

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
February 16, 2016

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
 - C=> 8b) Monthly Production Dashboard
 - 8c) Resn. #1116 – Vacation of Electric Utility Easement Within a Portion of Lot 7, Block 1, Riverview Estates, Scott County, Minnesota
9. **Reports: Electric Items**
 - 9a) Electric System Operations Report – Verbal
 - 9b) Dean Lake Substation Expansion Project
10. **Reports: Human Resources**
11. **Reports: General**
 - 11a) December Financials
 - 11b) Governance Handbook – Update/Review
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**

- Regular Meeting	--	March 7
- Mid Month Meeting	--	March 21
- Regular Meeting	--	April 4
- Mid Month Meeting	--	April 18
14. **Adjourn to 3/7/16** at the SPUC Service Center, 255 Sarazin Street

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Regular Meeting)

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., February 1, 2016.

MEMBERS PRESENT: Commissioners Joos, Amundson and Mars. Also present, Liaison Whiting, Utilities Manager Crooks, Finance Director Schmid, Planning & Engineering Director Adams, Line Superintendent Athmann, Water Superintendent Schemel and Marketing/Customer Relations Director Walsh. Commissioners Helkamp and Olson were absent as previously advised.

Motion by Amundson, seconded by Mars to approve the minutes of the January 19, 2016 Commission meeting. Motion carried.

There were no Communication items.

President Joos offered the agenda for approval.

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

There were no Consent Items.

The warrant listing for bills paid February 1, 2016 was presented.

Motion by Mars, seconded by Amundson to approve the warrant listing dated February 1, 2016 as presented. Motion carried.

Liaison Whiting presented his report. The City Council will take up discussion on the Railroad Quiet Zone, Multifamily R-4 zoning and the CR 83 Corridor Study at the February 2 Council meeting.

Water Superintendent Schemel provided a report of current water operations. It was reported the impeller for the Well 6 pump showed signs of damage when inspected. The well will be televised within the next 2 weeks. Painting inside of the Pumphouses has been initiated.

Planning and Engineering Director Adams reported that the signed document for the Jennifer Lane Agreement cannot be found by either Scott County or SPU. The Commission was requested to resign the document, with no changes being made to the original agreement.

Motion by Amundson, seconded by Mars to resign the Jennifer Lane Agreement by the SPUC current officers. Motion carried.

Line Superintendent Athmann provided a report of current electric operations. Two electric outages were reviewed. It was reported that the logistics planning for the Lineworker's Rodeo is proceeding with very few issues.

The MMPA Clean Energy Program was reviewed by Utilities Manager Crooks. Commission consensus was to participate with MMPA on marketing changes to the program, define any delays with the implementation of the program and to begin marketing the program before enrollment begins.

Mr. Crooks read the January 2016 MMPA Board meeting public summary.

Commission President Joos will participate on the Electric Superintendent Interview Committee.

Mr. Crooks provided an SPU Economic Development update. Discussion centered on the City of Shakopee SAC Policy and the proposed changes that went before the City Council. The development of the brochure will continue as planned, with any delays being reported to the Commission.

The tentative commission meeting dates of Tuesday, February 16 and March 7 were noted. February 22 will be the Utilities Manager's annual performance review and the setting of 2016 goals and objectives.

Motion by Amundson, seconded by Mars to adjourn to the February 16, 2016 meeting. Motion carried.



Commission Secretary: John R. Crooks

Monthly Water Dashboard

As of: January 2016

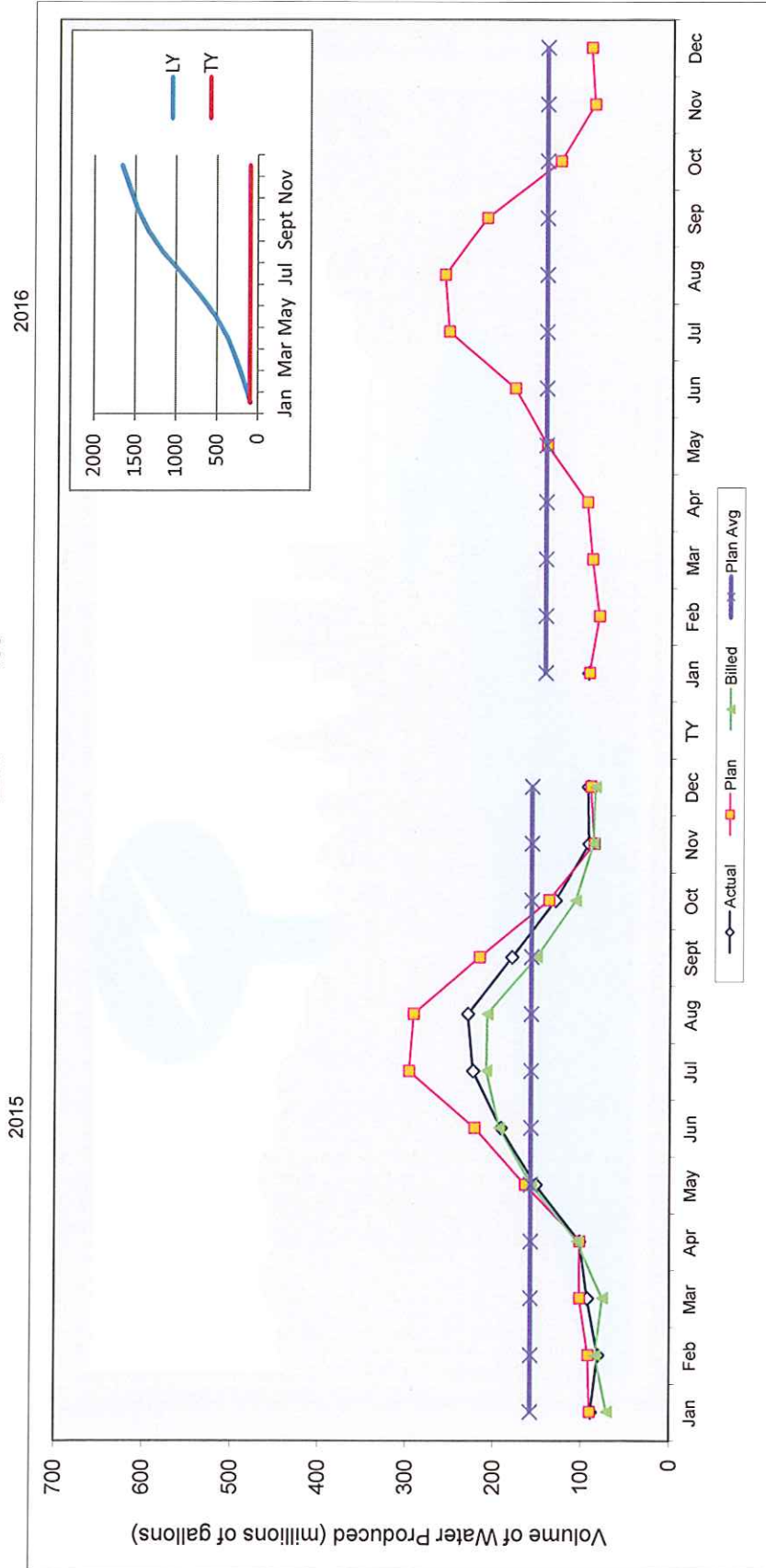
Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure Water Pumped/Metered

Averages	2013	2014	2015
	150	140	138

Last 6 months actuals	230	180	131	92	94	94
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LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Actual	89	81	93	102	152	192	224	230	180	131	93	94													
Plan	90	92	102	102	164	222	297	292	217	138	87	91													
YTD % *																									
Billed	71	84	76	105	157	194	209	208	152	108	88	86		101%											

* Actual gallons pumped vs. Plan

RESOLUTION #1116

A RESOLUTION FOR VACATION OF ELECTRIC UTILITY EASEMENT
WITHIN A PORTION OF LOT 7, BLOCK 1, RIVERVIEW ESTATES,
SCOTT COUNTY, MINNESOTA

WHEREAS, Jason and Jennifer DeShaw are the owners of property, described as follows:
Lot 7, Block 1, Riverview Estates, Scott County, Minnesota, (the "Property") and

WHEREAS, There presently exists an Electric Utility Easement across a portion of the
Property granted to SPUC, filed as Document No. A992541 in the Office of the Registrar of Titles
Scott County, Minnesota (the "Existing Electric Utility Easement"), and

WHEREAS, Jason and Jennifer DeShaw have dedicated a New Electric Utility Easement
over the same property, and desires that the Existing Electric Utility Easement be vacated, and

WHEREAS, SPUC is willing to agree to the vacation of the Existing Electric Utility
Easement in exchange for the New Electric Utility Easement Agreement.

NOW, THEREFORE, in consideration for the terms of the attached New Electric Utility
Easement Agreement, SPUC vacates the Existing Electric Utility Easement filed as Document No.
A992541.

Passed in regular session of the Shakopee Public Utilities Commission, this 16th day of
February, 2016.

Commission President: Terrance Joos

ATTEST:

Commission Secretary: John R. Crooks

ELECTRIC UTILITY UNDERGROUND EASEMENT AGREEMENT

This ELECTRIC UTILITY UNDERGROUND EASEMENT AGREEMENT is given this 26th day of January, 2016 by JASON and JENNIFER DESHAW, a married couple (“Owner”) to the SHAKOPEE PUBLIC UTILITIES COMMISSION, a municipal utility commission organized under Minnesota law (“SPUC”).

Recitals

A. Owner is the fee owner of certain real estate (the “Property”) in Scott County, Minnesota described as follows:

Lot 7, Block 1, Riverview Estates; SCOTT COUNTY PID# 270530070

B. In furtherance of a public utility project, the SPUC desires to obtain from Owner, and Owner desires to convey to SPUC, a certain easement over a portion of the Property and more particularly described in Exhibit "A" hereto attached and made a part hereof.

Easement

1. Grant of Easement. For good and valuable consideration, receipt of which is acknowledged by Owner, the Owner hereby grants and conveys to SPUC, its successors, assigns and licensees, the following perpetual easement for electrical utility purposes over the area described below (the “Easement Area”):

Being 10 feet in width and consisting of the East 10 feet of the Property as shown on Exhibit “A”

2. Scope of Easement Rights. The perpetual electrical utility easement includes the right to inspect, locate, erect, improve, construct, relocate, remove, operate, maintain, alter and repair an underground conduit and/or cable lines for distributing electrical power, including all wires, cables, hand holes, manholes, transformers, transformer enclosures, concrete pads, connection boxes, ground connection attachments, equipment and related accessories and appurtenances within the Easement Area. The easement includes the right to improve and make such changes, alterations, substitutions and additions in and to SPUC’s facilities within the Easement Area as SPUC may from time to time deem advisable or expedient. This easement includes the right to cut, trim or remove from the Easement Area trees, shrubs, roots, or other vegetation, and any buildings, fences or structures within the Easement Area that in SPUC’s judgment unreasonably interfere with SPUC’s facilities. SPUC shall have the right to permit the use of the easement by other utilities, subject to and in accordance with this instrument.

