

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
FEBRUARY 6, 2017

1. **Call to Order** at 5:00pm in the SPU 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) 2017 Street Reconstruction Project Coordination
 - 8c) Resn. #1155 – Approving Watermain Replacement with the 2017 City of Shakopee Street Reconstruction
9. **Reports: Electric Items**
 - 9a) Electric System Operations Report – Verbal
 - 9b) January 2017 MMPA Board Meeting Public Summary
 - 9c) Shakopee Energy Park / Dean Lake Substation Project Update
 - 9d) 2017 State Conservation Improvement Program
 - C=> 9e) MMUA 2017 Tom Bovitz Scholarship Award
10. **Reports: Human Resources**
11. **Reports: General**
 - 11a) 2017 Annual Tree Sale Sponsorship
 - 11b) Preliminary Financial Results – December 2016, Year-to-Date 2016, 2015-2016 Comparative Financial Results
12. **New Business**
13. **Adjourn to Closed Session** – Annual Evaluation of Utilities Manager
14. **Reconvene to Regular Session**
15. **Tentative Dates for Upcoming Meetings**

- Mid Month Meeting	--	February 21 (Tuesday)
- Regular Meeting	--	March 6
- Mid Month	--	March 20
- Regular Meeting	--	April 3
16. **Adjourn to 2/21/17** at the SPU 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., January 17, 2017.

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

Motion by Amundson, seconded by Olson to approve the minutes of the January 3, 2017 Commission meeting. Motion carried.

Under Communications, President Joos read a complimentary letter from a local business thanking SPU for the excellent customer service they received. The Commission thanked SPU Staff for providing such service.

President Joos offered the agenda for approval.

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

Motion by Olson, seconded by Amundson to approve the Consent Business agenda as presented. Motion carried.

President Joos stated that the Consent Item was: 8b: Monthly Water Production Dashboard.

The warrant listing for bills paid January 17, 2017 was presented.

Motion by Olson, seconded by Weyer to approve the warrant listing dated January 17, 2017 as presented. Motion carried.

There was no Liaison report.

Water Superintendent Schemel provided a report of current water operations. It was reported that a fire hydrant was hit on Sunday, January 16 and the repair was made and a police report filed. A residential service leak was discovered and repaired. The property was part of the 2015 reconstruction project. The repair was under warranty from the contractor.

Item 8b: Monthly Water Production Dashboard was received under Consent Business.

Line Superintendent Drent provided a report of current electric operations. A electric outage was reported on January 11. A snow loader hit a transformer box which caused 132 residents to be without power for up to two hours. Construction projects were also updated.

Utilities Manager Crooks read the December 2016 MMPA Board Meeting Public Summary into the record.

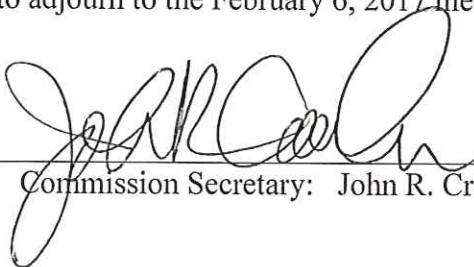
Mr. Crooks updated the Commission on the progress of the Shakopee Energy Park and shared the MMPA Community Update on the project.

Finance Director Schmid reviewed the state mandated Pay Equity Implementation Report. The report is generated every three years and is sent to the State of Minnesota Management and Budget Office.

Motion by Amundson, seconded by Olson to approve the 2017 Pay Equity Implementation Report. Motion carried.



The tentative commission meeting dates of February 6 and Tuesday, February 21 were noted.

Motion by Olson, seconded by Weyer to adjourn to the February 6, 2017 meeting. Motion carried.



Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John R. Crooks, Utilities Manager 
FROM: Lon R. Schemel, Water Superintendent 
SUBJECT: 2017 City of Shakopee Street Reconstruction
DATE: February 2, 2017

BACKGROUND

Resolution #262 defines the sequences involved in coordinating construction projects between the City of Shakopee and SPU. We are now at step 8 of that process which is the approval of the feasibility report from the City of Shakopee and the areas involved.

ISSUE

The feasibility report involves the areas highlighted on drawings 9 and 10 of the proposed watermain improvements from the City of Shakopee. These areas would be receiving new watermain and appurtenances in compliance with the Water Policy Manual dated August 4, 2014. The City of Shakopee's estimate for watermain improvements is \$554,000.00. The amount approved in 2017 budget for Reconstruction projects is \$534,000.00.

ACTION REQUESTED

Staff requests that the Commission adopt resolution #1155 to enable the City of Shakopee to proceed with the ordering of plans and specifications for the 2017 Street Reconstruction.

RESOLUTION #1155

A RESOLUTION APPROVING WATERMAIN REPLACEMENT
WITH THE 2017 CITY OF SHAKOPEE STREET RECONSTRUCTION

WHEREAS, the Shakopee City Council has ordered an improvement to the areas defined in the 2017 Street Reconstruction for street, sanitary sewer and storm sewer, and

WHEREAS, the Shakopee Public Utilities Commission desires to replace the existing watermain, valves, hydrants, and service lines to the curb stop valve at cost to the Shakopee Public Utilities Commission, and

WHEREAS, the Shakopee Public Utilities Commission on February 6, 2017 approved the Preliminary Engineering Report for watermain replacement, as shown on the attached engineering drawings, and

THEREFORE BE IT FURTHER RESOLVED, the funding for this project comes from the Commission approved reconstruction fund, and

WHEREAS, no costs for the street restoration are applied to the Shakopee Public Utilities Commission on this project.

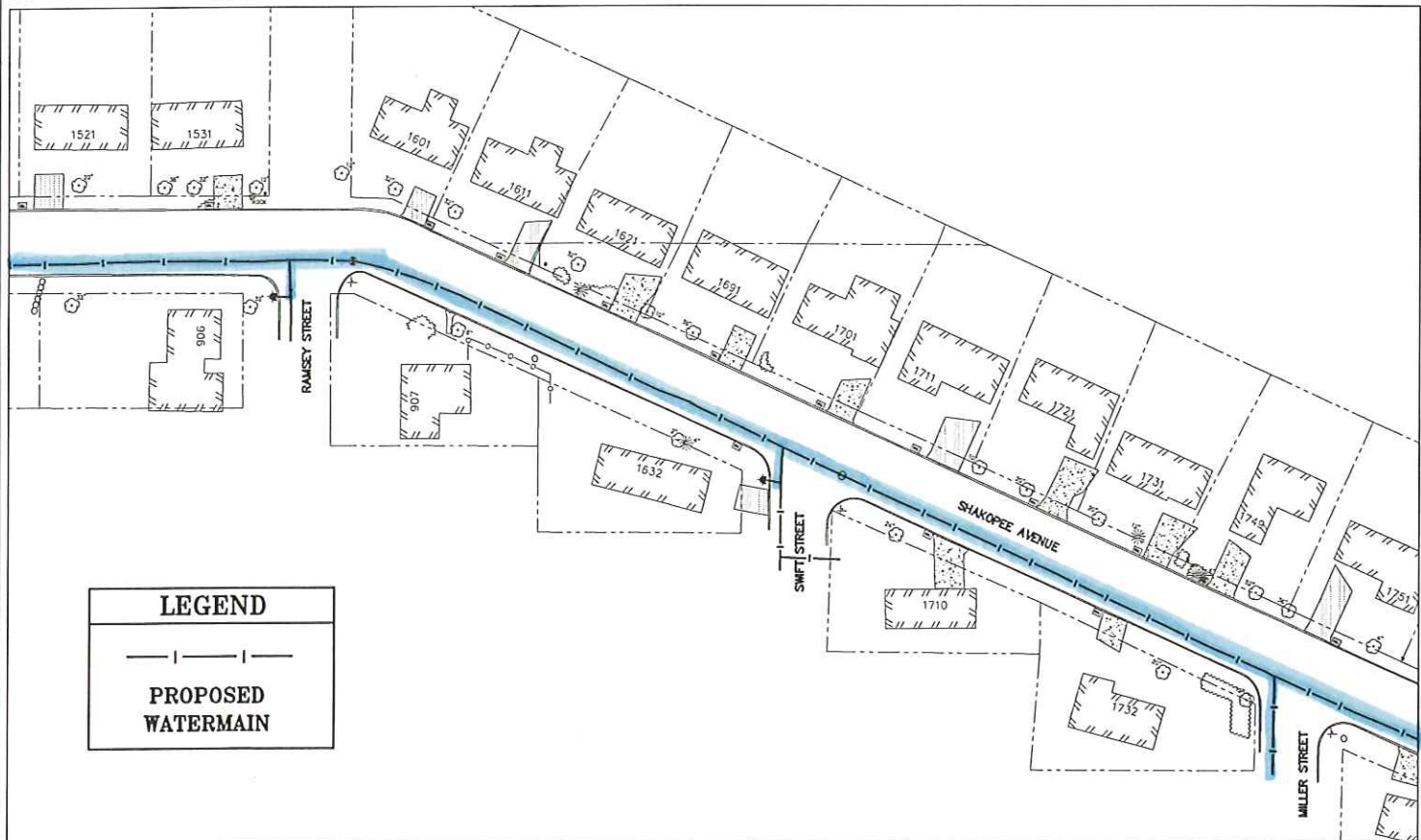
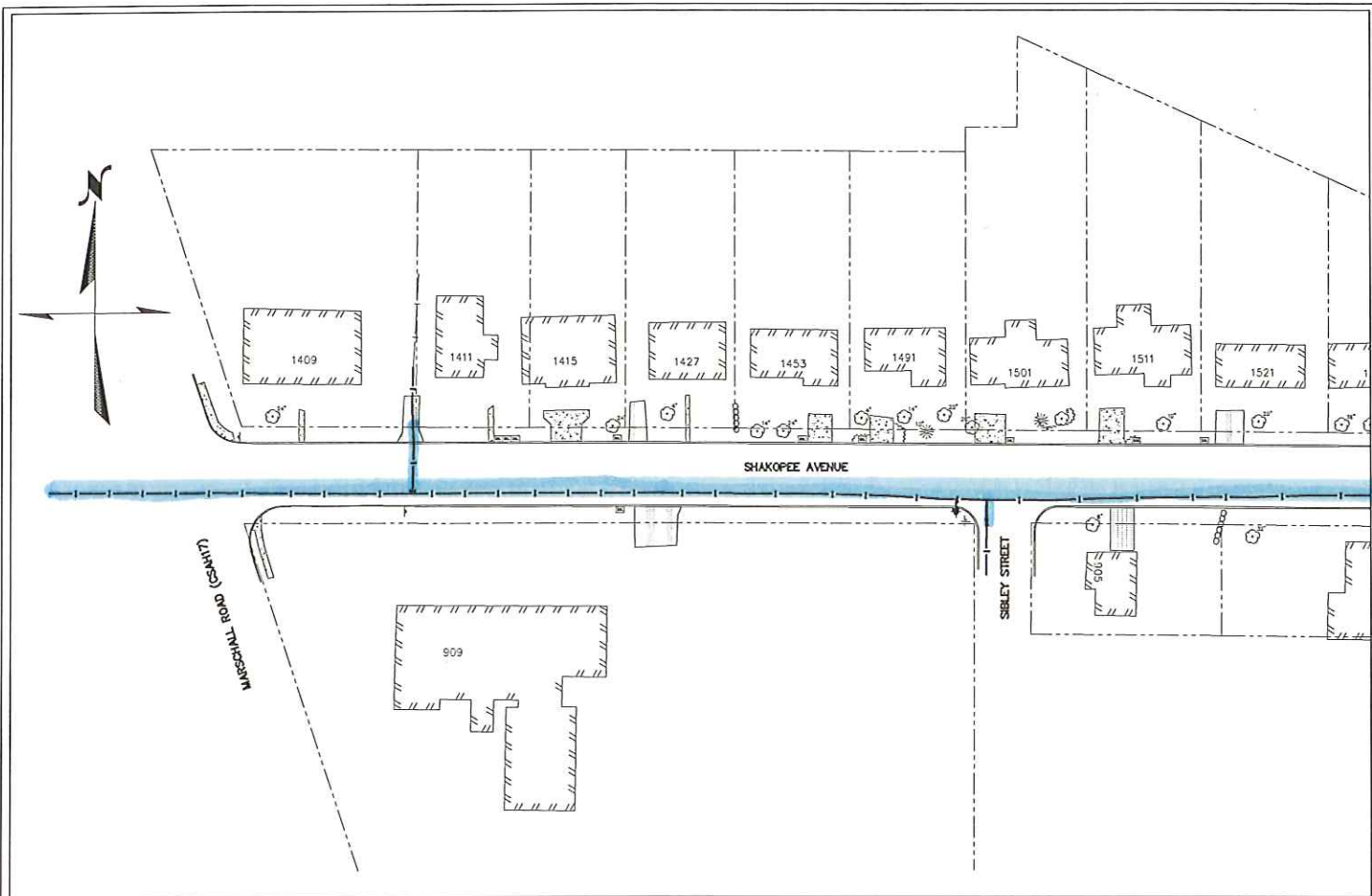
NOW, THEREFORE BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION THAT, in consideration of the savings and coordination the Shakopee Public Utilities Commission approves the watermain and associated appurtenances replacement as recommended in the Preliminary Engineering Report prepared by the city staff and as approved on February 6, 2017 by the Shakopee Public Utilities Commission, and hereby concurs with the City Council's ordering the project and the plans and specifications.


