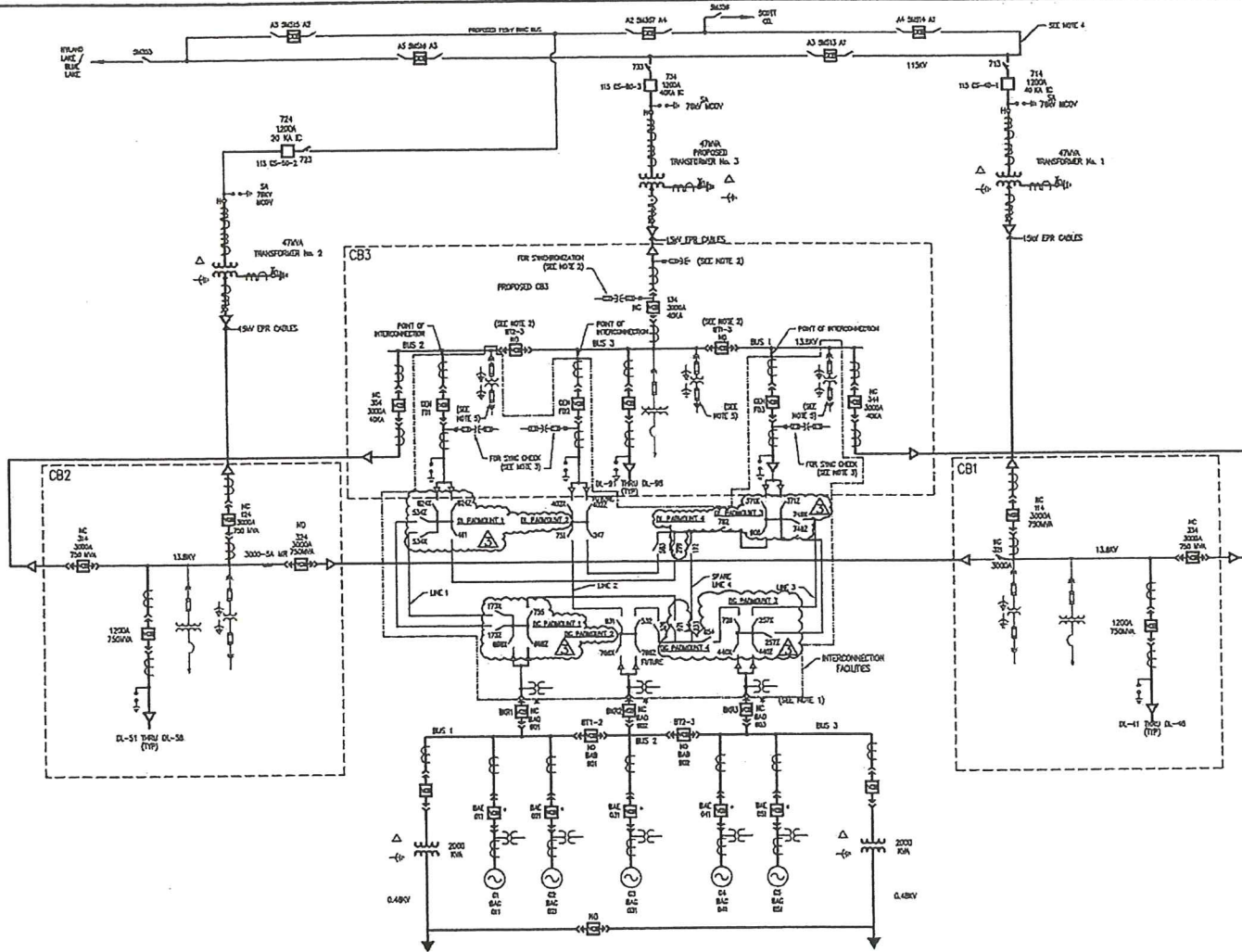
1. A SYNCHRONIZING RELAY IS ON EACH VCB AT THE GENERATOR PLANT DENOTED BY AN ASTERISK(\*).
2. VTS WILL BE INSTALLED ON THE LINE SIDE OF T3 MAIN 134 TO ALLOW FOR SYNCHRONIZATION WITH THE 115KV SYSTEM AFTER A BLACK START, ISLANDED LOAD SERVING SCENARIO. AFTER BUS 3 IS SYNCHRONIZED WITH THE 115 KV SYSTEM BY ADJUSTING GENERATOR SPEED AND CB3 MAIN 134 IS CLOSED, IF BT1-3 IN CB3 IS OPEN, BUS 1 IN CB3 AND WITH IT THE CB1 13.8 KV BUS WILL BE SYNCHRONIZED ACROSS BT1-3 BY ADJUSTING GENERATOR SPEED, BT1-3 WILL BE CLOSED, THE CB1 MAIN 114 WILL BE CLOSED, AND THEN BT1-3 WILL BE OPENED. IF BT2-3 IN CB3 IS OPEN, BUS 2 IN CB3 AND WITH IT THE CB2 13.8 KV BUS WILL BE SYNCHRONIZED ACROSS BT2-3 BY ADJUSTING GENERATOR SPEED, BT2-3 WILL BE CLOSED, THE CB2 MAIN 124 WILL BE CLOSED, AND THEN BT2-3 WILL BE OPENED.
3. VTS WILL BE INSTALLED ON THE GENERATOR SIDE OF THE INTERCONNECTION VCB'S FOR SYNC CHECK TO PREVENT CLOSING THE VCB TO AN ENERGIZED LINE.
4. 5-DIGIT 115KV BREAKER NUMBERS ARE SHOWN. ADJACENT SWITCH NUMBERS ARE 5-DIGIT NUMBER, HYPHEN AND 2-DIGIT SUFFIX AS SHOWN.
5. VTS FOR SYNCHRONIZATION, SYNC CHECK, AND METERING.