3. Right of Access. Owner also grants to SPUC a right of ingress to and egress from the Easement Area over those portions of the above-described Property as reasonably necessary for SPUC to gain access to the Easement Area for purposes of inspecting, maintaining, altering and repairing SPUC's facilities. SPUC agrees to exercise its right of ingress and egress so as to minimize damage and inconvenience to the Owner.

4. Owner's Use. Owner hereby reserves to itself the right to use the land included within the Easement Area (including without limitation, parking of vehicles on the surface thereof), subject to all governmental rules and regulations, and provided that such use will not unreasonably disturb or interfere with SPUC's electrical utility facilities or prevent reasonable ingress and egress thereto for the purposes of operation, use, maintenance and repair (including reconstruction) thereof. It is also understood and agreed between the parties hereto that no building or structure shall be placed by Owner, its successors or assigns within the permanent electrical utility easement area. Owner specifically agrees that, subject to all governmental rules and regulations, Owner retains the right to cross and recross the easement area with other utility lines, pipes, wires and easements, parking and access easements and that Owner may install paving, curb and gutter, and landscaping on the easement area which are not inconsistent with the grant of the permanent electrical utility easement herein. (Grantor's right to replacement or repair of such installations is subject, however, to the limitations in paragraph 5 of this Agreement.)

5. Restoration. SPUC will, at its sole cost and expense and promptly after completion of its work, replace the surface and subsurface of the soil as may be disturbed in the use, operation, maintenance and repair (including reconstruction) of SPUC's electrical facilities in substantially the same condition that existed prior to the improvement or repair, and repair all driveways and other paved areas, replace sod which may be damaged by construction on the Easement Area or which is a direct result of the exercise of the rights herein granted. Owner specifically agrees that SPUC shall have no obligation to replace or repair surface improvements installed by Owner within the Easement Area, other than paved areas or sod.

6. Compliance with Laws. SPUC shall comply with all applicable laws and regulations in connection with its use of this easement.

7. Environmental Matters. SPUC shall not be responsible for any costs, expenses, damages, demands, obligations or losses, including penalties and reasonable attorney's fees, resulting from any claims, actions, suits, or proceedings based upon a release or threat of release of any hazardous substances, pollutants, or contaminants which may have existed on, or which relate to, the easement area or Property prior to the date of this instrument.

8. Duration of Easement. The perpetual easement granted herein shall remain in full force and effect in perpetuity.

9. Warranty of Owner. The Owner warrants that it is the owner of a fee simple interest in the Property, that it has the right and authority to grant the easement conveyed by this instrument, and that the Property is free and clear of any lien, encumbrance, easement, restriction, covenant or condition, except for those filed of record with the County Recorder in and for Scott County, Minnesota.

10. Easement to Run with the Land. The easement granted herein shall run with the land and is binding upon the Owner, its heirs, successors and assigns.

OWNER

By: [Signature]
By: [Signature]

STATE OF MINNESOTA)
) ss.
COUNTY OF Scott)

The foregoing instrument was acknowledged before me this 26 day of January, 2016 by Jason Robert DeShaw & Jennifer Rae DeShaw

Cynthia Rae Menke
Notary Public



SHAKOPEE PUBLIC UTILITIES COMMISSION

By: [Signature]
Its: Utilities Manager

STATE OF MINNESOTA }
 } ss.
COUNTY OF SCOTT }

The foregoing instrument was acknowledged before me this 26 day of January, 2016 by John B. Crooks the Utilities manager of the Shakopee Public Utilities Commission, a municipal utility commission under the laws of Minnesota, by and on behalf of said utility commission.

Cynthia Rae Menke
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered
200 South Sixth Street, Suite 470
Minneapolis, MN 55402
(612) 337-930

EXHIBIT "A"



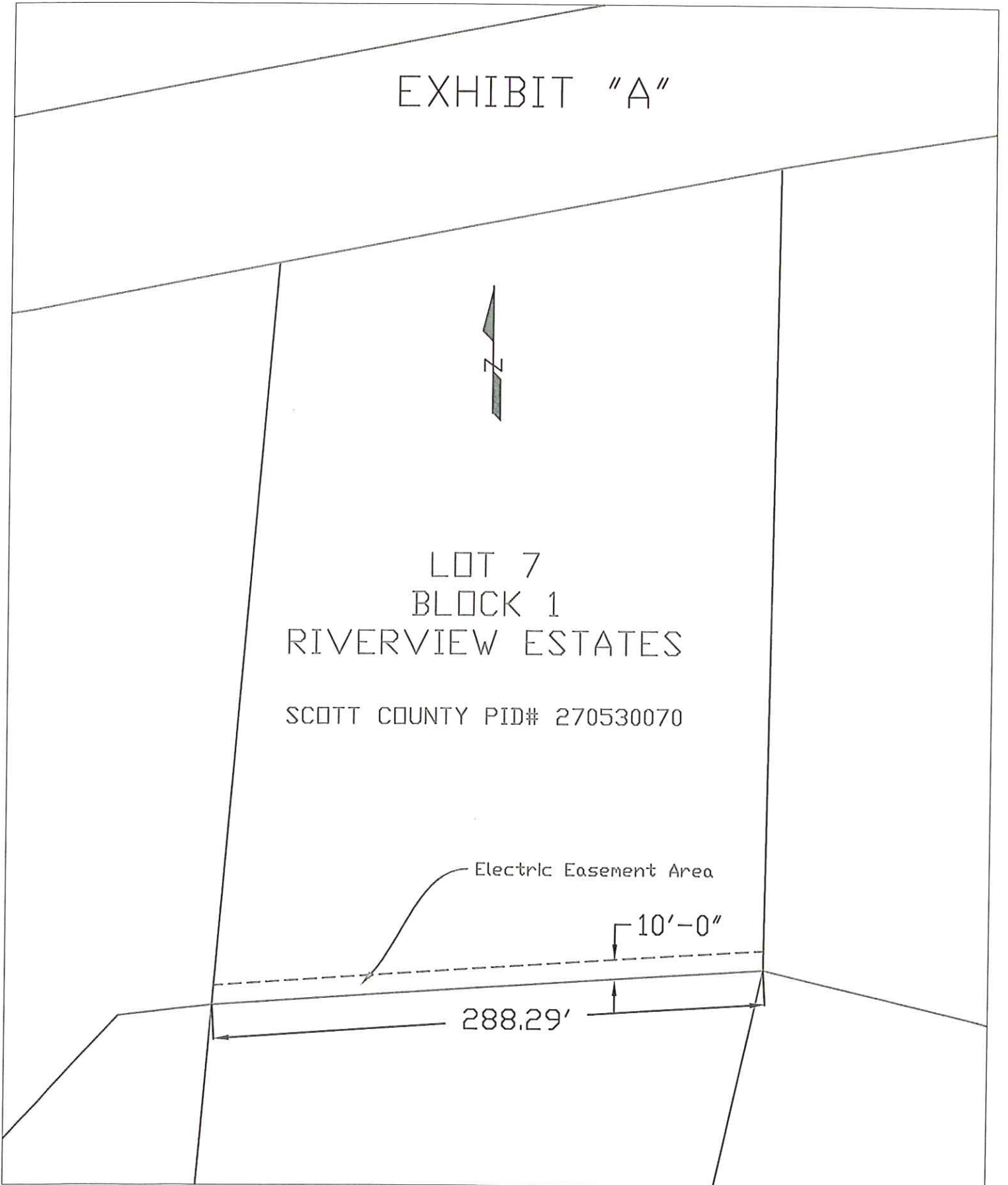
LOT 7
BLOCK 1
RIVERVIEW ESTATES

SCOTT COUNTY PID# 270530070

Electric Easement Area

10'-0"

288.29'



(FOR REFERENCE ONLY)

Receipt:# 541024

EAS \$46.00

Return to:
SHAKOPEE PUBLIC
UTILITIES COMM
255 SARAZIN ST
PO BOX 470
SHAKOPEE MN 55379-470

A992541



Certified Filed and/or recorded on:

12/2/2015 10:09 AM

Office of the County Recorder
Scott County, Minnesota
James L. Hentges, County Recorder

(This cover sheet is now a permanent part of the recorded document)

ELECTRIC UTILITY UNDERGROUND EASEMENT AGREEMENT

This ELECTRIC UTILITY UNDERGROUND EASEMENT AGREEMENT is given this 4th day of November, 2015 by JASON and JENNIFER DESHAW, a married couple ("Owner") to the SHAKOPEE PUBLIC UTILITIES COMMISSION, a municipal utility commission organized under Minnesota law ("SPUC").

Recitals

A. Owner is the fee owner of certain real estate (the "Property") in Scott County, Minnesota described as follows:

Lot 7, Block 1, Riverview Estates; SCOTT COUNTY PID# 270530070

B. In furtherance of a public utility project, the SPUC desires to obtain from Owner, and Owner desires to convey to SPUC, a certain easement over a portion of the Property and more particularly described in Exhibit "A" hereto attached and made a part hereof.

Easement

1. Grant of Easement. For good and valuable consideration, receipt of which is acknowledged by Owner, the Owner hereby grants and conveys to SPUC, its successors, assigns and licensees, the following perpetual easement for electrical utility purposes over the area described below (the "Easement Area"):

Being 10 feet in width and consisting of the East 10 feet of the Property as shown on Exhibit "A"

2. Scope of Easement Rights. The perpetual electrical utility easement includes the right to inspect, locate, erect, improve, construct, relocate, remove, operate, maintain, alter and repair an underground conduit and/or cable lines for distributing electrical power, including all wires, cables, hand holes, manholes, transformers, transformer enclosures, concrete pads, connection boxes, ground connection attachments, equipment and related accessories and appurtenances within the Easement Area. The easement includes the right to improve and make such changes, alterations, substitutions and additions in and to SPUC's facilities within the Easement Area as SPUC may from time to time deem advisable or expedient. This easement includes the right to cut, trim or remove from the Easement Area trees, shrubs, roots, or other vegetation, and any buildings, fences or structures within the Easement Area that in SPUC's judgment unreasonably interfere with SPUC's facilities. SPUC shall have the right to permit the use of the easement by other utilities, subject to and in accordance with this instrument.