Adopted in regular session of the Shakopee Public Utilities Commission, this 6th day of February, 2017.

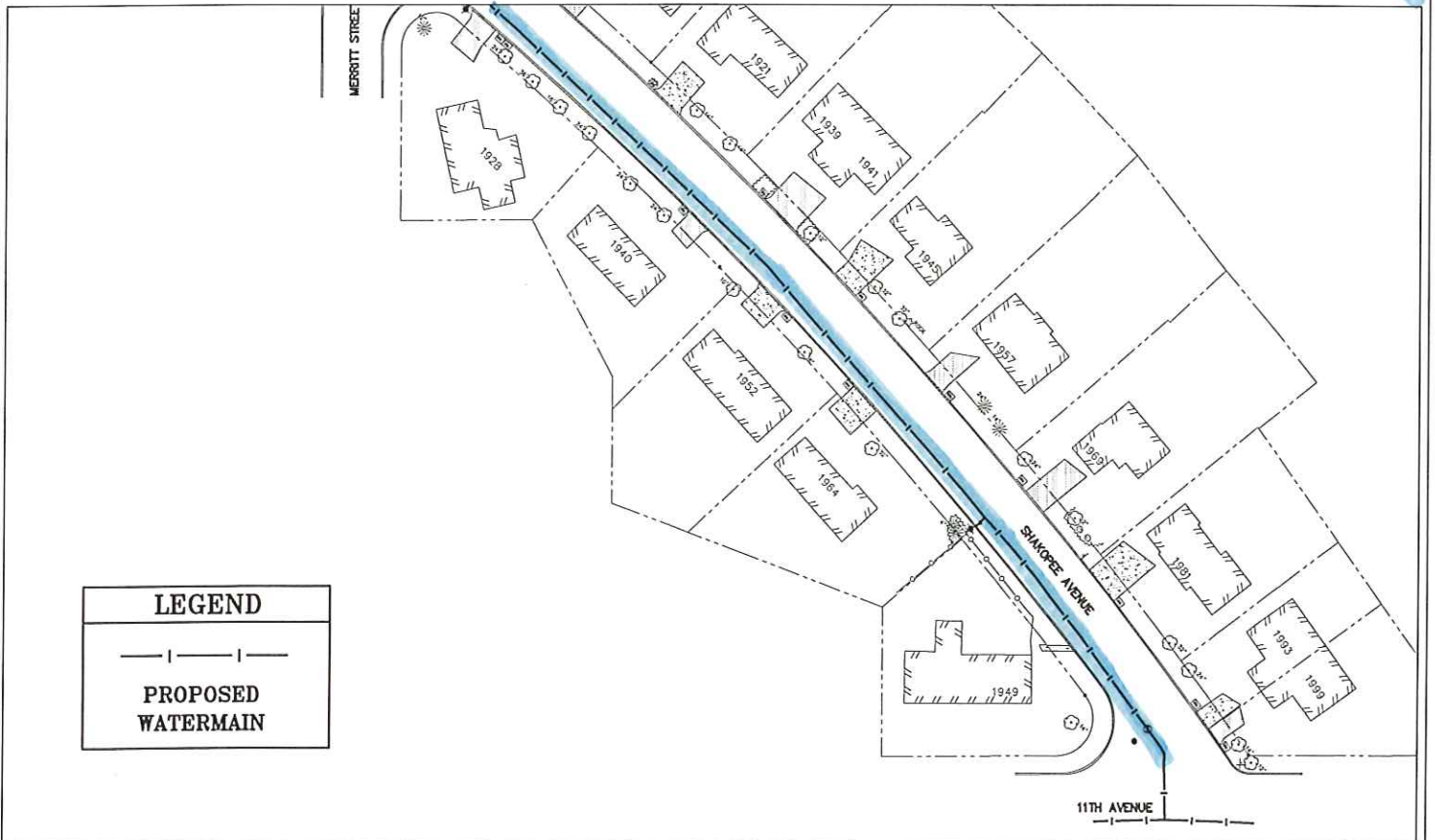
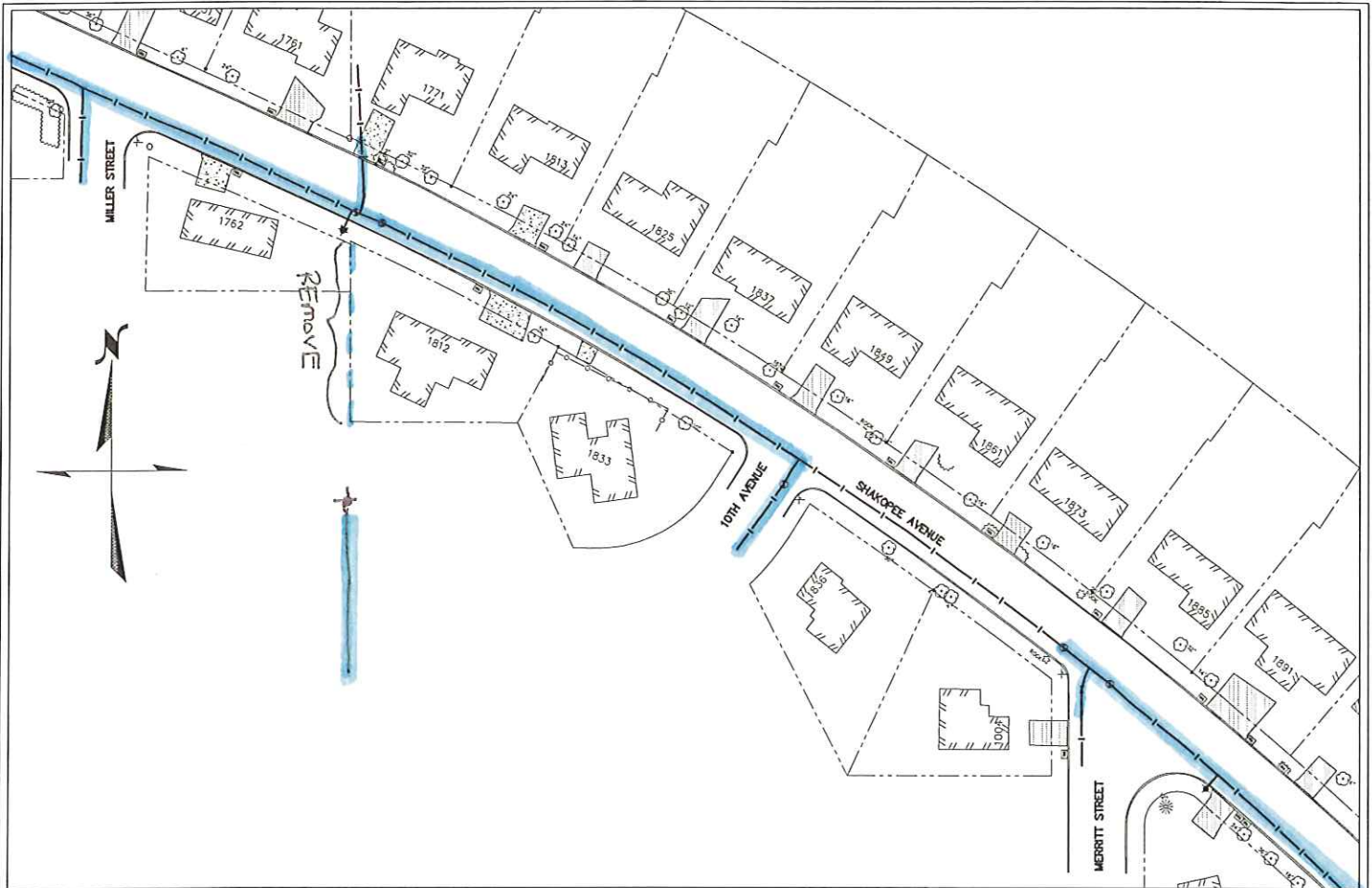
Commission President: Terrance Joos