## LEGEND:

- NO - NORMALLY OPEN
- NC - NORMALLY CLOSED
- CS - CIRCUIT SWITCHER
- GS - GAS CIRCUIT BREAKER
- VCB - VACUUM CIRCUIT BREAKER
- G1-G2-G3-G4-G5-G6, 41MW
- / — SWITCH
- VOLTAGE TRANSFORMER

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

*Kevin J. Jovan*  
 License No. 13957  
 2017 01 05



PLOT:\VALESKA - SAVED: 01/02/2011 1:20 AM VALESKA.TITLE:PRESENTATION\SHAKOPEE INTERCONNECTION TEMP WORK\T04\SHAKOPEE PRODUCT\302298-00.DWG - LAYOUT1

REV	DATE	CHKD	APPD	REVISION DESCRIPTION
3	01-06-17			REVISED PADMOUNT SWITCH NUMBERS.
2	08-28-16			REVISED SWITCH NUMBERS.
1	06-13-11			REVISED SWITCH AND BREAKER NUMBERS.
0	03-23-11			CORRECTED BT1-3 DESIGNATION IN CBL. ADDED NOTE 6, ISSUED FOR BIDS.

DESIGNED	KA
DRAWN	RJV

**ISSUED FOR CONSTRUCTION**

**leidos**  
 Laidos Engineering  
 131 Saundersville Rd., Suite 300  
 Hendersonville, TN 37075  
 (615) 431-3200

SHAKOPEE PUBLIC UTILITIES  
 DEAN LAKE SUBSTATION  
 MAMPA GENERATION INTERCONNECTION  
 ONE LINE DIAGRAM

PROJECT NUMBER	302298.TM-00001.010.LDF.LT
SHEET	OP
	1 1
DRAWING NUMBER	302298-100.3

**SHAKOPEE ENERGY PARK**

**EXHIBIT E**

**INTERCONNECTION REIMBURSEMENT AGREEMENT**

## INTERCONNECTION REIMBURSEMENT AGREEMENT

This INTERCONNECTION REIMBURSEMENT AGREEMENT (the "Agreement") is made and entered into effective as of the ~~30~~<sup>31</sup> day of March, 2016 (the "Effective Date") by and between Shakopee Public Utilities Commission ("SPUC") and Minnesota Municipal Power Agency ("MMPA"). SPUC and MMPA may herein be referred to individually as "Party" or collectively as "Parties."

### RECITALS

WHEREAS, MMPA is developing a 46 MW natural gas-fired distributed generation facility ("DG Project") to be located approximately 0.5 miles northwest of the SPUC Dean Lake Substation and to be interconnected with SPUC's Distribution System at the Dean Lake Substation;

WHEREAS, SPUC is willing to facilitate the interconnection of the DG Project to its Distribution System;

WHEREAS, MMPA is willing to reimburse SPUC for the costs incurred by SPUC associated with such interconnection in accordance with the term and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

#### Section 1 Definitions

"Distribution System" means the SPUC's facilities and equipment used to transmit electricity to SPUC retail customers.