3. Right of Access. Owner also grants to SPUC a right of ingress to and egress from the Easement Area over those portions of the above-described Property as reasonably necessary for SPUC to gain access to the Easement Area for purposes of inspecting, maintaining, altering and repairing SPUC's facilities. SPUC agrees to exercise its right of ingress and egress so as to minimize damage and inconvenience to the Owner.

4. Owner's Use. Owner hereby reserves to itself the right to use the land included within the Easement Area (including without limitation, parking of vehicles on the surface thereof), subject to all governmental rules and regulations, and provided that such use will not unreasonably disturb or interfere with SPUC's electrical utility facilities or prevent reasonable ingress and egress thereto for the purposes of operation, use, maintenance and repair (including reconstruction) thereof. It is also understood and agreed between the parties hereto that no building or structure shall be placed by Owner, its successors or assigns within the permanent electrical utility easement area. Owner specifically agrees that, subject to all governmental rules and regulations, Owner retains the right to cross and recross the easement area with other utility lines, pipes, wires and easements, parking and access easements and that Owner may install paving, curb and gutter, and landscaping on the easement area which are not inconsistent with the grant of the permanent electrical utility easement herein. (Grantor's right to replacement or repair of such installations is subject, however, to the limitations in paragraph 5 of this Agreement.)

5. Restoration. SPUC will, at its sole cost and expense and promptly after completion of its work, replace the surface and subsurface of the soil as may be disturbed in the use, operation, maintenance and repair (including reconstruction) of SPUC's electrical facilities in substantially the same condition that existed prior to the improvement or repair, and repair all driveways and other paved areas, replace sod which may be damaged by construction on the Easement Area or which is a direct result of the exercise of the rights herein granted. Owner specifically agrees that SPUC shall have no obligation to replace or repair surface improvements installed by Owner within the Easement Area, other than paved areas or sod.

6. Compliance with Laws. SPUC shall comply with all applicable laws and regulations in connection with its use of this easement.

7. Environmental Matters. SPUC shall not be responsible for any costs, expenses, damages, demands, obligations or losses, including penalties and reasonable attorney's fees, resulting from any claims, actions, suits, or proceedings based upon a release or threat of release of any hazardous substances, pollutants, or contaminants which may have existed on, or which relate to, the easement area or Property prior to the date of this instrument.

8. Duration of Easement. The perpetual easement granted herein shall remain in full force and effect in perpetuity.

9. Warranty of Owner. The Owner warrants that it is the owner of a fee simple interest in the Property, that it has the right and authority to grant the easement conveyed by this instrument, and that the Property is free and clear of any lien, encumbrance, easement, restriction, covenant or condition, except for those filed of record with the County Recorder in and for Scott County, Minnesota.

10. Easement to Run with the Land. The easement granted herein shall run with the land and is binding upon the Owner, its heirs, successors and assigns.

OWNER James R. DeShaw
By: Jennifer DeShaw
By: Jason DeShaw

STATE OF MINNESOTA)
 Scott) ss.
COUNTY OF MINN)

The foregoing instrument was acknowledged before me this 4 day of November, 2015 by Jennifer + Jason DeShaw

Cynthia Rae Menke
Notary Public



SHAKOPEE PUBLIC UTILITIES COMMISSION



By: [Signature]
Its: Utilities Manager

STATE OF MINNESOTA }
 } ss.
COUNTY OF SCOTT }

The foregoing instrument was acknowledged before me this 9 day of November, 2015 by John R. Crooks the Utilities manager of the Shakopee Public Utilities Commission, a municipal utility commission under the laws of Minnesota, by and on behalf of said utility commission.

Cynthia Rae Menke
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered
200 South Sixth Street, Suite 470
Minneapolis, MN 55402
(612) 337-930

EXHIBIT "A"



SCOTT COUNTY RD 16
(EAGLE CREEK BLVD)

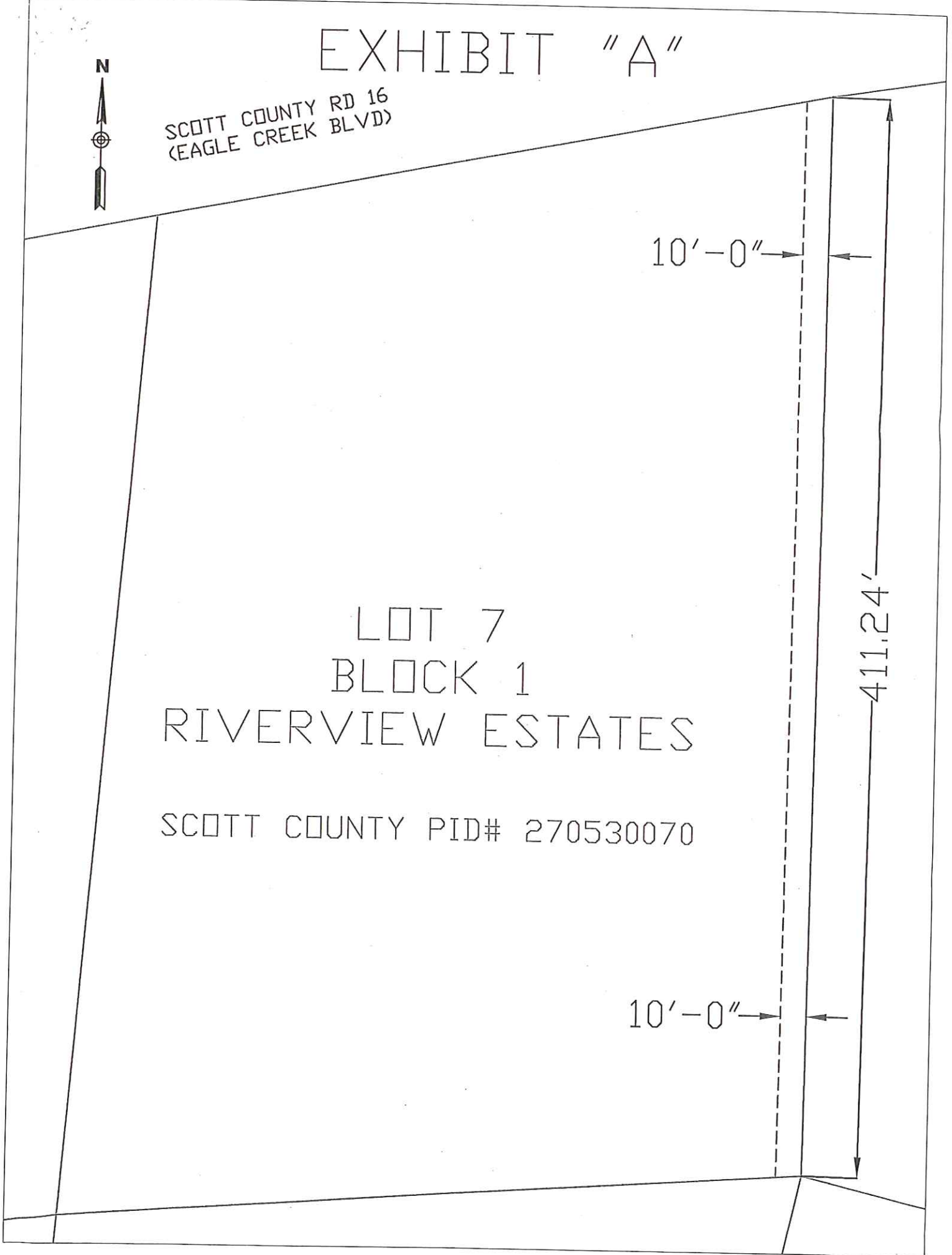
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411.24'

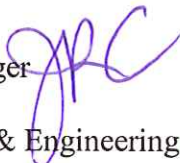

LOT 7
BLOCK 1
RIVERVIEW ESTATES

SCOTT COUNTY PID# 270530070

10'-0" →



**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager 
FROM: Joseph D. Adams, Planning & Engineering Director 
SUBJECT: Dean Lake Substation Expansion Project Update
DATE: February 11, 2016

ISSUE

SPU is planning to construct an expansion of our Dean Lake Substation with the addition of a third 47 MVA power transformer and switchgear and control building for additional feeder circuits.

BACKGROUND

The Dean Lake Substation expansion project is included in the capital improvement plan with a budgeted amount of \$4,700,000. There are additional line items noted in the CIP in the amount of \$3,000,000 for the planned interconnection with the proposed MMPA Distributed Generation plant and SPU distribution facilities upgrades to facilitate the interconnection both within the substation and outside of it on the distribution system. These costs are expected to be borne by MMPA and an agreement is in process to reflect that arrangement.

The expanded substation capacity will serve the growing load anticipated by the Canterbury Park phased developments and other proposed developments within the city including Amazon, Duke Realty, and SFRMC among others.

The expanded substation will also allow the Commission, should it choose to do so, to vacate its present capacity within NSP's Blue Lake Substation where we have two feeder circuits with a combined nominal capacity of 8.3 MVA. NSP MN has requested that the Commission agree to permanently vacate that capacity, so NSP can serve its own growing load within Shakopee i.e. Rosemount Emerson and the Opus business park next to it. Staff believes the Commission can agree to NSP's request if and only if NSP MN agrees to grant the Commission a perpetual easement on their surplus property next to their Blue Lake Substation as a site for a future Shakopee owned substation and further agrees to coordinate and cooperate in extending transmission service to said future substation.

DISCUSSION

Staff has received a draft construction agreement from NSP MN for consideration on February 9, 2016. The draft agreement is being reviewed by staff and the Commission's engineering consultant and legal counsel. Staff is working with NSP MN staff towards a goal of having the agreement's terms finalized by March 4th.

Bids were opened on February 9, 2016 for the 47 MVA power transformer and are undergoing review by the Commission's engineering consultant, Leidos' Kevin Favero. Kevin should have a bid award recommendation by the next Commission meeting scheduled for March 7th.


While time is of the essence, staff believes the Commission should only award the transformer contract after approving the terms of the construction agreement with NSP MN. The transformer bids are good for 60 days, so without an extension the latest regular meeting to award would be April 4th, 2016. The transformer is required to be delivered within 52 weeks of award.

Staff has also received a draft New Blue Lake Substation Development Agreement from NSP MN and has returned that draft with comments from staff, the Commission's engineering consultant and legal counsel. We are awaiting NSP's revision.