ATTEST:

Commission Secretary: John R. Crooks



LEGEND
 PROPOSED WATERMAIN



2017 STREET RECONSTRUCTION PROPOSED WATERMAIN

DATE: JAN 2017

DRAWN BY: A/E


SHAKOPEE ENGINEERING DEPARTMENT



DRAWING NO:

10

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: JANUARY 2017 MMPA BOARD MEETING SUMMARY
DATE: FEBRUARY 2, 2017

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on January 24, 2017 in Shakopee, Minnesota.

Commissioning work continues on the Agency's 46 MW Shakopee Energy Park project. All five engines have been fired. The project remains on schedule and on budget.

The Board was also informed that commissioning of the 78 MW Black Oak Wind Farm, with which MMPA has a 20-year power purchase agreement, was completed on December 23, 2016.



Dan Boyce, a MMPA Board member for over twelve years, who is about to retire from East Grand Forks Water and Light, was presented with a Board Service Award.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

February 1st 2017

TO: John Crooks, Utilities Manager 
 FROM: Greg Drent, Electric Superintendent 
 Subject: Dean Lake Substation/ Shakopee Energy Park Update

Dean Lake Substation Update:

The Dean Lake Substation upgrade is getting close to completion. We energized T3 transformer on January 24th and put load on it January 27th. After a few adjustments with Xcel on relay protection we have put 35MW on the transformer which is a good test for the unit and it is performing great. The transformer is rated for 47MW so we have load tested it to 75 percent. The flexibility we have with 3 transformers at Dean Lake substation and the generation on our system is pretty unique and a nice addition to SPU electric system.

All the power cables are installed, terminated, energized and are working properly. We have done switching of load in every direction possible with the 3 transformers without a problem. L&S Electric is now programming the relaying of the exit feeders going out of CB3. After relaying is done, they will be working on the communication to our SCADA system and sub net system for MMPA to see generation meters at their Minneapolis office. When L&S is working on the SCADA at Dean Lake they will also update our South Shakopee sub with Schweitzer relays and tie that into the SCADA system.

MMPA generation began on Thursday, January 19th with 9.4MW of generation and during this phase of testing they did a full load trip. After the trip we downloaded some recording devices we had put on our system and we were happy that there was only a voltage drop of 2 volts on our system right after the trip. We gave MMPA the go ahead to proceed with testing the remaining 4 generators. MMPA requested a meeting with Xcel and SPU about exporting power to the transmission system for noise testing with all 5 generators running. Several meetings later we had a date of Sunday, January 29th for full load generation. SPU did some switching in the morning of Sunday January 29th and they started generating at 8 am and ramped up to 47MW by 10am. Everything performed as expected and we generated at 47MW until about 3:30 pm. We are very pleased with how the generation has come into SPU distribution system with no negative impacts to our customers.

On Monday January 30th we took T1 out of service for 5 weeks for Hooper to install the circuit switchgear on the transformer and complete the ring buss for Xcel. We have been working with Hooper, L&S Electric, Xcel and MMPA to manage the outages so the project can continue to move forward and MMPA is still able to generate whenever they need to. This has been no small task but we have a daily meeting at the substation to give updates on how much generation will be on the system and what work will get done that day so SPU can manage the outages and load switching.

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SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

February 3, 2017

TO: John Crooks, Utilities Manager *JRC*

FROM: Sharon Walsh, Director of Marketing and Customer Relations *SW*

SUBJECT: 2017 Conservation Improvement Program

Overview

Absent the 2015 CIP Results and 2017 Plan Review letter from the MN Department of Commerce, SPU is proposing the following programs for our 2017 Conservation Improvement Program. Please see attached.

The 2017 CIP program mirrors the 2016 program with enhanced rebate amounts for select Residential programs, specifically:

- Refrigerator and Freezer Recycling: \$100/each (previously \$50)
- Energy Star Refrigerator: \$100 (previously \$25)
- Central Air Conditioning: SEER 14.5 \$150 (previously \$100); SEER 15.0 \$300 (previously \$150) and SEER 16.0 \$450 (previously \$200)

These modified rebate amounts are better aligned with the product costs, resulting energy savings and those rebates of other utilities' programs.

Action Requested

Staff requests approval of 2017 Conservation Improvement Program as submitted.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Non-Residential Lighting – New Construction**

Description

In 2017, SPUC will continue to promote a non-residential lighting program specifically for new construction. A new construction lighting program is aimed at the importance of achieving high efficiency in the construction stage. If high efficient equipment is not installed when the building is built, the opportunity to achieve energy savings over the life of the measure will be lost. For lighting systems, the lost opportunity may be much longer than the measure life since a lighting system once installed is maintained without much consideration given to the installation of high efficiency. This program provides rebates to the project owner to encourage the installation of high efficient lighting when the building is being built.

Target Market

Business, Commercial and Industrial new construction projects

Participant must be the owner or decision maker for specifying and selecting high efficiency equipment.

2017 Budget

\$40,000

Budget will be balanced between the Non-Residential Lighting Retrofit program and the Non-Residential Lighting New Construction program.

Qualifying Criteria

The new construction project must be an electric non-residential customer of Shakopee Public Utilities. Lighting project must result in a reduction of kWh from standard efficiency equipment installations. Customers are responsible for ensuring that equipment installed meets all applicable codes and standards.

Rebate Amounts

Rebates will stay the same as offered in 2016.

Marketing Efforts

Marketing materials will be developed and the Lighting New Construction program will be coordinated through local lighting contractors and on one-on-one utility marketing relationships.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Non-Residential Lighting - Retrofit**

Description

Moving into 2017, there continues to be numerous non-residential buildings that consist of the standard outdated T12 lighting systems. In addition, the lighting industry continues to be in flux due to many factors including the impacts of the Energy Policy Act of 2005 which has mandated higher standards for lighting. Lighting represents about 29% of the electrical use in non-residential buildings. Of that, 29%, standard T12 lighting represents 42% of the lighting usage. Energy represents 86% of the lighting ownership costs (lighting ownership costs typically include cost of energy, maintenance, and carrying costs of the asset).

As of July 1, 2010, magnetic ballasts used in the operation of T12 lamps are no longer being manufactured. The lighting retrofit program will encourage non-residential customers to change out old inefficient lighting and replace with low wattage T8 (where applicable), and T5 technology. It will also encourage pulse start metal halide and LED. These retrofit measures will increase efficiency in most non-residential applications.

Target Market

Business, Commercial and Industrial, retrofit lighting projects

Participant must be the owner or decision maker for specifying and selecting high efficiency equipment.

2017 Budget

\$135,000

Budget will be balanced between the Non-Residential Lighting Retrofit program and the Non-Residential Lighting New Construction program, as expectations are that most will be retrofit projects.

Qualifying Criteria

Participant must be an electric non-residential customer of Shakopee Public Utilities. Lighting project must result in a reduction of kWh. Customers are responsible for ensuring that equipment installed meets all applicable codes and standards.

Rebate Amounts

Rebates will stay the same as offered in 2016.

Marketing Efforts

Marketing materials will be developed and the Lighting Retrofit program will be coordinated through local lighting contractors and on one-on-one utility marketing relationships.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program

Custom

Description

Shakopee Public Utilities recognizes projects that are not covered under its prescriptive rebates may result in substantial energy savings. To accommodate those projects, Shakopee Public Utilities offers a custom incentive.

Target Market

Participant must be a non-residential electric customer, who implements a project that results in an energy efficiency savings that does not fit SPU's prescriptive rebates.

2017 Budget

\$60,000

Qualifying Criteria

Project must result in a kWh savings that can be substantiated by certified energy calculations.

Rebate Amounts

Rebates will stay the same as offered in 2016.

Customer incentive - \$.085 per kWh saved - not to exceed 50% of project costs and not less than a two year payback.

Marketing Efforts

Program will be promoted on a one-on-one meeting with customers and vendors. Program will be coordinated with various vendors depending on the technology.



SHAKOPEE PUBLIC UTILITIES

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2017 SPUC Conservation Improvement Program

Cooling - Commercial

Description

The Commercial and Industrial Cooling program will offer incentives to commercial and industrial customers that have outdated or poorly functioning cooling equipment.