"Distribution Upgrades" shall mean the additions, modifications, and upgrades to the Distribution System at or beyond the Points of Interconnection to facilitate interconnection of the DG Project and render the delivery service necessary to affect MMPA's delivery of energy on the Distribution System. For purposes of this Agreement, Distribution Upgrades consist of upgrades to SPUC's Dean Lake Substation and include distribution breakers, equipment enclosure buildings, distribution and protection equipment, switches, etc. Distribution Upgrades include, but are not limited to, the following:

- Bus tie breakers in the Dean Lake switchgear building between the buses to which the Interconnection Facilities are connected and associated compartments, bus, relays, and relay panels (to be owned by SPUC and to be installed by SPUC under a separate third party contract);
- Switchgear and fuses on the Distribution System that need to be upgraded to accommodate the increased fault current from the DG Project (to be owned by SPUC and to be installed by SPUC's own crews).



Distribution Upgrades do not include the following:

- Interconnection Facilities (to be owned by MMPA and to be installed by SPUC under a separate third party contract).
- Dean Lake Substation power transformer T3 and associated connection to switchgear building and 115 kV system (to be owned by SPUC and to be installed by SPUC under a separate third party contract).
- Portion of Dean Lake switchgear building not included in Distribution Upgrades (to be owned by SPUC and to be installed by SPUC under a separate third party contract).
- Underground duct banks and cables to connect the Dean Lake switchgear building to existing Distribution System facilities (to be owned by SPUC and to be installed by SPUC under a separate third party contract (duct banks) and by SPUC's own crews (cables/terminations)).

"Interconnection Facilities" means all facilities and equipment, as identified in Attachment 1 of this Agreement, necessary to physically and electrically interconnect the DG Project to the Distribution System at the Points of Interconnection. The Interconnection Facilities include but are not limited to:

- The duct bank and the underground cables between the DG Project and the Dean Lake Substation and the associated terminations and switching equipment at both ends.
- The breakers in the Dean Lake Substation switchgear building, identified as GENFD1, GENFD2, and GENFD3 on Attachment 1 and associated compartments, bus, relays, relay panels, instrument transformers and meters for metering power from the DG Project and for synchronization check, and synchronization equipment.

The Interconnection Facilities do not include the voltage transformers for Bus 3 which will also be used for metering the power flow over the main breaker and which will be owned by SPUC.

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

"Points of Interconnection" means the points, as illustrated in Attachment 1 where the DG Project physically connects to the Distribution System at the Dean Lake Substation.

**Section 2 SPUC's Obligations**

SPUC has identified and MMPA has concurred in the Interconnection Facilities and Distribution Upgrades necessary to reliably and safely interconnect MMPA's DG Project to SPUC's Distribution System, has provided MMPA with descriptions and drawings of such Interconnection Facilities and Distribution Upgrades, and agrees to install or arrange the installation of such Interconnection Facilities and Distribution Upgrades to facilitate the DG Project interconnection. SPUC shall perform all obligations of this Agreement in accordance with all applicable laws and regulations, operating requirements and Good Utility Practices.

**Section 3 MMPA's Obligations**

SPUC has provided MMPA with an estimate of the total costs associated with design, engineering, construction, installation, testing, and commissioning of Interconnection Facilities and Distribution Upgrades, including overhead costs. Such estimates are reflected in Attachment 2. MMPA shall reimburse SPUC for such costs associated with the design, engineering, construction, installation, testing, and commissioning of Interconnection Facilities and Distribution Upgrades as such costs are incurred by SPUC plus 5% as overhead costs in accordance with Section 4 below.

SPUC will provide MMPA with a summary of the quotes for material and associated installation costs or bids for the contracts under which the procurement, construction, installation, testing, and commissioning of Interconnection Facilities and Distribution Upgrades will be provided. The quotes and bids will segregate or prorate the costs for Interconnection Facilities and Distribution Upgrades from other costs that will be funded solely by SPUC.

If at any time SPUC determines that the costs associated with the Interconnection Facilities and Distribution Upgrades might exceed the estimate provided in Attachment 2, SPUC shall notify MMPA and explain the reasoning behind SPUC's determination.

**Section 4 Reporting and Billing**

After execution of this Agreement, SPUC will invoice MMPA for the estimated amounts shown on Attachment 2 in accordance with the following Payment Schedule:

Payment Due Date	Interconnection & Engineering	Distribution Upgrades & Engineering	Owner's Cost 5%	Total
4/15/2016	300,000	40,000	17,000	357,000
6/1/2016	1,125,000	60,000	60,000	1,245,000
9/1/2016	1,520,000	250,000	89,000	1,859,000
11/1/2016	455,000		24,000	479,000
	\$ 3,400,000.00	\$ 350,000.00	\$ 190,000.00	\$ 3,940,000.00

SPUC shall send a monthly report to MMPA describing progress made in the design, engineering, construction, procurement, testing, and commissioning of the Interconnection Facilities and Distribution Upgrades. Such report shall provide an accounting of the costs

incurred during the reporting period and the cumulative costs to date in comparison to the amounts paid under the Payment Schedule.