REQUESTED ACTION

None at this time.

February 10, 2016

TO: John Crooks, Utilities Manager 

CC: Joe Adams
Marv Athmann
Lon Schemel
Sharon Walsh
Sherri Anderson
Tyra Kratochvil

FROM:  Renee Schmid, Director of Finance and Administration

SUBJECT: Financial Results for December, 2015 &
2014 – 2015 Comparative Financial Results

The following financial statements are attached for your review and approval.

- 1) Month to Date Financial Results – December, 2015
- 2) Year to Date Financial Results – December, 2015
- 3) 2014 – 2015 Comparative Financial Results

Key items to note:

Month to Date Financial Results – December, 2015

- Total Utility Operating Revenues for the month of December totaled \$3.6 million and were favorable to budget by \$280k or 8.6%. Electric revenues were favorable to budget by \$273k or 9.0% and water revenues were also favorable to budget by \$7k or 2.9%.
- Total operating expenses were \$3.4 million and were favorable to budget by \$197k or 5.5%. Total purchased power costs in December totaled \$2.3 million and were \$283k or 11.1% favorable to budget for the month. Total Operating Expense for electric including purchased power was favorable to budget by \$44k or 1.4% due to lower than planned expenses in purchased power costs, outside services, customer services, and depreciation expense reflecting yearend adjustments for capital assets, which were partially offset by higher than planned energy conservation expense due to timing and employee benefits expense due to the implementation of GASB 68, a change in accounting principle. Total Operating Expense for Water was favorable to budget by \$153k or 43.8%. Water depreciation expense for the month of December was favorable to plan by \$77k reflecting the year end adjustment for capital expenditures. Water Pumping and distribution maintenance, customer records, and total administrative and general expenses were also favorable to plan for the month by \$76k.
- Total Utility Operating Income was \$179k and was \$478k favorable to budget primarily due to higher than planned operating revenues and lower than planned operating expenses.

- Total Utility Non-Operating income was \$45k and was favorable to budget by \$50k primarily due to higher than plan rental and miscellaneous income of \$67k and partially offset by lower than plan investment income of \$18k.
- Capital Contributions for December totaled \$497k and were favorable to budget by \$442k due to higher than plan capital contributions of \$100k from project contributions related work order closings, higher than plan Connection fees of \$354k. Connection Fee income included fees for a large project in development.
- Transfers to the Municipality of the City of Shakopee totaled \$187k and were at the budgeted amount. December includes the year end true up for payments due to the city for free service and city transfer fees.
- Change in Net Position was \$534k and was favorable to budget by \$970k due to higher than plan operating revenues, lower than plan operating expenses, lower depreciation expenses, and higher non operating income and capital contributions.

Year to Date Financial Results - 2015

- Total Utility Operating Revenue year to date December was \$47.3 million and is unfavorable to budget by \$0.6 million or 1.2%. Electric revenues were unfavorable to budget by \$0.2 million or 0.4% and water revenues were unfavorable to budget by \$.4 million or 8.4%. The lower than plan revenues in electric were driven both by lower than planned residential sales and power cost adjustment revenues in all revenue classes reflecting lower than plan purchased power costs per kilowatt. The utility did see higher than planned energy sales in the industrial revenue class. Water revenues were adversely impacted by summer weather patterns and timing of precipitation throughout the season resulting in lower sales of water in all revenue classes.
- Total Utility Operating Expenses year to date December were \$40.5 million and were favorable to budget by \$2.3 million or 5.4%. Electric Operating expense totaled \$36.9 million and was favorable to plan by \$1.7 million or 4.3%. Water operating expense totaled \$3.5 million and was also favorable to plan by \$0.6 million or 15.2%. Purchased power costs totaled \$29.9 million and were lower than plan by \$.4 million or 1.4% driven by higher industrial sales and offset by lower purchased power costs. Operation and maintenance expenses were lower than plan in electric and water by \$0.2 million. Administrative and general expenses were favorable to plan by \$1.1 million driven by lower than planned expenditures in outsides services due to the decision to delay several large projects, and lower than planned expenses in employee benefits, administrative personnel, and other miscellaneous expenses. Depreciation expense was lower than plan by \$0.5 million due to timing of the Shakopee Sub Station and new water tank.
- Total Utility Operating Income was \$6.9 million and was favorable to budget by \$1.7 million driven primarily by lower than planned operating expenses and partially offset by lower than planned revenues in electric and water.
- Total Utility Non-Operating Income was \$249k and was favorable to budget by \$212k due to higher than planned rental and miscellaneous income of \$159k, higher than plan investment income of \$29k, and a gain on sale of property of \$24k.
- YTD Capital Contributions were \$3.8 million and are favorable to budget by \$3.2 million primarily due to higher than planned collection of water connection fees of \$2.5 million and capital contributions of \$0.7 million for projects. Connection fees included several large projects related to new commercial development in Shakopee during the year.

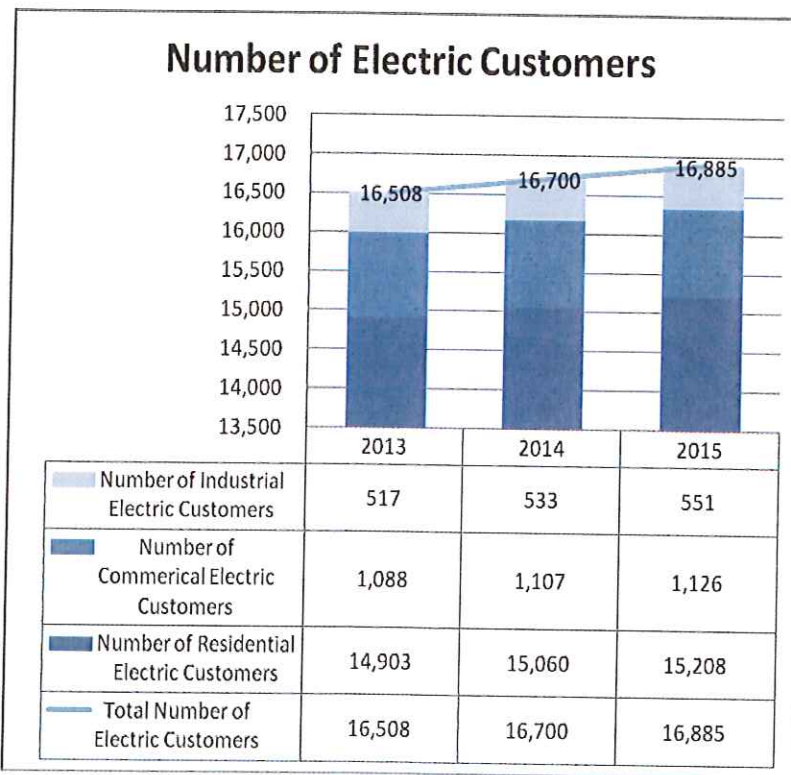
- YTD Transfer to the City of Shakopee is \$2.2 million and is favorable to budget by \$82k or 3.7% reflecting lower electric and water sales.
- YTD Change in Net Position is \$8.8 million and is favorable to budget by \$5.2 million primarily due to lower than planned operating expenses in both electric and water, higher than planned non operating revenues, higher than planned capital contributions driven by water connection fees, and lower than planned transfer to the city driven by lower than plan electric and water sales in 2015.

2014 – 2015 Comparative Financial Results

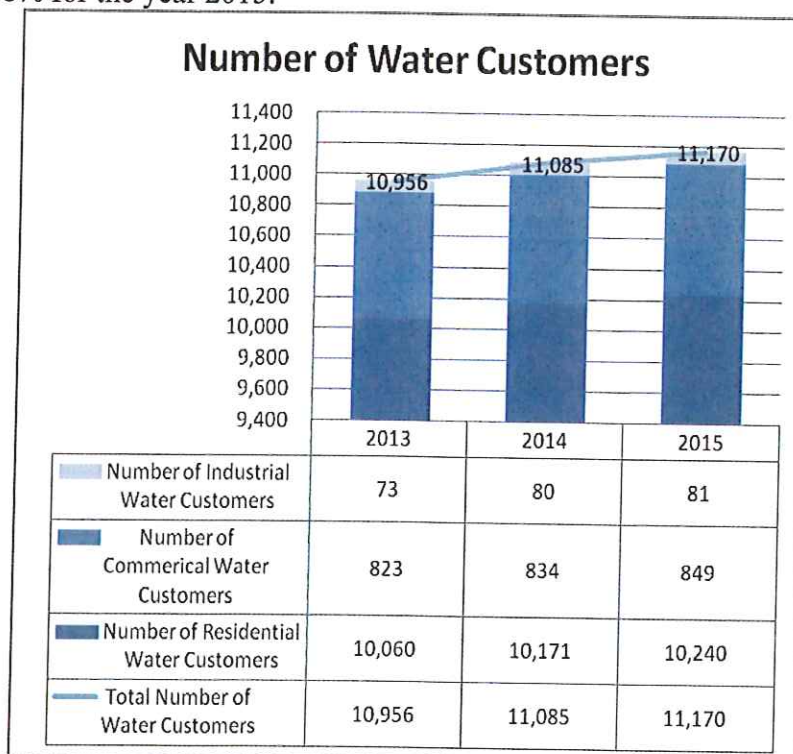
- Total Utility Operating Revenue was \$47.3 million in 2015 compared to \$46.5 million in 2014, an increase of \$0.9 million or 1.9%. Electric revenues increased year over year by \$0.9 million or 2.2% reflecting an increase in total kWh sales volume of 1.3%. Water revenues decreased slightly year over year by \$29k or 0.7%.
- Total Utility Operating Expenses were \$40.5 million in 2015 compared to \$39.7 million in 2014, an increase of \$0.7 million or 1.8% driven primarily by higher purchased power costs of \$0.5 million due to higher sales, higher operation and maintenance expense and customer accounts and administrative expense of \$0.2 million.
- Total Utility Operating Income was \$6.9 million in 2015 as compared to \$6.7 million in 2014, an increase of 2.3% driven by higher operating revenues of \$0.9 million and partially offset by increased operating expense of \$0.7 million primarily due to higher purchased power costs.
- Total Utility Non-Operating Income was \$249k in 2015 compared to \$271k of Non-Operating expense in 2014, a decrease of \$22k or 8.3%. 2015 had lower rental and miscellaneous income and investment income of \$31k, lower gains on sale of property of \$7k, which were partially offset by lower interest expense of \$16k.
- Capital Contributions were \$3.8 million in 2015 as compared to \$2.1 million in 2014, an increase of \$1.7 million. The increase is attributable to higher collection of water connection fees of \$1.3 million and increases in capital contributions of \$0.4 million.
- The transfer to the City of Shakopee was \$2.2 million in 2015 as compared to \$2.2 million for 2014, a slight increase of \$6k or 0.3%.
- Change in Net Position is \$8.8 million in 2015 compared to \$6.9 million in 2014, an increase of \$1.8 million or 26.6% year over year. Electric Net Position increase \$0.5 million from 2014 and Water Net Position increased \$1.3 million from 2014.