Target Market

Business and Commercial and Industrial electric customers

2017 Budget

\$60,000

Qualifying Criteria

Incentives will be offered to replace cooling equipment that is not working properly or is past its useful life, the project must result in kWh savings. Program will also include energy efficient rebates for qualifying new construction.

Rebate Amounts

Rebate amounts will not change from 2016.

Marketing Efforts

The Commercial and Industrial Cooling program will be marketed by local HVAC dealers who SPU has relationships with.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program

RCx (Retrocommissioning)

Description

A Retrocommissioning (RCx) study evaluates a facility's usage and systems and identifies ways to optimize the facility's direct digital controls (DDC) or process controls. Most of the recommendations from the study will be no- to low-cost operational and maintenance solutions that can result in significant energy and cost savings.

RCx can be a cost-effective way to fine-tune your system or correct problems that are found in commercial businesses that have many energy consuming systems that degrade or fail without preventative maintenance attention.

Target Market

Electric Commercial and Industrial Customers of SPUC:

- Food processing
- Diversified products
- Hospitals and clinics
- Large office buildings
- Apartment buildings
- Large retail
- Electronics manufacturing
- Metal fabricators
- Correctional facilities
- Schools
- Grocery stores

2017 Budget

\$150,000

Qualifying Criteria

The best candidates for the RCx program meet the following criteria:

- Building is a minimum of 20,000 square feet
- Must have a central DDC system or digital process controls 2 to 10 years of age
- System is free of major problems requiring capital repairs
- No plans for any major system renovations or retrofits for the area under consideration

Rebate Amounts

As in 2016, SPU will reimburse the customer 50% of the study cost upon delivery of the study. The remaining 50% of the study cost is reimbursed by SPUC once the recommended measures are implemented per the guidelines.

Study Costs will be capped at SPU management discretion.

Marketing Efforts

SPU will develop relationships with vendors who have an expertise in delivering RCx programs.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Energy Star Appliance**

Description

Refrigerators, washers, and dryers use more than 80% of the appliance energy consumed by most homes. Shakopee Public Utilities' Energy Star Appliance program addresses all of the major appliances that are large consumers of energy in the home, including refrigerators, clothes washers, dehumidifiers, and dishwashers.

Target Market

The Energy Star Appliance Rebate program will target all residential customers including owners and renters.

2017 Budget

\$24,300

Qualifying Criteria

Applicant must provide a final, detailed copy of the original sales receipt/invoice/packing slip, which must include the store name, customer name, date of sale, manufacturer name, model number and date of installation and the energy guide label. Product must meet Energy Star designation and will be verified by SPUC through the Energy Star website.

Rebate Amounts

One change from 2016

Refrigerator -	\$100
Dishwasher-	\$25
Clothes Washer-	\$25

Marketing Efforts

Residential programs marketing efforts including the Energy Star Appliance program will be carried out primarily through bill inserts, newspaper advertisements, and the newsletter.

It is anticipated that the OPower program which is designed to support and reinforce customer behavior to purchase energy efficient products for the home will continue to be a driver for this program.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Appliance Recycling**

Description

Old refrigerators and freezers can use more than two times the electricity of new Energy Star qualified models.

Shakopee Utilities Appliance Recycling provides an easy way for customers to become more energy efficient by having an authorized appliance recycler remove the old appliance from the home, to demanufacture the appliance and provide permanent removal of the appliance from the grid.

Target Market

All residential customers, including renters and home owners as well as small businesses who have appliances that are older than 10 years old and need to be removed from the grid.

2017 Budget

\$4,500

Qualifying Criteria

The unit must be at least 10 years old and in working condition.

Rebate Amounts

Two changes from 2016

Appliance Removal - Rebate

Refrigerator - \$100

Freezer - \$100

Room AC- \$25

Marketing Efforts

Shakopee Public Utilities has a relationship with three recycling vendors, who will promote the program, pick-up the working appliance, certify the appliance will be demanufactured, and invoice the customer. After the customer submits the certificate of demanufacturing, recycling invoice and rebate application, SPUC's will pay the customer the rebate.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program

OPower

Description

In 2017, SPU will continue with OPower to deliver home energy reports to approximately 15,000 Shakopee Public Utilities' residential customers for an extension of 1 year. This program is designed to reduce residential energy consumption by motivating and educating recipients to take actions to improve the energy efficiency in their home.

Target Market

Program offering will be made to approximately 15,000 customers as in 2017.

2017 Budget

\$145,000

Qualifying Criteria

Participants needed to meet the criteria as required by the HERS reporting platform

Rebate Amounts

None

Marketing Efforts

Home Energy Reports are mailed directly to the customer's residence. Shakopee Public Utilities Customer Relations Department works closely with customers who receive the OPower report and need additional interaction.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program

Cooling - Residential

Description

Residential cooling equipment that is more than 10 years old or is not performing efficiently or needs upgrading should be considered to be replaced with an Energy Star model. By encouraging customers to replace their 10 year old or older units with Energy Star equipment can cut their annual energy bill by \$200.

Target Market

Residential and small commercial customers

2017 Budget

\$27,150

Qualifying Criteria

Program requires the replacement of cooling equipment that is more than 10 yrs old or is not performing efficiently.

Rebate Amounts

Three changes from 2016

14.5 SEER Air Conditioner - \$150

15 SEER Air Conditioner - \$300

16 SEER Air Conditioner - \$450

Air Source Heat Pump 14.5 SEER - \$100

ASHP 15 SEER \$150

ASHP 16 SEER \$200

Ground Source Heat Pumps (minimum EER 14.1 and 3.3 COP) - \$100 per ton

Marketing Efforts

The Residential Cooling program will be carried out primarily through bill inserts, newspaper advertisements, and SPUC newsletter. SPUC also anticipates OPower to provide support for this program.

Program will include coordination with local HVAC dealers to encourage customers to purchase energy efficient equipment.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Lighting - Residential**

Description

Shakopee Public Utilities will offer a Residential Energy Efficiency Lighting program. This program is important as an average household dedicates 5% to 10% of its energy budget for lighting and approximately 90% of the power consumed by an incandescent lamp is emitted as heat radiating from the lamp. It follows that incandescent lamps are very inefficient light sources.

The U.S. Department of Energy advises that replacing the light bulbs in an average home with energy saving light bulbs can reduce lighting energy use by up to 75 percent. The most reliable and cost effective replacement in the market today is CFL and LED lamps, as in the case of the newer more efficient LED Holiday Lights.

Target Market

Residential and small commercial customers

2017 Budget

\$49,250

Qualifying Criteria

Customer must provide a completed and signed SPUC application along with the UPC code(s), Energy Star Logo(s) from each product box, as well as a copy of the sales receipt.

Rebate Amounts

No change from 2016

LED - \$8

Holiday Lights - \$3 a string

Marketing Efforts

Customers can purchase their LED and LED holiday lights at any retail store they choose. This program does not require coordination with a third party, except for the ACE Hardware promotion.

The OPower program will be leveraged to enhance the residential lighting program.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Smart Switch**

Description

Smart Switch is a load control program that is activated by SPU during peak periods. This program is carried out by utilizing a paging system to activate the Cannon load control switches on residential homes that have the switch installed on their home and connected to their central A/C.

Target Market

Residential customers who are home owners

2017 Budget

\$75,000

Qualifying Criteria

Customers who will qualify for the Smart Switch program will be residential home owners who have working central air conditioners that will allow SPU to control their A/Cs during peak days as experienced by SPU.

Rebate Amounts

No change from 2016

Customer Incentives will continue to be a \$4.00 credit on their electric bill during the months of June, July and August

Marketing Efforts

SPU is reviewing our Smart Switch program and our marketing efforts for 2017.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Low Income**

Description

Shakopee Public Utilities offers an income eligible energy efficiency program that is administered by the Scott County CAP Agency. This program includes home audits, CFL installs and appliance installs when deemed necessary.

Target Market

Program will target income eligible residential customers of Shakopee Public Utilities. This can include renters as the audit is focused on electricity in the home.

2017 Budget

Budget will be .2% of the residential electric gross operating revenue as required by law.

Estimated: \$51,500

Qualifying Criteria

Income Eligible as determined by Scott CAP Agency

Rebate Amounts

Shakopee Public Utilities offers an income eligible energy efficiency program that is administered by the Scott County CAP Agency. This program includes home audits, CFL installs and appliance installs when deemed necessary. The Scott County CAP Agency provides SPUC with a detailed report on the results of each audit performed. If an appliance is deemed inefficient or not working properly, SPUC pays 75% of the appliance cost for a unit that has an Energy Star rating.

Marketing Efforts

Scott County CAP Agency carries out all marketing efforts for the utility.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

2017 SPUC Conservation Improvement Program **Photovoltaic – Residential & Commercial**

Description

Shakopee Public Utilities Solar Generation Rebate Program is designed to help customers implement photovoltaic technology in their home or business. The program offers generous incentives to help offset the costs of the system.

Target Market

Customers must be residential home owners or commercial business owners

Customers must provide appropriate forms, applications, checklists, agree to a pre inspection of the site, implement SPUC approved interconnection standards, install a net meter and agree to a final inspection of the site.

2017 Budget

Total Budget: \$102,500 (combined Res and C/I)

Qualifying Criteria

Customers must agree to both a pre and post site installation inspection as carried out by SPUC engineers.

Rebate Amounts

No change from 2016

Residential rebates are calculated at \$1500 per KW with a maximum of \$6000 per residential account. Residential customers must agree to pay a net meter fee \$360.

Commercial rebates are calculated at \$1.25 watt with a maximum of \$5000 per business account. Commercial customers must agree to pay a net meter fee

1. Single phase \$160
2. Three phase \$230

SPUC coordinates the PV program through several qualified PV installers.

Marketing Efforts

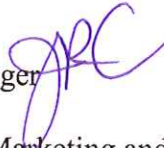
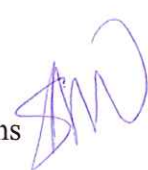
The PV program will be marketed through Powerlines and direct marketing efforts. In addition, SPUC is developing a PV packet to further facilitate the PV program.



SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

January 27, 2017

TO: John Crooks, Utilities Manager 
FROM: Sharon Walsh, Director of Marketing and Customer Relations 
SUBJECT: MMUA 2017 Tom Bovitz Memorial Scholarship Award

Overview

As in previous years, SPU is once again partnering with MMUA to sponsor the Tom Bovitz Memorial Scholarship. With this partnership, eligible seniors have the opportunity to earn up to \$3000 in scholarship money. The essay theme is the same this year, "Municipal Utilities: Good For All of Us."

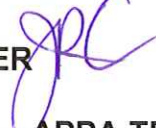
The Shakopee Senior High School, Prior Lake Senior High School and Holy Family Catholic High School have been contacted. On January 12th, an email including the scholarship guidelines and entry form was sent to the principals of these three high schools.

In an effort to increase participation and have a strong showing by Shakopee in the state competition, I will follow up with these schools a second time. Submissions are due to SPU by March 15th. The submissions will be presented to the Commission at our 3/20/17 meeting with final decisions needed by March 31st. The deadline to MMUA is April 14th.

Action Requested

No action is requested at this time.

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: CITY OF SHAKOPEE 2017 TREE SALE - APPA TREE POWER
DATE: FEBRUARY 2, 2017

Shakopee Public Utilities was approached by Jacob Busiahn, Natural Resources Technician with the City of Shakopee to become the major sponsor the City's 2017 Annual Tree Sale. SPU was the sole sponsor with the 2016 Tree Sale.

This was a good way to partner with the City and to also continue the process of SPU becoming a member of APPA's Tree Power Program. Attached to this memo is more information regarding the Tree Power Program.

With all donation requests over \$1000, Commission approval is required. If approved, this would be the first donation in 2017. The Donations Policy is also attached to this memo for Commission review.

Request -

The Commission is asked to approve the SPU Sponsorship of the City of Shakopee Annual Tree Sale and to continue the process in becoming a member of the APPA Tree Power Program. The sponsorship is in the amount of \$5000.



APPA > Programs > Tree Power



A commitment to beautify the environment and help public power customers save money and conserve energy is the root of APPA's award-winning Tree Power program.

Tree Power Report



[Tree Power Report](#) Available!

A commitment to beautify the environment and help customers save money and conserve energy is the root of APPA's award-winning Tree Power program. Tree Power is a nationwide effort to plant trees. Each public power utility designs its own tree-planting program based on local resources and needs, while participating in the national Tree Power program.

Contact [Tree Power](#) for copies of the official Tree Power logo.

Join Tree Power



Tree Power participation is free and open to all APPA members that are looking for a new way to show their customers how much they care. [Click here](#) to fill out the application form.

There are many reasons utilities join Tree Power. Trees reduce carbon dioxide emissions, a common greenhouse gas in our environment; programs to "plant the right tree in the right place" help educate consumers about the importance of tree-trimming; trees provide shade and windbreaks, reducing consumer energy costs; consumers support institutions that are environmentally sensitive and committed to local communities; trees beautify a community; and Tree Power participants receive information about successful utility tree-planting programs and tips on enhancing and promoting their initiatives.

See a list of the Tree Power [Participants](#).

Tree Benefits Estimator

Estimate the effectiveness of your tree-planting program with APPA's free Tree Benefits Estimator. The [APPA Tree Benefits Estimator](#) was designed to help APPA member utilities quantify and track the benefits of planting trees. Developed through a grant from [APPA's DEED Program](#).

Grants and Awards

[Grant Opportunity](#) - All Tree Power members are automatically entered into an annual drawing, which takes place every year at APPA's National Conference, for a \$2,500 Tree Power grant.

[Golden Tree Award](#) - APPA's Golden Tree Award is given to utilities that plant one tree per customer. Learn more about past recipients and how your utility can earn this award.

Activities

[Report on your utility's Tree Power activities](#).

Previous Tree Power utility activities:



Above: Brigham City, Utah, Public Power celebrated Arbor Day, which was hosted by Discovery Elementary School. Third grade students help plant little pine trees around the school.



Above: Bancroft Elementary School kindergarden students help Omaha Public Power District with its tree-planting program.

National Recognition

Tree Power has received lots of positive national recognition. In 2001, it was a focus of stories in *USA Today*, *The Los Angeles Times*, and *The New York Times*. In addition to media coverage, Tree Power has also received awards from:

National Arbor Day Foundation: Arbor Day Award 2005, 1994

Trees Forever: President's Award 2002;

The positive national reaction and support of APPA's TREE POWER program demonstrates the impact public power utilities can have throughout the country.

SHAKOPEE PUBLIC UTILITIES COMMISSION

DONATIONS POLICY

The primary purpose of the donations policy is to assist charitable, educational and civic organizations within the Shakopee Public Utilities service area or which serve community needs within the service area. As a public utility, SPUC exists to serve its customers and its community.

At SPUC, we know that a community's energy does not always arrive through the power lines. It also comes from actions and efforts of those who live there. Our goal is to engage, support and improve the programs that foster growth and development of youth, provide sponsorship of causes that help the underprivileged and those that concentrate on civic and community development.

To achieve maximum impact in helping address the needs of our community, our donations policy focuses on the following 5 areas:

- 1. Education and Youth Development**
- 2. Community Vitality and Enrichment**
- 3. Culture and Fine Arts**
- 4. Health and Human Services**
- 5. Environmental Stewardship**


Donations will be guided under the direction of the Utilities Manager. The Commission has designated up to \$20,000 annually for donations to the worthwhile causes that focus on the areas listed above.

The Utilities Manager may disburse, in the Commission's behalf, amounts up to \$1000. The Commission itself can choose to designate recipients if so desired. If the Utilities Manager or Commission request an amount exceeding \$1000, the Commission must approve such a donation.


The Utilities Manager will present the yearly donation recipients and their donation amounts to the Commission in January of each year.

February 1, 2017

Preliminary

TO: John Crooks, Utilities Manager 

CC: Joe Adams
Greg Drent
Lon Schemel
Sharon Walsh
Sherri Anderson
Tyra Kratochvil

FROM: Renee Schmid,  Director of Finance and Administration

SUBJECT: Preliminary Financial Results for December, 2016 &
2015 – 2016 Comparative Financial Results

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

- 1) Month to Date Financial Results – December, 2016
- 2) Year to Date Financial Results – December, 2016
- 3) 2015 – 2016 Comparative Financial Results

Key items to note:

Month to Date Financial Results – December, 2016

- Total Utility Operating Revenues for the month of December totaled \$3.6 million and were favorable to budget by \$155k or 4.5%. Electric revenues were favorable to budget by \$195k or 6.2% and water revenues were unfavorable to budget by \$40k or 14.3%.
- Total operating expenses were \$3.9 million and were unfavorable to budget by \$299k or 8.3%. December includes \$382k of additional pension expense for PERA GASB 68 reporting requirements which is driving most of this variance in expense. Total purchased power costs in December totaled \$2.5 million and were \$51k or 2.0% unfavorable to budget for the month. Total Operating Expense for electric including purchased power was unfavorable to budget by \$411k or 12.7% due to higher than planned expenses in purchased power costs of \$51k, timing of energy conservation expenses of \$533k, and employee benefits expense of \$250k which includes \$287k of change in pension liability expense for PERA GASB 68, offset by lower than plan depreciation expense of \$275k reflecting yearend adjustments for capitalized assets and lower than plan expenses in customer service of \$75k and other expenses of \$73k. Total Operating Expense for Water was favorable to budget by \$112k or 30.3%. Water depreciation expense for the month of December was favorable to plan by \$140k reflecting yearend adjustments for capitalized assets, and other water operating expenses of \$56k, that were offset by higher than plan employee benefits expense of \$85k, which includes \$95K of pension liability.

- Total Utility Operating Income was a loss \$293k and was \$144k unfavorable to budget primarily due to higher than planned operating expenses that were partially offset by higher than planned operating revenues.
- Total Utility Non-Operating income was \$34k and was favorable to budget by \$30k due to higher than plan rental and miscellaneous income of \$46k, investment income of \$5k, and was partially offset by a loss on disposition of property of \$20k due to early retirement of a water main that was reconstructed.
- Capital Contributions for December totaled \$164k and were unfavorable to budget by \$22k due to lower than plan Water Connection fees of \$33k and lower than plan Trunk Water fees of \$41k, and were partially offset by higher than plan capital contributions of \$52k from project contributions related to work order closings.
- Transfers to the Municipality of the City of Shakopee totaled \$302k and were higher than plan by \$117k due to higher sales in electric and water for the year. 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 a loss of \$397k and was unfavorable to budget by \$253k primarily due to higher than plan pension expense, timing of conservation expenses, higher than plan transfers to the city, and were partially offset by lower than plan depreciation expense and higher than plan operating revenues and non operating income.

Year to Date Financial Results - 2016

- Total Utility Operating Revenue year to date December was \$50.8 million and is favorable to budget by \$1.8 million or 3.6%. Electric revenues were favorable to budget by \$1.7 million or 3.7% and water revenues were also favorable to budget by \$0.1 million or 2.0%. The higher than plan revenues in electric were driven by higher than plan sales in all revenue groups with the industrial sector driving the majority of the favorable variance. Total kWh sold increased by 4.8% in 2016 from 2015. Water sales volume in the commercial and industrial sectors exceeded planned projections for the year which is driving the favorable revenue variance for the year. Total water gallons sold increased by 5.1% in 2016 from 2015.
- Total Utility Operating Expenses year to date December were \$43.6 million and were favorable to budget by \$1.2 million or 2.8%. Electric Operating expense totaled \$39.8 million and was favorable to plan by \$0.6 million or 1.4%. Water operating expense totaled \$3.8 million and was also favorable to plan by \$0.7 million or 14.9%. Purchased power costs totaled \$32.3 million and were higher than plan by \$.9 million or 2.7% driven by higher sales. Operation and maintenance expenses were lower than plan in electric and water by \$0.4 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 \$0.6 million due to timing of the capitalization of the Shakopee Sub Station and new water tank on Wood Duck Trail.
- Total Utility Operating Income was \$7.2 million and was favorable to budget by \$3.0 million driven primarily by higher than planned revenues in electric and water and by lower than planned operating expenses.