Within thirty (30) days after completion of the construction, installation, testing, and commissioning of the Interconnection Facilities and Distribution Upgrades, SPUC shall provide a report to MMPA of the final costs of the design, engineering, procurement, installation, construction, testing, and commissioning of the Interconnection Facilities and Distribution Upgrades, including overhead costs, and shall set forth such costs in sufficient detail to enable MMPA to compare the actual costs with the estimates and to ascertain deviations, if any, from the estimates set forth in Attachment 2. SPUC shall refund or charge (as the case may be) MMPA any amounts by which the amounts deposited by MMPA differs from the actual costs incurred by SPUC within thirty (30) Days of the issuance of such final construction report. MMPA shall have thirty (30) days to pay any charge assessed by SPUC in accordance with this Agreement. SPUC shall have thirty (30) days to pay any refund due and owing to MMPA in accordance with this Agreement.

SPUC shall send the reports, any refund or invoice for charges, and any notices to:

MMPA  
Attn.: Vice President, Finance  
Avant Energy  
220 South Sixth Street, Suite 1300,  
Minneapolis, MN 55402

MMPA shall send all payments to:

Shakopee Public Utilities Commission  
Attn.: Finance Department/Miscellaneous Accounts Receivable  
PO Box 470  
255 Sarazin Street,  
Shakopee, MN 55379

MMPA shall send all notices to:

Shakopee Public Utilities Commission  
Attn.: Joe Adams  
PO Box 470  
255 Sarazin Street,  
Shakopee, MN 55379  
Email: [JAdams@ShakopeeUtilities.com](mailto:JAdams@ShakopeeUtilities.com)

Either Party can revise the above payment and notice provisions by sending a notice to the other Party.



## Section 5 Dispute Resolution

The Parties agree that any disputes arising under this Agreement shall be discussed and resolved by authorized representatives designated by the Parties, who shall use reasonable efforts to amicably and promptly resolve the dispute in accordance with the provisions of this Agreement. If the representatives of the Parties are unable to reach a resolution within sixty (60) days after the matter has been referred to them (or a different period as may be unanimously agreed upon by them), the Parties may mutually agree to settle the dispute through mediation or other alternative dispute resolution methods. If the Parties are unable to resolve the dispute through these methods, either Party may resort to any available legal or equitable remedies.

## Section 6 Ownership, Operation, Maintenance, and Warranties

The Interconnection Facilities shall be and will remain owned by MMPA. As identified in Section 1, Distribution Upgrades shall be and will remain owned by SPUC. SPUC will operate and maintain the Interconnection Facilities, including administering on behalf of MMPA the warranties for the facilities owned by MMPA, and invoice MMPA for the associated costs. Within thirty days of receiving such invoice, MMPA will pay SPUC for all reasonable and verifiable costs incurred. SPUC and MMPA shall use reasonable efforts to negotiate and execute an operation and maintenance agreement for the Interconnection Facilities within two (2) months of the execution of this Agreement.

## Section 7 Miscellaneous

Entire Agreement. This writing constitutes the entire agreement between the Parties and supersedes any prior understanding or agreements between them respecting the subject matter herein. There are no extraneous representations, understandings, or agreements, oral or written, in respect of the subject matter of this Agreement, between the parties to this Agreement, except those fully expressed in this Agreement.

Amendments. No amendments, changes, alterations, modifications, additions and qualifications to the terms of this Agreement shall be made or binding unless made in writing and signed by all the Parties to this Agreement.

Waiver. The failure of either Party to enforce at any time any of the provisions of this Agreement shall not be construed as a waiver of such provisions or of the right of such Party to enforce any such provisions after any such failure.

Headings. Headings are for convenience and are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of Minnesota.

Responsibilities. Each Party will be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof. Nothing in this Agreement limits or waives the rights or limits provided to SPUC in Minnesota Statutes Chapter 466, and it is intended in this Agreement that



unless explicitly provided otherwise, SPUC shall have the maximum benefits and rights accorded to it under Chapter 466 and applicable law.

Counterparts; Facsimile signatures. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute one and the same instrument. Signatures delivered via facsimile transmission shall be binding upon the party so delivering such a signature, regardless of whether originally executed signatures are subsequently delivered.