Account Growth

- The number of electric customers billed in December, 2015 totaled 16,885 as compared to 16,700 as of December 2014, reflecting an increase of 185 customers or 1.1% for the year 2015.

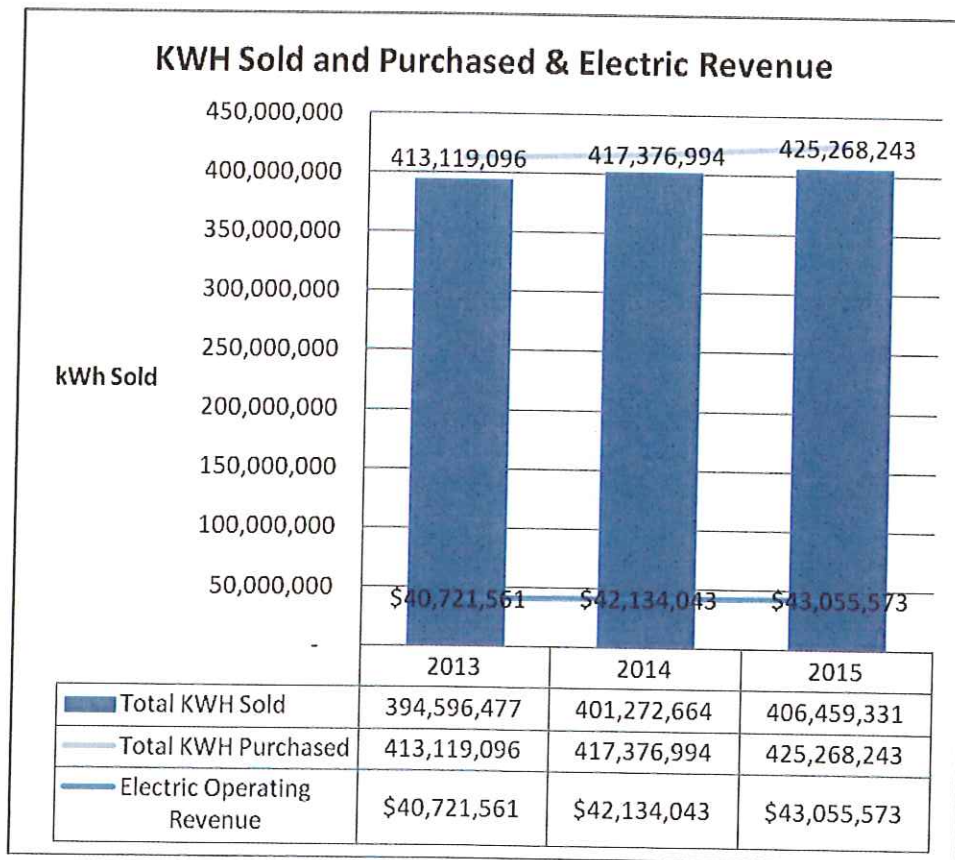


- The number of water customers billed in December, 2015 was 11,170 as compared to 11,085 as of December 2014, reflecting an increase of 85 customers or 0.8% for the year 2015.



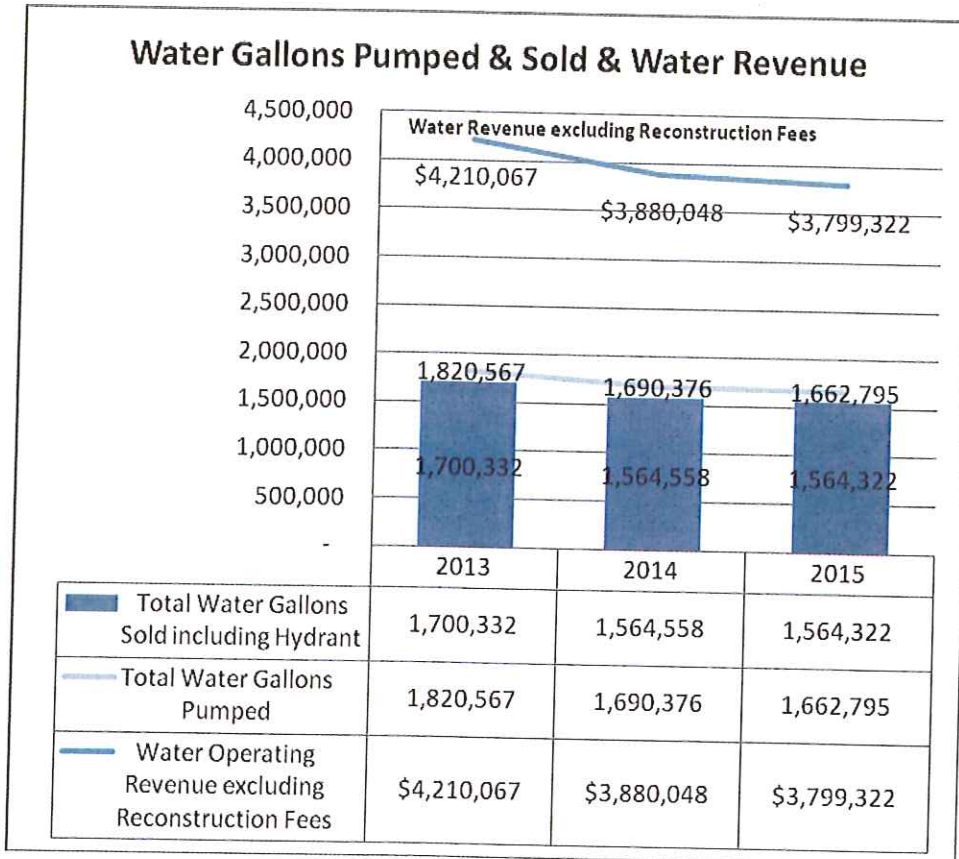
KWH Purchased and Sold

- Total KWH purchased in 2015 was 425,268,243 as compared to 417,376,994 in 2014, reflecting an increase of 1.9% year over year. Total KWH sold in 2015 was 406,459,331 as compared to 401,272,664 in 2014, reflecting an increase of 1.3% for the year 2015. Electric Operating revenues totaled \$43.0 million in 2015 compared to \$42.1 million in 2014, an increase of \$0.9 million or 2.2% driven by higher KWH sales. Power costs per KWH sold were flat from 2014 to 2015.



Water Gallons Pumped, Sold and Water Revenue

- Water Gallons pumped in 2015 totaled 1,662,795 thousand gallons as compared to 1,690,376 thousand gallons in 2014, reflecting a decrease of 1.6% for the year 2015 from 2014. Water Gallons sold including hydrant sales in 2015 totaled 1,531,322 thousand gallons as compared to 1,564,558 thousand gallons in 2014, reflecting a decrease of 2.1% for the year 2015 from 2014. Water operating revenues excluding Reconstruction Fees totaled \$3.8 million in 2015 as compared to \$3.9 million in 2014, a decrease of 2.1%. The water rate structure aligns with conservation based rate structure as required by the DNR.



SHAKOPEE PUBLIC UTILITIES
MONTH TO DATE FINANCIAL RESULTS
DECEMBER 2015



SHAKOPEE PUBLIC UTILITIES
"Lighting the Way – Yesterday, Today and Beyond"

**SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

	Month to Date Actual - December 2015			Month to Date Budget - December 2015			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	MTD Actual v. Budget B/(W)	%	MTD Actual v. Budget B/(W)	%	MTD Actual v. Budget B/(W)	%
OPERATING REVENUES	\$ 3,306,143	251,655	3,557,798	3,033,060	244,448	3,277,508	273,083	9.0%	7,207	2.9%	280,290	8.6%
OPERATING EXPENSES												
Operation, Customer and Administrative	3,151,181	159,632	3,310,813	3,049,554	235,545	3,285,099	(101,627)	-3.3%	75,913	32.2%	(25,714)	-0.8%
Depreciation	26,406	35,999	62,405	172,665	112,816	285,481	146,260	84.7%	76,817	68.1%	223,076	78.1%
Amortization of Plant Acquisition	5,252	-	5,252	5,250	-	5,250	(2)	0.0%	-	-	(2)	0.0%
Total Operating Expenses	3,182,839	195,631	3,378,470	3,227,470	348,361	3,575,831	44,630	1.4%	152,730	43.8%	197,360	5.5%
Operating Income	123,304	56,024	179,328	(194,410)	(103,913)	(298,323)	317,713	-163.4%	159,937	153.9%	477,651	160.1%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	61,104	20,866	81,970	12,523	1,840	14,363	48,581	387.9%	19,027	1034.2%	67,608	470.7%
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	-	0.0%	-	-	-	0.0%
Investment Income	(5,802)	(6,638)	(12,440)	4,191	937	5,128	(9,992)	-238.4%	(7,575)	-808.4%	(17,568)	-342.6%
Interest Expense	(30,452)	(4)	(30,456)	(30,418)	(3)	(30,421)	(34)	-0.1%	(1)	-41.3%	(35)	-0.1%
Amortization of Debt Issuance Costs and Loss on Refunding	(1,484)	-	(1,484)	(1,484)	-	(1,484)	-	0.0%	-	-	-	0.0%
Gain/(Loss) on the Disposition of Property	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)	30,867	14,224	45,091	(7,688)	2,774	(4,913)	38,555	501.5%	11,450	412.7%	50,005	1017.7%
Income Before Contributions and Transfers	154,171	70,249	224,419	(202,097)	(101,139)	(303,237)	356,268	176.3%	171,388	169.5%	527,656	174.0%
CAPITAL CONTRIBUTIONS												
TRANSFER TO MUNICIPALITY	99,672	397,125	496,797	-	54,344	54,344	99,672	-	342,781	630.8%	442,452	814.2%
	(134,829)	(52,239)	(187,067)	(109,598)	(77,110)	(186,707)	(25,231)	-23.0%	24,871	32.3%	(360)	-0.2%
CHANGE IN NET POSITION	\$ 119,014	415,135	534,149	(311,695)	(123,904)	(435,599)	430,709	138.2%	539,039	435.0%	969,748	222.6%