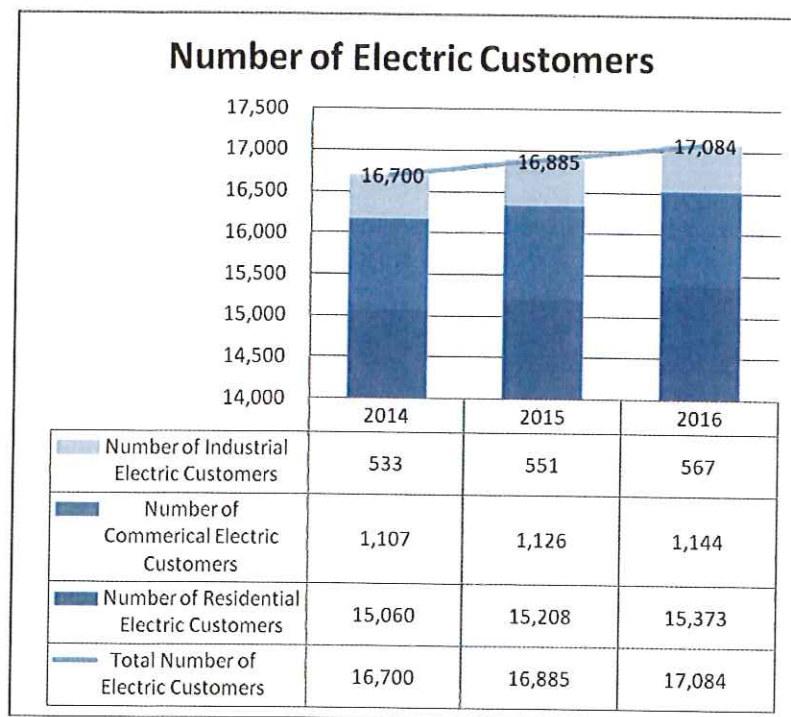
- Total Utility Non-Operating Income was \$0.4 million and was favorable to budget by \$0.3 million due to higher than planned rental and miscellaneous income of \$0.2 million and higher than plan investment income of \$0.1 million.
- YTD Capital Contributions were \$2.9 million and were favorable to budget by \$0.6 million primarily due to higher than plan water connection fees of \$0.4 million, and capital contributions of \$0.4 million for projects that were offset by lower than plan trunk fees of \$0.2 million. Connection fees included several large projects related to new commercial development in Shakopee during the year.
- YTD Transfer to the City of Shakopee is \$2.3 million and is unfavorable to budget by \$58k or 2.6% reflecting higher electric and water sales.
- YTD Change in Net Position is \$8.3 million and is favorable to budget by \$3.9 million primarily due to higher than planned operating revenues in both electric and water, lower than planned operating expenses in both electric and water, higher than plan miscellaneous and investment income, and higher than planned capital contributions driven by water connection fees and capital contributions.

2015 – 2016 Comparative Financial Results

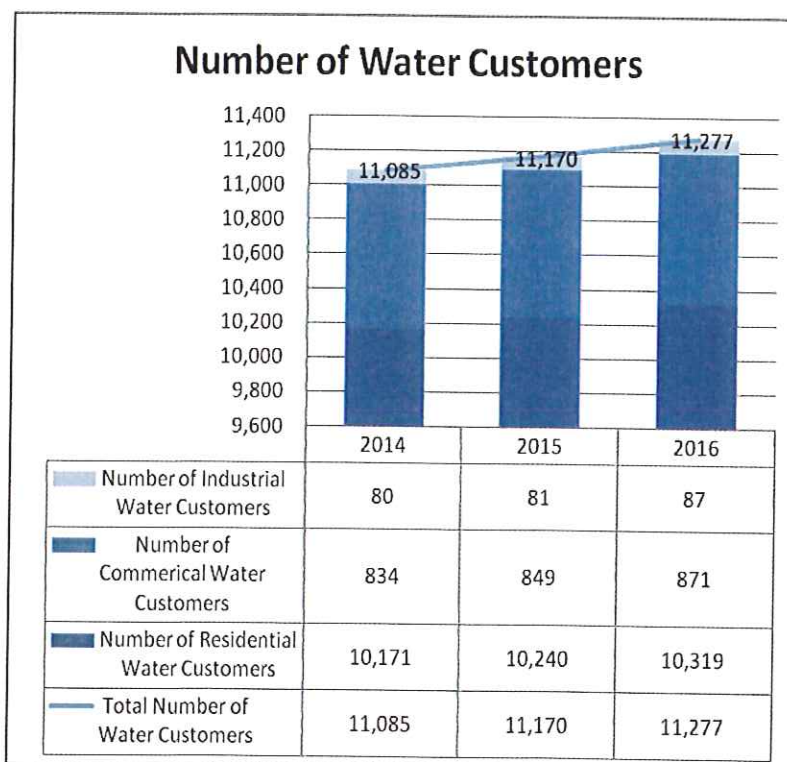
- Total Utility Operating Revenue was \$50.8 million in 2016 compared to \$47.3 million in 2015, an increase of \$3.4 million or 7.2%. Electric revenues increased year over year by \$3.1 million or 7.3% reflecting an increase in total kWh sales volume of 4.8%. Water revenues also increased year over year by \$0.3 million or 6.6% also driven by an increase water gallons sold of 5.1%.
- Total Utility Operating Expenses were \$43.6 million in 2016 compared to \$40.5 million in 2015, an increase of \$3.1 million or 7.6% driven primarily by higher purchased power costs of \$2.3 million due to higher sales and increased costs of purchased power per kWh of 1.9%, higher operation and maintenance expense and customer accounts expenses, other administrative expense, and depreciation expenses of \$0.3 million, and higher employee benefits and pension expenses of \$0.5 million which included \$0.3 million for increased PERA GASB68 pension liability expense.
- Total Utility Operating Income was \$7.2 million in 2016 as compared to \$6.9 million in 2015, an increase of \$0.3 million or 5.0% driven by higher operating revenues of \$3.4 million and partially offset by increased operating expense of \$3.0 million primarily due to higher purchased power costs.
- Total Utility Non-Operating Income was \$440k in 2016 compared to \$248k of Non-Operating income in 2015, an increase of \$192k. The increase in 2016 from 2015 included higher rental and miscellaneous income of \$101k, higher investment income of \$115k, and lower interest expense of \$8k, which were partially offset by increases in losses on disposition of property of \$33k due to the retirement of assets.
- Capital Contributions totaled \$2.9 million in 2016 as compared to \$3.8 million in 2015, a decrease of \$0.9 million. The decrease is attributable to lower collection of water connection fees of \$0.8 million, lower capital contributions of \$0.2 million and increases in trunk water fees of \$0.1 million.
- The transfer to the City of Shakopee was \$2.3 million in 2016 as compared to \$2.2 million for 2015, an increase of \$0.1 million or 5.6% driven by revenue increases year to year.
- Change in Net Position is \$8.3 million in 2016 compared to \$8.8 million in 2015, a decrease of \$0.5 million or 6.0% year over year. Electric Net Position in 2016 increased \$0.1 million from 2015 and Water Net Position in 2016 decreased \$0.7 million from 2015 primarily due to lower capital contributions from 2015 to 2016.

Account Growth

- The number of electric customers billed in December, 2016 totaled 17,084 as compared to 16,885 as of December 2015, reflecting an increase of 199 customers or 1.2% for the year 2016.

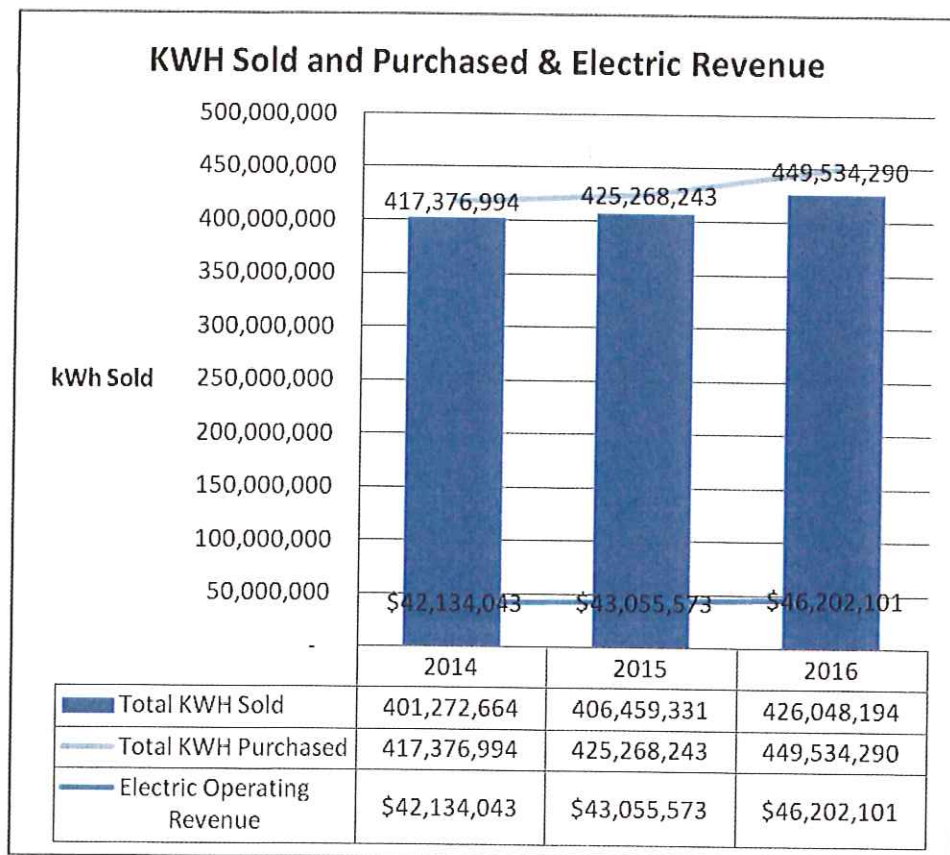


- The number of water customers billed in December, 2016 was 11,277 as compared to 11,170 as of December 2015, reflecting an increase of 107 customers or 0.9% for the year 2016.