Late Payments. Any payments not made when due will bear interest at 1.5% per month from the time payment is due until payment is made.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF, the Parties to this Agreement have executed this instrument as of the date and year first above written.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**

By: *Terrance Joos*  
Print Name: Terrance Joos  
Title: Commission President

**MINNESOTA MUNICIPAL POWER AGENCY**

By: *Denick O. Dahlke*  
Print Name: Denick O. Dahlke  
Title: Agent for M M P A



# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

November 14, 2018

TO: John Crooks, Utilities Manager *JJC*  
FROM: Renee Schmid, Director of Finance and Administration *RS*  
SUBJECT: 2019 Wage and Compensation Planning Assumptions Revision

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## Background

The Commission previously accepted and approved the 2019 Wage and Compensation Planning Assumptions during its regular meeting on October 1<sup>st</sup>, 2018. Staff is proposing to revise the 2019 Wage and Compensation Planning Assumptions memo for item #2 as follows:

Previously approved October 1<sup>st</sup>, 2018 language for item #2:

2. Include a provision of \$100,837 or 2.3% of base pay in the 2019 Operating Budget for wage increases to cover adjustments for movements within ranges.

SPU received resignations for two apprentice lineman positions in the month of October. It has become apparent that the market for these positions has changed and are recommending to increase the compensation budget to address the issue.

Proposed revision as of November 19, 2018 for language in item #2:

2. Include a provision of \$120,015 or 2.8% of base pay in the 2019 Operating Budget for wage increases to cover adjustments for movements within ranges.

## Action Requested

- Approve the 2019 Wage and Compensation Planning Assumptions – Revised memo as attached.



# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

November 13, 2018

TO: John Crooks, Utilities Manager  
FROM: Renee Schmid, Director of Finance and Administration  
SUBJECT: 2019 Wage and Compensation Planning Assumptions - Revised

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The Compensation Sub-Committee met on 2019 Wages and Compensation Planning. Sub-Committee members included Commissioner Weyer, and Commissioner Meyer. Staff members included Utilities Manager, John Crooks and Finance and Administration Director, Renee Schmid.

The following amounts are proposed for the 2019 Operating Budget and Wages.

1. A provision for increase in wage ranges of 3.0% at a cost of \$128,289.
2. Include a provision of \$120,015 or 2.8% of base pay in the 2019 Operating Budget for wage increases to cover adjustments for movements within ranges.
3. Include a provision of \$105,385 or 2.4% of base pay in the 2019 Operating Budget to fill four authorized position previously left unfilled, and to fund a lead lineman promotion. The following positions are included in this provision:
  - Water Meter Technician as of 3/1/19 at a cost of \$46,336 (annualized cost of \$54,954)
  - Engineering Technician as of 5/1/19 at a cost of \$38,419 (annualized cost of \$57,200)
  - Engineering Summer Help at a cost of \$9,275
  - Water Summer Help at a cost of \$9,275
  - Lead Lineman promotion at a cost of \$2,080
4. Include a provision of \$40,385 (annualized at \$75,000) or 0.9% of base pay in the 2019 Operating Budget to add a transitional position in 2019 for an anticipated retirement in 2020 in the finance department.
5. Include a provision for an additional \$6,600 in car allowance expense.
6. It should be noted that this operating budget proposal leaves two positions unfilled from fully authorized staffing levels for a total of \$66,180 or 1.4% of the total base pay budget. The following positions are planned to remain unfilled in 2019:
  - Engineering Coordinator
  - Summer Help - Electric





# SHAKOPEE PUBLIC UTILITIES

“Lighting the Way – Yesterday, Today and Beyond”

7. As of 1/1/2019 approve the reorganization of some positions within the finance department as listed below. These changes are included in the proposed wage ranges and have no financial impact to the staffing budget. An updated organization chart for Shakopee Public Utilities is attached reflecting the reorganization.
  - The Accounting Specialist position will report to the Senior Accounting Specialist position.
  - Update the Senior Accounting Specialist job description to require a bachelor’s degree in accounting or equivalent.

## **Conclusion:**

On September 24th, 2018 a consensus by the Compensation Sub-committee was reached on all the above figures. The Compensation Committee recommends adoption of the 2019 Wage and Compensation Planning Assumptions as outlined above.

## **Requested Commission Action:**

- Approve 2019 Wage and Compensation Planning Assumptions and adopt Resolution #1212, a resolution regulating wage ranges.
- Approve the revised job description for the Senior Accounting Specialist position.