SHAKOPEE PUBLIC UTILITIES ELECTRIC OPERATING REVENUE AND EXPENSE

	MTD Actual December 2015	MTD Budget December 2015	MTD Actual v. Budget Better/(Worse) \$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	1,207,686	1,205,958	1,728	0.1%
Commercial and Industrial	2,065,375	1,877,819	187,556	10.0%
Uncollectible accounts	(51,731)	(132,347)	80,616	
Total Sales of Electricity	3,221,330	2,951,429		-
Forfeited Discounts	16,487	20,181	(3,694)	-18.3%
Free service to the City of Shakopee	19,371	13,804	5,567	40.3%
Conservation program	48,954	47,645	1,309	2.7%
Total Operating Revenues	3,306,143	3,033,060	273,083	9.0%
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	2,258,743	2,541,415	282,672	11.1%
Distribution operation expenses	26,389	29,606	3,216	10.9%
Distribution system maintenance	49,966	55,012	5,046	9.2%
Maintenance of general plant	20,048	32,002	11,954	37.4%
Total Operation and Maintenance	2,355,147	2,658,034	302,888	11.4%
Customer Accounts				
Meter Reading	9,679	10,168	488	4.8%
Customer records and collection	(25,452)	41,738	67,189	161.0%
Energy conservation	502,179	52,591	(449,588)	-854.9%
Total Customer Accounts	486,406	104,496	(381,910)	-365.5%
Administrative and General				
Administrative and general salaries	40,117	45,590	5,473	12.0%
Office supplies and expense	6,996	13,833	6,837	49.4%
Outside services employed	2,176	44,586	42,410	95.1%
Insurance	10,717	16,074	5,357	33.3%
Employee Benefits	192,393	131,479	(60,915)	-46.3%
Miscellaneous general	57,229	35,462	(21,767)	-61.4%
Total Administrative and General	309,628	287,024	(22,605)	-7.9%
Total Operation, Customer, & Admin Expenses	3,151,181	3,049,554	(101,627)	-3.3%
Depreciation	26,406	172,665	146,260	84.7%
Amortization of plant acquisition	5,252	5,250	(2)	0.0%
Total Operating Expenses	3,182,839	3,227,470	44,630	1.4%
OPERATING INCOME				
	\$ 123,304	(194,410)	317,713	163.4%

SHAKOPEE PUBLIC UTILITIES WATER OPERATING REVENUE AND EXPENSE

	MTD Actual December 2015	MTD Budget December 2015	MTD Actual v. Budget Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Water	252,144	258,413	(6,268) -2.4%
Forfeited Discounts	1,124	1,630	(507) -31.1%
Uncollectible accounts	(1,613)	(15,595)	13,982 -
Total Operating Revenues	<u>251,655</u>	<u>244,448</u>	<u>7,207 2.9%</u>
OPERATING EXPENSES			
Operations and Maintenance			
Pumping and distribution operation	27,826	37,581	9,755 26.0%
Pumping and distribution maintenance	14,584	29,874	15,290 51.2%
Power for pumping	9,353	22,024	12,671 57.5%
Maintenance of general plant	1,533	1,819	286 15.7%
Total Operation and Maintenance	<u>53,295</u>	<u>91,297</u>	<u>38,002 41.6%</u>
Customer Accounts			
Meter Reading	6,736	5,293	(1,443) -27.3%
Customer records and collection	(9,508)	12,505	22,014 176.0%
Energy conservation	-	-	-
Total Customer Accounts	<u>(2,773)</u>	<u>17,798</u>	<u>20,571 115.6%</u>
Administrative and General			
Administrative and general salaries	27,329	29,386	2,057 7.0%
Office supplies and expense	3,523	5,130	1,607 31.3%
Outside services employed	7,516	16,562	9,046 54.6%
Insurance	3,572	5,358	1,786 33.3%
Employee Benefits	53,593	48,704	(4,889) -10.0%
Miscellaneous general	13,577	21,310	7,733 36.3%
Total Administrative and General	<u>109,110</u>	<u>126,450</u>	<u>17,340 13.7%</u>
Total Operation, Customer, & Admin Expenses	<u>159,632</u>	<u>235,545</u>	<u>75,913 32.2%</u>
Depreciation	35,999	112,816	76,817 68.1%
Amortization of plant acquisition	-	-	-
Total Operating Expenses	<u>195,631</u>	<u>348,361</u>	<u>152,730 43.8%</u>
OPERATING INCOME	<u>\$ 56,024</u>	<u>(103,913)</u>	<u>159,937 153.9%</u>

SHAKOPEE PUBLIC UTILITIES
YEAR TO DATE FINANCIAL RESULTS
DECEMBER 2015



**SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

	Year to Date Actual - December 2015			Year to Date Budget - December 2015			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	YTD Actual v. Budget B/(W)	%	YTD Actual v. Budget B/(W)	%	YTD Actual v. Budget B/(W)	%
OPERATING REVENUES	\$ 43,055,573	4,287,237	47,342,810	43,231,013	4,680,280	47,911,293	(175,440)	-0.4%	(393,043)	-8.4%	(568,483)	-1.2%
OPERATING EXPENSES												
Operation, Customer and Administrative	35,099,679	2,392,858	37,492,537	36,450,102	2,826,541	39,276,644	1,350,424	3.7%	433,683	15.3%	1,784,107	4.5%
Depreciation	1,764,433	1,151,818	2,916,251	2,071,981	1,353,792	3,425,773	307,548	14.8%	201,974	14.9%	509,522	14.9%
Amortization of Plant Acquisition	63,005	-	63,005	63,005	-	63,005	0	0.0%	-	-	0	0.0%
Total Operating Expenses	36,927,117	3,544,676	40,471,793	38,585,089	4,180,333	42,765,422	1,657,972	4.3%	635,657	15.2%	2,293,629	5.4%
Operating Income	6,128,456	742,561	6,871,017	4,645,925	499,946	5,145,871	1,482,532	31.9%	242,614	48.5%	1,725,146	33.5%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	274,079	154,596	428,675	150,276	118,986	269,263	123,803	82.4%	35,610	29.9%	159,413	59.2%
Interdepartment Rent from Water	90,000	-	90,000	90,000	-	90,000	-	0.0%	-	-	-	0.0%
Investment Income	79,725	10,498	90,222	50,290	11,245	61,534	29,435	58.5%	(747)	-6.6%	28,688	46.6%
Interest Expense	(366,734)	(43)	(366,777)	(366,356)	(32)	(366,388)	(378)	-0.1%	(11)	-35.8%	(369)	-0.1%
Amortization of Debt Issuance Costs and Loss on Refunding	(17,802)	-	(17,802)	(17,802)	-	(17,802)	-	0.0%	-	-	-	0.0%
Gain/(Loss) on the Disposition of Property	14,121	10,100	24,221	(93,592)	130,199	36,607	14,121	178.4%	10,100	-	24,221	-
Total Non-Operating Revenue (Expense)	73,388	175,150	248,539	(93,592)	130,199	36,607	166,981	178.4%	44,951	34.5%	211,932	578.9%
Income Before Contributions and Transfers	6,201,845	917,711	7,119,556	4,552,332	630,146	5,182,478	1,649,512	36.2%	287,565	45.6%	1,937,078	37.4%
CAPITAL CONTRIBUTIONS												
TRANSFER TO MUNICIPALITY	658,279	3,163,625	3,821,904	-	652,133	652,133	658,279	-	2,511,491	385.1%	3,169,771	486.1%
	(1,314,312)	(843,988)	(2,158,301)	(1,315,173)	(925,315)	(2,240,487)	860	0.1%	81,326	8.8%	82,187	3.7%
CHANGE IN NET POSITION	\$ 5,545,812	3,237,347	8,783,159	3,237,160	356,964	3,594,124	2,308,652	71.3%	2,880,383	806.9%	5,189,035	144.4%

SHAKOPEE PUBLIC UTILITIES ELECTRIC OPERATING REVENUE AND EXPENSE

	YTD Actual December 2015	YTD Budget December 2015	YTD Actual v. Budget Better/(Worse) \$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	16,120,559	16,692,977	(572,418)	-3.4%
Commercial and Industrial	25,957,296	25,631,474	325,822	1.3%
Uncollectible accounts	(52,096)	(132,347)	80,251	
Total Sales of Electricity	42,025,759	42,192,104	(166,346)	-0.4%
Forfeited Discounts	227,563	242,174	(14,611)	-6.0%
Free service to the City of Shakopee	175,098	165,648	9,450	5.7%
Conservation program	627,153	631,087	(3,934)	-0.6%
Total Operating Revenues	43,055,573	43,231,013	(175,440)	-0.4%
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	29,939,985	30,352,432	412,447	1.4%
Distribution operation expenses	357,821	355,266	(2,555)	-0.7%
Distribution system maintenance	641,662	660,140	18,478	2.8%
Maintenance of general plant	266,773	384,028	117,255	30.5%
Total Operation and Maintenance	31,206,241	31,751,866	545,625	1.7%
Customer Accounts				
Meter Reading	114,837	122,012	7,175	5.9%
Customer records and collection	415,085	500,851	85,767	17.1%
Energy conservation	627,153	631,087	3,934	0.6%
Total Customer Accounts	1,157,074	1,253,950	96,876	7.7%
Administrative and General				
Administrative and general salaries	477,323	547,075	69,751	12.7%
Office supplies and expense	133,387	165,999	32,611	19.6%
Outside services employed	174,845	535,038	360,193	67.3%
Insurance	156,319	192,889	36,570	19.0%
Employee Benefits	1,463,728	1,577,746	114,018	7.2%
Miscellaneous general	330,760	425,540	94,780	22.3%
Total Administrative and General	2,736,363	3,444,286	707,923	20.6%
Total Operation, Customer, & Admin Expenses	35,099,679	36,450,102	1,350,424	3.7%
Depreciation	1,764,433	2,071,981	307,548	14.8%
Amortization of plant acquisition	63,005	63,005	0	0.0%
Total Operating Expenses	36,927,117	38,585,089	1,657,972	4.3%
OPERATING INCOME	\$ 6,128,456	4,645,925	1,482,532	31.9%