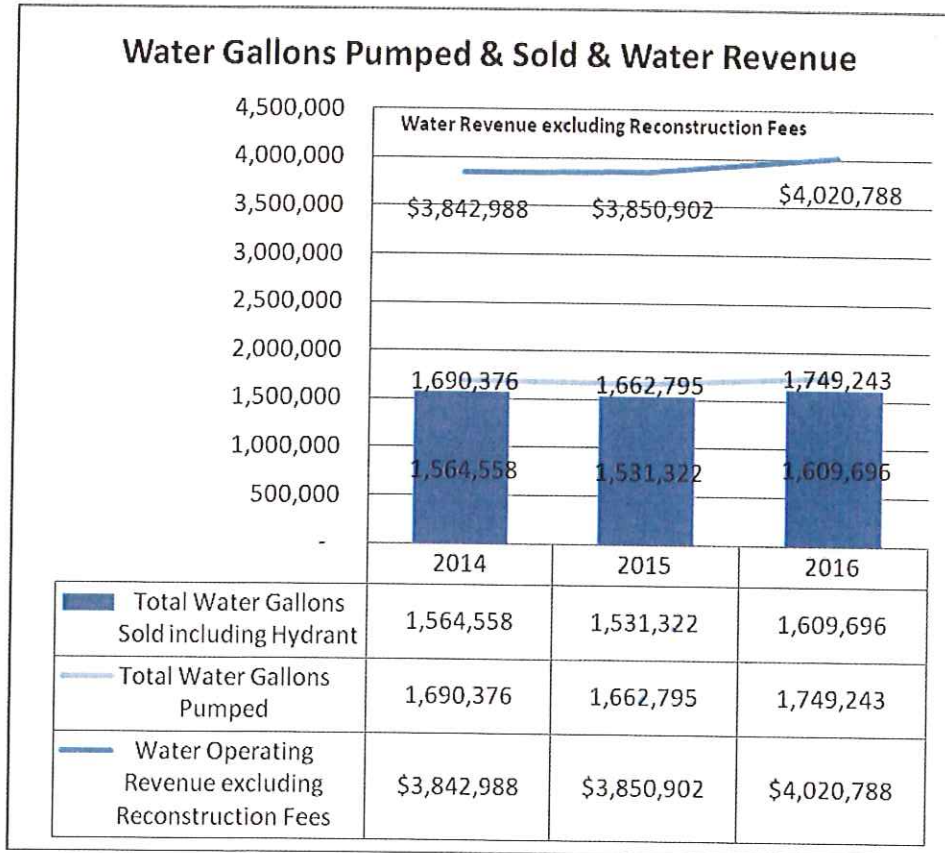
KWH Purchased and Sold

- Total kWh purchased in 2016 was 449,534,290 as compared to 425,268,243 in 2015, reflecting an increase of 5.79% year over year. Total KWH sold in 2016 was 426,048,194 as compared to 406,459,331 in 2015, reflecting an increase of 4.82% for the year 2016. Electric Operating revenues totaled \$46.2 million in 2016 compared to \$43.1 million in 2015, an increase of \$3.1 million or 7.3% driven by higher kWh sales, increased revenue demand charges due to a rate increase, and higher power cost adjustment revenue due to increased costs of power per kWh. Power costs per KWH sold increased from 7.04 cents per kWh in 2015 to 7.181cents per kWh, an increase of 2%.



Water Gallons Pumped, Sold and Water Revenue

- Water Gallons pumped in 2016 totaled 1,749,243 thousand gallons as compared to 1,662,795 thousand gallons in 2015, reflecting an increase of 5.2% for the year 2016 from 2015. Water Gallons sold including hydrant sales in 2016 totaled 1,609,696 thousand gallons as compared to 1,531,322 thousand gallons in 2015, reflecting an increase of 5.1% for the year 2016 from 2015. Water operating revenues excluding Reconstruction Fees totaled \$4.0 million in 2016 as compared to \$3.9 million in 2015, an increase of 4.4%. The water rate structure aligns with conservation based rate structure as required by the DNR.



SHAKOPEE PUBLIC UTILITIES
MONTH TO DATE FINANCIAL RESULTS
DECEMBER 2016



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 2016			Month to Date Budget - December 2016			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	MTD Actual v. Budget B/(VW)	%	MTD Actual v. Budget B/(VW)	%	MTD Actual v. Budget B/(VW)	%
OPERATING REVENUES												
\$	3,366,644	239,760	3,606,405	3,171,150	279,869	3,451,019	195,495	6.2%	(40,109)	-14.3%	155,386	4.5%
OPERATING EXPENSES												
Operation, Customer and Administrative	3,731,341	279,527	4,010,867	3,045,181	251,098	3,296,279	(686,160)	-22.5%	(28,429)	-11.3%	(714,588)	-21.7%
Depreciation	(88,007)	(23,297)	(111,304)	186,946	116,655	303,601	274,953	147.1%	139,952	120.0%	414,905	136.7%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	3,643,334	256,230	3,899,563	3,232,127	367,753	3,599,880	(411,206)	-12.7%	111,523	30.3%	(299,683)	-8.3%
Operating Income	(276,689)	(16,469)	(293,159)	(60,977)	(87,884)	(148,861)	(215,712)	-353.8%	71,414	81.3%	(144,297)	-96.3%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	40,546	21,914	62,460	16,069	647	16,716	24,478	152.3%	21,267	3285.0%	45,744	273.7%
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	-	0.0%	-	-	-	0.0%
Investment Income	13,371	2,537	15,908	9,700	753	10,453	3,671	37.8%	1,783	236.7%	5,454	52.2%
Interest Expense	(29,780)	(13)	(29,794)	(29,048)	(4)	(29,052)	(732)	-2.5%	(10)	-255.9%	(742)	-2.6%
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	1,601	(21,992)	(20,391)	1,601	-	1,601	1,601	-	(21,992)	-	(20,391)	-
Total Non-Operating Revenue (Expense)	31,755	2,445	34,200	2,737	1,397	4,134	29,018	1060.2%	1,048	75.0%	30,066	727.2%
Income Before Contributions and Transfers	(244,934)	(14,024)	(258,959)	(58,240)	(86,487)	(144,727)	(186,694)	-320.6%	72,462	83.8%	(114,232)	-78.9%
CAPITAL CONTRIBUTIONS												
TRANSFER TO MUNICIPALITY	51,651	112,604	164,255	-	185,846	185,846	51,651	-	(73,242)	-39.4%	(21,591)	-11.6%
	(181,513)	(120,352)	(301,865)	(112,146)	(72,912)	(185,058)	(69,367)	-61.9%	(47,441)	-65.1%	(116,807)	-63.1%
CHANGE IN NET POSITION												
\$	(374,796)	(21,773)	(396,569)	(170,386)	26,448	(143,938)	(204,410)	-120.0%	(48,221)	-182.3%	(252,630)	-175.5%

SHAKOPEE PUBLIC UTILITIES

ELECTRIC OPERATING REVENUE AND EXPENSE

	MTD Actual December 2016	MTD Budget December 2016	MTD Actual v. Budget Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Electricity			
Residential	\$ 1,199,869	1,227,264	(27,395) -2.2%
Commercial and Industrial	2,157,162	1,946,405	210,757 10.8%
Uncollectible accounts	(65,319)	(84,525)	19,206 -22.7%
Total Sales of Electricity	3,291,712	3,089,144	202,568 6.6%
Forfeited Discounts	14,889	18,640	(3,750) -20.1%
Free service to the City of Shakopee	10,161	14,157	(3,996) -28.2%
Conservation program	49,882	49,210	672 1.4%
Total Operating Revenues	3,366,644	3,171,150	195,495 6.2%
OPERATING EXPENSES			
Operations and Maintenance			
Purchased power	2,548,738	2,497,651	(51,087) -2.0%
Distribution operation expenses	44,059	33,551	(10,508) -31.3%
Distribution system maintenance	43,724	67,673	23,950 35.4%
Maintenance of general plant	36,447	24,118	(12,330) -51.1%
Total Operation and Maintenance	2,672,968	2,622,993	(49,974) -1.9%
Customer Accounts			
Meter Reading	8,760	10,433	1,673 16.0%
Customer records and collection	(28,453)	44,789	73,242 163.5%
Energy conservation	586,685	54,150	(532,534) -93.4%
Total Customer Accounts	566,992	109,372	(457,620) -418.4%
Administrative and General			
Administrative and general salaries	42,882	48,129	5,247 10.9%
Office supplies and expense	9,263	15,967	6,704 42.0%
Outside services employed	10,498	46,093	35,594 77.2%
Insurance	2,896	14,057	11,161 79.4%
Employee Benefits	397,870	147,637	(250,234) -169.5%
Miscellaneous general	27,971	40,933	12,961 31.7%
Total Administrative and General	491,381	312,816	(178,565) -57.1%
Depreciation	3,731,341	3,045,181	(686,160) -22.5%
Amortization of plant acquisition	(88,007)	186,946	274,953 147.1%
Total Operating Expenses	3,643,334	3,232,127	(411,206) -12.7%
OPERATING INCOME	\$ (276,689)	(60,977)	(215,712) -353.8%