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	YTD Actual December 2015	YTD Budget December 2015	YTD Actual v. Budget Better/(Worse) \$	%
OPERATING REVENUES				
Sales of Water	4,271,200	4,676,313	(405,113)	-8.7%
Forfeited Discounts	17,648	19,562	(1,914)	-9.8%
Uncollectible accounts	(1,611)	(15,595)	13,984	-
Total Operating Revenues	4,287,237	4,680,280	(393,043)	-8.4%
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	429,328	450,969	21,641	4.8%
Pumping and distribution maintenance	281,798	358,483	76,685	21.4%
Power for pumping	250,289	264,289	14,001	5.3%
Maintenance of general plant	17,075	21,823	4,748	21.8%
Total Operation and Maintenance	978,489	1,095,563	117,074	10.7%
Customer Accounts				
Meter Reading	64,040	63,514	(527)	-0.8%
Customer records and collection	109,784	150,064	40,279	26.8%
Energy conservation	-	-	-	-
Total Customer Accounts	173,825	213,577	39,753	18.6%
Administrative and General				
Administrative and general salaries	311,438	352,632	41,194	11.7%
Office supplies and expense	58,091	61,564	3,473	5.6%
Outside services employed	79,076	198,742	119,666	60.2%
Insurance	52,595	64,296	11,701	18.2%
Employee Benefits	527,173	584,449	57,276	9.8%
Miscellaneous general	212,171	255,718	43,547	17.0%
Total Administrative and General	1,240,544	1,517,401	276,856	18.2%
Total Operation, Customer, & Admin Expenses	2,392,858	2,826,541	433,683	15.3%
Depreciation	1,151,818	1,353,792	201,974	14.9%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	3,544,676	4,180,333	635,657	15.2%
OPERATING INCOME				
	742,561	499,946	242,614	48.5%

**SHAKOPEE PUBLIC UTILITIES
COMPARATIVE FINANCIAL RESULTS**

2014 - 2015



**SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUE & EXPENSE AND NET ASSETS
COMPARATIVE FINANCIAL RESULTS FOR 2014 - 2015**

	2015		2014		Electric		Water		Total Utility	
	Electric	Water	Electric	Water	2014 - 2015 B/(W)	%	2014 - 2015 B/(W)	%	2014 - 2015 B/(W)	%
OPERATING REVENUES	\$ 43,055,573	4,287,237	42,134,043	4,316,383	921,530	2.2%	(29,146)	-0.7%	892,384	1.9%
OPERATING EXPENSES										
Operation and Maintenance	35,099,679	2,392,858	34,370,505	2,401,807	(729,174)	-2.1%	8,949	0.4%	(720,225)	-2.0%
Depreciation	1,764,433	1,151,818	1,767,386	1,134,075	2,953	0.2%	(17,744)	-1.6%	(14,790)	-0.5%
Amortization of Plant Acquisition	63,005	-	63,003	-	(2)	0.0%	-	-	(2)	0.0%
Total Operating Expenses	36,927,117	3,544,676	36,200,894	3,535,881	(726,222)	-2.0%	(8,795)	-0.2%	(735,017)	-1.8%
Operating Income	6,128,456	742,561	5,933,149	780,501	195,307	3.3%	(37,941)	4.9%	157,367	2.3%
NON-OPERATING REVENUE (EXPENSE)										
Rental and Miscellaneous	274,079	154,596	267,239	181,785	6,840	2.6%	(27,189)	-15.0%	(20,349)	-4.5%
Interdepartment Rent from Water	90,000	-	90,000	-	-	0.0%	-	-	-	0.0%
Investment Income	79,725	10,498	84,111	16,669	(4,387)	-5.2%	(6,171)	-37.0%	(10,558)	-10.5%
Interest Expense	(366,734)	(43)	(382,413)	(31)	15,679	4.1%	(12)	-40.1%	15,666	4.1%
Amortization of Debt Issuance Costs and Loss on Refunding	(17,802)	-	(17,802)	-	-	0.0%	-	#DIV/0!	-	0.0%
Gain on the Disposition of Property	14,121	10,100	31,348	-	(17,228)	-	10,100	-	(7,128)	-
Total Non-Operating Revenue (Expense)	73,388	175,150	72,484	198,423	904	-1.2%	(23,272)	-11.7%	(22,368)	-8.3%
Income Before Contributions and Transfers	6,201,845	917,711	6,005,633	978,924	196,212	3.3%	(61,213)	-6.3%	134,999	1.9%
CAPITAL CONTRIBUTIONS										
TRANSFER TO MUNICIPALITY	658,279	3,163,625	291,568	1,813,729	366,712	125.8%	1,349,896	74.4%	1,716,608	81.5%
	(1,314,312)	(843,988)	(1,289,383)	(862,497)	(24,930)	-1.9%	18,509	2.1%	(6,421)	-0.3%
CHANGE IN NET POSITION	5,545,812	3,237,347	5,007,818	1,930,156	537,994	10.7%	1,307,192	67.7%	1,845,186	26.6%
TOTAL NET ASSETS - Beginning of Year	55,604,538	49,576,539	50,596,721	47,646,383	5,007,818	9.9%	1,930,156	4.1%	6,937,974	7.1%
CHANGE IN ACCOUNTING PRINCIPLE	(2,225,683)	(741,893)	-	-	(2,225,683)	#DIV/0!	(741,893)	#DIV/0!	(2,967,576)	#DIV/0!
Beginning of Year, as Restated	53,378,855	48,834,646	50,596,721	47,646,383	2,782,135	5.5%	1,188,263	2.5%	3,970,398	4.0%
TOTAL NET ASSETS - END OF YEAR	\$ 58,924,667	52,071,993	55,604,538	49,576,539	3,320,129	6.0%	2,495,454	5.0%	5,815,583	5.5%

SHAKOPEE PUBLIC UTILITIES ELECTRIC OPERATING REVENUE AND EXPENSE

	2015	2014	2014 - 2015 Better/(Worse) \$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	16,120,559	16,352,843	(232,284)	-1.4%
Commercial	25,957,296	24,853,349	1,103,947	4.4%
Uncollectible accounts	(52,096)	(96,363)	44,267	-45.9%
Total Sales of Electricity	42,025,759	41,109,829	915,930	2.2%
Forfeited Discounts	227,563	240,336	(12,773)	-5.3%
Free service to the City of Shakopee	175,098	169,887	5,212	-
Conservation program	627,153	613,991	13,162	2.1%
Total Operating Revenues	43,055,573	42,134,043	921,530	2.2%
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	29,939,985	29,426,606	(513,379)	-1.7%
Distribution operation expenses	357,821	309,242	(48,579)	-15.7%
Distribution system maintenance	641,662	568,753	(72,909)	-12.8%
Maintenance of general plant	266,773	320,524	53,751	16.8%
Total Operation and Maintenance	31,206,241	30,625,125	(581,116)	-1.9%
Customer Accounts				
Meter Reading	114,837	106,956	(7,880)	-7.4%
Customer records and collection	415,085	413,814	(1,271)	-0.3%
Energy conservation	627,153	613,991	(13,162)	-2.1%
Total Customer Accounts	1,157,074	1,134,761	(22,313)	-2.0%
Administrative and General				
Administrative and general salaries	477,323	472,891	(4,433)	-0.9%
Office supplies and expense	133,387	113,917	(19,470)	-17.1%
Outside services employed	174,845	123,772	(51,074)	-41.3%
Insurance	156,319	139,016	(17,302)	-12.4%
Employee Benefits	1,463,728	1,476,230	12,502	0.8%
Miscellaneous general	330,760	284,794	(45,967)	-16.1%
Total Administrative and General	2,736,363	2,610,619	(125,744)	-4.8%
Total Operating Expenses	35,099,679	34,370,505	(729,174)	-2.1%
Depreciation	1,764,433	1,767,386	2,953	0.2%
Amortization of plant acquisition	63,005	63,003	(2)	0.0%
Total Operating Expenses	36,927,117	36,200,894	(726,222)	-2.0%
OPERATING INCOME	\$ 6,128,456	5,933,149	195,307	3.3%

SHAKOPEE PUBLIC UTILITIES WATER OPERATING REVENUE AND EXPENSE

	<u>2015</u>	<u>2014</u>	<u>2014 - 2015</u> <u>Better/(Worse)</u> <u>\$</u>	<u>%</u>
OPERATING REVENUES				
Sales of Water	4,271,200	4,304,799	(33,599)	-0.8%
Forfeited Discounts	17,648	17,944	(296)	-1.6%
Uncollectible accounts	(1,611)	(6,360)	4,749	74.7%
Total Operating Revenues	4,287,237	4,316,383	(29,146)	-0.7%
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	429,328	392,083	(37,245)	-9.5%
Pumping and distribution maintenance	281,798	356,239	74,441	20.9%
Power for pumping	250,289	257,897	7,608	3.0%
Maintenance of general plant	17,075	18,726	1,651	8.8%
Total Operation and Maintenance	978,489	1,024,944	46,455	4.5%
Customer Accounts				
Meter Reading	64,040	58,242	(5,798)	-10.0%
Customer records and collection	109,784	111,858	2,074	1.9%
Energy conservation	-	-	-	-
Total Customer Accounts	173,825	170,100	(3,725)	-2.2%
Administrative and General				
Administrative and general salaries	311,438	304,641	(6,797)	-2.2%
Office supplies and expense	58,091	45,795	(12,296)	-26.8%
Outside services employed	79,076	43,688	(35,388)	-81.0%
Insurance	52,595	46,339	(6,256)	-13.5%
Employee Benefits	527,173	535,874	8,701	1.6%
Miscellaneous general	212,171	230,426	18,255	7.9%
Total Administrative and General	1,240,544	1,206,762	(33,782)	-2.8%
Total Operating Expenses	2,392,858	2,401,807	8,949	0.4%
Depreciation	1,151,818	1,134,075	(17,744)	-1.6%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	3,544,676	3,535,881	(8,795)	-0.2%
OPERATING INCOME	\$ 742,561	780,501	(37,941)	-4.9%

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION

FROM: JOHN R. CROOKS, UTILITIES MANAGER

SUBJECT: GOVERNANCE HANDBOOK DISCUSSION

DATE: FEBRUARY 12, 2016

At the March 2, 2015 meeting, the Commission approved the Governance Handbook. The Handbook is attached for your review. This document outlines governance principals, roles and expectations of the Shakopee Public Utilities' Commissioners.

Before a new Commissioner is appointed by the Shakopee City Council, I would like to review the Handbook and solicit any potential additions or clarifications to its contents.

REQUEST –

To have each Commissioner review the Governance Handbook and be prepared to discuss the document. If changes or modifications would be approved, the Handbook would be updated before our new Commissioner takes their seat at the first meeting in April.



SHAKOPEE PUBLIC UTILITIES COMMISSION

“Lighting the Way - Yesterday, Today and Beyond”

GOVERNANCE HANDBOOK

**SHAKOPEE PUBLIC UTILITIES COMMISSION
255 SARAZIN STREET
SHAKOPEE, MN 55379**

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GOVERNANCE PRINCIPALS

1. The Commission governs SPUC with the best interests of all customers as its first priority in the spirit of the SPUC mission:

Shakopee Public Utilities delivers on a fundamental promise; to provide our customers with reliable electric and water service at affordable rates, as we have done for over 100 years.

2. The Commission shall govern SPUC for long term sustainability, reliability, safety, and regulatory compliance.
3. The Commission conducts its business according to the highest ethical, legal, and fiduciary standards.
4. The Commission treats all customers and staff with courtesy and respect.
5. Although independently governed from the City of Shakopee, SPUC is part of our local government and the Commission shall coordinate and collaborate with the City to promote improved value to our community and increase economies of scale.
6. The Commission understands that diversity of opinion is inevitable and shall respect the opinions and privacy of all other Commissioners, staff, and customers.
7. Regular meetings of the Commission shall be open and accessible to the public.
8. The Commission is responsible for the hiring and is ultimately accountable for the performance of the Utilities Manager. The Commission is responsible to ensure that the Utilities Manager implements Commission direction and policy to ensure long term sustainability, reliability, safety, and regulatory compliance.
9. The Commission governs the organization; the Commission does not manage it. Management of the organization is the role of the Utilities Manager and staff that serve in a management or supervisory role.
10. The Commission has officially adopted *Robert's Rules of Order Revised* as their rules of parliamentary procedure.
11. Meeting protocol: no sidebar discussions; no interruptions; state your concern; ensure you understand; don't take things personally; adhere to time limits; come prepared; ensure all are heard.

ROLE OF THE SPUC COMMISSION

1. The Commission engages in ongoing planning activities as necessary to determine the mission and strategic direction of SPUC, to define specific goals and objectives related to the mission, and to evaluate the success of the organization's efforts toward achieving the mission.
2. The Commission approves the policies for the effective, efficient, and cost-effective operation of SPUC.
3. The Commission approves SPUC's annual budget and assesses the organization's financial performance in relation to the budget on a regular basis.
4. The Commission hires, sets the compensation for, and provides for an annual evaluation of the performance of the Utilities Manager.
5. The Commission establishes and evaluates compensation for employees to ensure value to the customers and competitiveness within appropriate markets.
6. The Commission approves written policies governing the work and actions of SPUC's employees and committees.
7. The Commission ensures that an internal review of SPUC's compliance with known existing legal, regulatory, and financial reporting requirements is conducted annually and that a summary of the results of the review is provided to the entire Commission.
8. The Commission develops, monitors, and strengthens SPUC's services.
9. The Commission assesses the Commission's performance.

ROLE OF AN INDIVIDUAL SPUC COMMISSIONER

1. The authority of an individual Commissioner resides in the ability to vote. Each Commissioner is entitled to cast one vote for every action item unless prohibited by law, ordinance, or policy (for example, conflicts of interest).
2. Make every effort to attend all SPUC Commission meetings. Review the agenda and supporting materials prior to Commission meetings.
3. Stay informed about SPUC's mission, services, policies, and programs. Participate in SPUC events, programs, and services as often as possible. Inform others about SPUC and its programs and services. Be stewards for municipal public power and water.
4. Endeavor to keep up-to-date on developments in the industry and provide the benefit of that knowledge and insight in Commission discussions and deliberations.
5. Assist the Commission in carrying out its fiduciary responsibilities by reviewing the organization's interim and annual financial statements.
6. Be actively involved in Commission discussions, express one's opinion, and make an effort to see an issue from the perspective of others who may have other views of the issue.
7. Endeavor to make decisions based upon the common interests of all customers rather than the interests of the particular organization or individual customer. Serve the organization as a whole rather than any particular interest group or constituency.
8. Serve on Committees as required and offer to take on special assignments when appropriate.
9. Seek feedback from customers regarding SPUC's priorities, activities, programs, and services.
10. Avoid conflicts of interest and maintain confidentiality of information when appropriate.
11. Refrain from attempting to direct the activities of staff or making special requests of the staff.
12. Adhere to the SPUC Social Media Policy, as adopted.

ROLE OF THE SPUC PRESIDENT

1. Ensure that the Commission and individual Commissioners fulfill their responsibilities for the governance of SPUC and adhere to the Commission's Governance Principles.
2. Ensure that Commission actions are effectively communicated.
3. Serve as a lead spokesperson for the Commission and serve as appropriate as the organization's representative to government, media, other industry organizations, and the Utilities public.
4. Support the efforts of the Utilities Manager to achieve SPUC's mission.
5. Facilitate an annual review of the Utilities Manager's performance and compensation.
6. Facilitate productive and mutually respectful relationships among the Commission, staff, customers, and the City.
7. Chair meetings of the Commission, ensuring that the Commission functions effectively and fulfills all of its duties. Encourage all commissioners to participate in discussion and ensure that all points of view are fully expressed before a vote is taken. Work with the Utilities Manager regarding development of the agenda for Commission meetings.
8. Appoint the Wage and Benefits Committee and report to the Commission on Wage and Benefits Committee activities and recommendations.
9. Ensure that appropriate processes are in place to review and evaluate the mission, direction, strategy, and performance of the organization.
10. Fulfill such other roles as the President and Utilities Manager agree are appropriate and desirable for the President to perform, consistent with Commission policy or directions.

ROLE OF THE SPUC VICE PRESIDENT

1. Fulfill any delegable roles and responsibilities of the President as requested by the President.
2. Act as President in the absence of the President.
3. Assume the office of President if the President leaves office prior to the expiration of the President's term of office.
4. Commit significant effort to becoming familiar with SPUC programs, services, and activities in preparation for fulfilling the duties of SPUC President if required.
5. Fulfill all roles and responsibilities established for individual Commissioners in an exemplary manner.
6. Be willing to serve in a leadership role in SPUC and serve as a spokesperson for the organization.

ROLE OF THE WAGE AND BENEFITS COMMITTEE

The Wage and Benefits Committee exists to help the Commission develop and maintain a pay plan structure and benefits package that are market competitive, promotes employee retention, *and* provides value to the customers through fair labor costs. The Committee shall be comprised of the two appointed Commissioners, the Utilities Manager, and the Finance Director.

Specific duties of the Committee shall include:

1. At the request of the Commission, research and analyze topics related to employee compensation and benefits.
2. Annually perform market benchmarking and evaluate wages. The Committee shall present options and make recommendations regarding cost of living adjustments and pay plan structure modifications to the Commission for their consideration.
3. Review health and dental insurance policies and evaluate policy renewals. The Committee shall present options and make recommendations regarding insurance policies to the Commission for their consideration.
4. Review submittal information pertaining to pay equity compliance requirements and present options and make recommendations to the Commission as appropriate.

COMMISSION APPOINTMENT PROCESS, TERMS AND OFFICERS

The City of Shakopee City Council is responsible for the appointment of Commissioners to the SPUC Board. Persons interested in being considered for appointment to the SPUC Commission shall complete an *“Application For Council Advisory Board and/or Commissions”* form furnished by the City.

1. Ninety days prior to the expiration of Commission terms each year, the Council shall be advised of the pending vacancies and those individuals eligible for reappointment.
2. Thirty days prior to the expiration of Commission terms, a committee comprised of two Council members and the Vice-President of the SPUC Commission will meet to review all applications and interview applicants.
3. The Committee shall recommend all qualified candidates per position to the Council for consideration.
4. Pursuant to City of Shakopee Resolution 2559, appointments to Shakopee Public Utilities shall be made in January and shall become effective April 1st.
5. A Commission term of service is for 3 years. A Commissioner is eligible to serve three consecutive three year terms. If a Commissioner was appointed to serve a remainder of an open term, after April 1st, the appointment period will not affect the maximum service term of three consecutive three year terms.
6. At the first meeting in April the election of officers will take place, if officer terms are expiring. The officers are the Commission President, Vice-President and the Secretary. Each office has a term of one year.
7. At the first meeting in April, the appointment of a MMPA Representative and Alternant is to take place. The MMPA Representative is a voting member of the MMPA Board of Directors and is to attend monthly Board meetings. The MMPA Alternant also may attend the MMPA Board meeting but is not eligible to vote. The term of service for the Representative and alternant is one year.

COMMISSIONERS

Joe Helkamp – President
Terry Joos – Vice President
Bryan McGowan
William Mars
Jordan Olson

E-Mail	Non-Public E-Mail	
Mars	wpmars007@gmail.com	William.Mars@Target.com
Helkamp	jlhent6@att.net	
McGowan	bmcgowan@shakopeeutilities.com	bmcgowan32@yahoo.com
Joos	terryjoos@hotmail.com	tjoos@mnsupply.com
Olson	jolson@shakopeeutilities.com	P3nn467t3@gmail.com

Phone	Non-Public Phone #	
Mars	952-445-4228	952-693-5487 - cell
Helkamp	952-445-0558	952-270-4700 - work
McGowan	952-445-1988 x 1155	952-233-8700 - home 612-802-5208 - work
Joos	952-445-2011	612-770-5197 - work
Olson	952-913-9832	

Address		
Mars	1279 Cider Circle	
Helkamp	6408 Oxford Road South	
McGowan	8224 Horizon Drive	
Joos	886 Carriage Circle	
Olson	249 Mound Street	

Terms		
Mars	4/20/04 - 3/31/16	
Helkamp	6/1/10 - 3/31/16	
McGowan	10/21/03 - 3/31/15	
Joos	4/1/11 - 3/31/17	
Olson	4/1/11 - 3/31/17	

Effective 4/1/14

SHAKOPEE PUBLIC UTILITIES COMMISSION

COMMISSIONER ACKNOWLEDGEMENT

I hereby acknowledge that I have received a copy of the Shakopee Public Utilities Commission Governance Handbook. I understand that the contents of this Handbook are for general information and guidance and it does not constitute a contract between myself and the Shakopee Public Utilities Commission.

I understand it is my responsibility to read and understand the contents of this Governance Handbook. If I do not understand any provision of the Handbook, I shall contact the Utilities Manager for clarification.

I understand that no person other than the Utilities Manager, as directed by the Shakopee Public Utilities Commission, has the authority to change any policy, rule or procedure as stated in the Governance Handbook.

Commissioner Signature _____

Print Name _____ Date _____

NOTE: Commissioners will be required to acknowledge receipt of the Governance Handbook by signing this acknowledgement.

This copy is to remain in the Handbook