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	MTD Actual December 2016	MTD Budget December 2016	MTD Actual v. Budget Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Water	\$ 244,198	293,937	(49,739) -16.9%
Forfeited Discounts	779	1,410	(630) -44.7%
Uncollectible accounts	(5,217)	(15,478)	10,260 -66.3%
Total Operating Revenues	<u>239,760</u>	<u>279,869</u>	<u>(40,109) -14.3%</u>
OPERATING EXPENSES			
Operations and Maintenance			
Pumping and distribution operation	41,233	41,949	716 1.7%
Pumping and distribution maintenance	18,139	36,203	18,064 49.9%
Power for pumping	33,998	22,629	(11,369) -50.2%
Maintenance of general plant	2,619	1,990	(629) -31.6%
Total Operation and Maintenance	<u>95,989</u>	<u>102,771</u>	<u>6,782 6.6%</u>
Customer Accounts			
Meter Reading	4,717	5,789	1,071 18.5%
Customer records and collection	(10,503)	12,159	22,662 186.4%
Energy conservation	432	-	(432) -
Total Customer Accounts	<u>(5,354)</u>	<u>17,948</u>	<u>23,301 129.8%</u>
Administrative and General			
Administrative and general salaries	27,457	31,479	4,021 12.8%
Office supplies and expense	4,138	6,391	2,253 35.2%
Outside services employed	1,661	12,948	11,286 87.2%
Insurance	965	4,686	3,720 79.4%
Employee Benefits	141,118	55,266	(85,852) -155.3%
Miscellaneous general	13,551	19,610	6,059 30.9%
Total Administrative and General	<u>188,891</u>	<u>130,380</u>	<u>(58,512) -44.9%</u>
Depreciation	279,527	251,098	(28,429) -11.3%
Amortization of plant acquisition	(23,297)	116,655	139,952 120.0%
Total Operating Expenses	<u>256,230</u>	<u>367,753</u>	<u>111,523 30.3%</u>
OPERATING INCOME	<u>\$ (16,469)</u>	<u>(87,884)</u>	<u>71,414 81.3%</u>

SHAKOPEE PUBLIC UTILITIES
YEAR TO DATE FINANCIAL RESULTS
DECEMBER 2016



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

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

	Year to Date Actual - December 2016			Year to Date Budget - December 2016			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												
\$	46,202,101	4,568,096	50,770,197	44,537,112	4,477,090	49,014,203	1,664,989	3.7%	91,006	2.0%	1,755,994	3.6%
OPERATING EXPENSES												
Operation, Customer and Administrative	37,923,711	2,587,266	40,510,978	38,105,337	3,051,175	41,156,512	181,626	0.5%	463,908	15.2%	645,534	1.6%
Depreciation	1,841,744	1,199,571	3,041,315	2,243,356	1,399,860	3,643,215	401,612	17.9%	200,289	14.3%	601,901	16.5%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	39,765,456	3,786,837	43,552,293	40,348,693	4,451,034	44,799,727	583,237	1.4%	664,197	14.9%	1,247,435	2.8%
Operating Income	6,436,645	781,259	7,217,904	4,188,419	26,056	4,214,476	2,248,226	53.7%	755,203	2898.4%	3,003,429	71.3%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	317,749	212,329	530,078	192,822	121,242	314,064	124,927	64.8%	91,087	75.1%	216,014	68.8%
Interdepartment Rent from Water	90,000	-	90,000	90,000	-	90,000	-	0.0%	-	-	-	0.0%
Investment Income	164,029	41,653	205,682	116,400	9,042	125,442	47,629	40.9%	32,611	360.7%	80,240	64.0%
Interest Expense	(358,055)	(145)	(358,200)	(349,984)	(45)	(350,029)	(8,071)	-2.3%	(100)	-222.0%	(8,171)	-2.3%
Amortization of Debt Issuance Costs and Loss on Refunding	(17,802)	(14,222)	(32,024)	(17,802)	-	(17,802)	-	0.0%	-	0.0%	-	0.0%
Gain/(Loss) on the Disposition of Property	4,886	(14,222)	(9,337)	4,886	-	(9,337)	4,886	0.0%	(14,222)	-	(9,337)	-
Total Non-Operating Revenue (Expense)	200,807	239,614	440,422	31,436	130,239	161,675	169,371	538.8%	109,376	84.0%	278,747	172.4%
Income Before Contributions and Transfers	6,637,453	1,020,873	7,658,326	4,219,856	156,295	4,376,150	2,417,597	57.3%	864,579	553.2%	3,282,175	75.0%
CAPITAL CONTRIBUTIONS												
TRANSFER TO MUNICIPALITY	430,031	2,446,392	2,876,423	-	2,230,157	2,230,157	430,031	-	216,236	9.7%	646,266	29.0%
	(1,387,447)	(891,017)	(2,278,464)	(1,345,754)	(874,941)	(2,220,695)	(41,693)	-3.1%	(16,076)	-1.8%	(57,769)	-2.6%
CHANGE IN NET POSITION	\$ 5,680,037	2,576,248	8,256,285	2,874,102	1,511,510	4,385,612	2,805,935	97.6%	1,064,738	70.4%	3,870,673	88.3%

SHAKOPEE PUBLIC UTILITIES

ELECTRIC OPERATING REVENUE AND EXPENSE

	YTD Actual December 2016	YTD Budget December 2016	YTD Actual v. Budget Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Electricity			
Residential	\$ 16,889,534	16,590,573	298,962 1.8%
Commercial and Industrial	28,283,315	26,987,701	1,295,614 4.8%
Uncollectible accounts	(65,319)	(84,525)	19,206 -
Total Sales of Electricity	45,107,530	43,493,749	1,613,781 3.7%
Forfeited Discounts	250,448	223,675	26,773 12.0%
Free service to the City of Shakopee	170,673	169,884	789 0.5%
Conservation program	673,450	649,804	23,646 3.6%
Total Operating Revenues	46,202,101	44,537,112	1,664,989 3.7%
OPERATING EXPENSES			
Operations and Maintenance			
Purchased power	32,282,815	31,420,977	(861,838) -2.7%
Distribution operation expenses	422,906	402,614	(20,292) -5.0%
Distribution system maintenance	562,335	812,081	249,746 30.8%
Maintenance of general plant	358,418	289,412	(69,006) -23.8%
Total Operation and Maintenance	33,626,474	32,925,084	(701,390) -2.1%
Customer Accounts			
Meter Reading	105,518	125,195	19,677 15.7%
Customer records and collection	431,706	537,463	105,758 19.7%
Energy conservation	673,450	649,804	(23,646) -3.6%
Total Customer Accounts	1,210,673	1,312,462	101,789 7.8%
Administrative and General			
Administrative and general salaries	525,695	577,548	51,853 9.0%
Office supplies and expense	121,308	191,609	70,301 36.7%
Outside services employed	104,798	553,113	448,315 81.1%
Insurance	145,757	168,689	22,932 13.6%
Employee Benefits	1,801,117	1,885,641	84,523 4.5%
Miscellaneous general	387,889	491,191	103,302 21.0%
Total Administrative and General	3,086,564	3,867,791	781,227 20.2%
Depreciation	37,923,711	38,105,337	181,626 0.5%
Amortization of plant acquisition	1,841,744	2,243,356	401,612 17.9%
Total Operating Expenses	-	-	- 0.0%
	\$ 39,765,456	40,348,693	583,237 1.4%
OPERATING INCOME	\$ 6,436,645	4,188,419	2,248,226 53.7%

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	YTD Actual December 2016	YTD Budget December 2016	YTD Actual v. Budget Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Water	\$ 4,553,038	4,475,653	77,385 1.7%
Forfeited Discounts	20,274	16,915	3,359 19.9%
Uncollectible accounts	(5,217)	(15,478)	10,261 -
Total Operating Revenues	<u>4,568,096</u>	<u>4,477,090</u>	<u>91,006 2.0%</u>
OPERATING EXPENSES			
Operations and Maintenance			
Pumping and distribution operation	429,994	503,390	73,396 14.6%
Pumping and distribution maintenance	263,632	434,432	170,800 39.3%
Power for pumping	277,511	271,548	(5,963) -2.2%
Maintenance of general plant	23,597	23,880	283 1.2%
Total Operation and Maintenance	<u>994,733</u>	<u>1,233,249</u>	<u>238,516 19.3%</u>
Customer Accounts			
Meter Reading	80,201	69,464	(10,737) -15.5%
Customer records and collection	114,172	145,907	31,735 21.8%
Energy conservation	2,467	-	(2,467) -
Total Customer Accounts	<u>196,840</u>	<u>215,370</u>	<u>18,531 8.6%</u>
Administrative and General			
Administrative and general salaries	336,316	377,745	41,429 11.0%
Office supplies and expense	55,436	76,694	21,258 27.7%
Outside services employed	67,403	155,371	87,968 56.6%
Insurance	48,586	56,230	7,644 13.6%
Employee Benefits	664,199	701,194	36,995 5.3%
Miscellaneous general	223,754	235,321	11,567 4.9%
Total Administrative and General	<u>1,395,694</u>	<u>1,602,555</u>	<u>206,862 12.9%</u>
Total Operation, Customer, & Admin Expenses	<u>2,587,266</u>	<u>3,051,175</u>	<u>463,908 15.2%</u>
Depreciation	1,199,571	1,399,860	200,289 14.3%
Amortization of plant acquisition	-	-	- -
Total Operating Expenses	<u>\$ 3,786,837</u>	<u>4,451,034</u>	<u>664,197 14.9%</u>
OPERATING INCOME	<u>\$ 781,259</u>	<u>26,056</u>	<u>755,203 2898.4%</u>

SHAKOPEE PUBLIC UTILITIES
COMPARATIVE FINANCIAL RESULTS

2015 - 2016



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

SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUE & EXPENSE AND NET ASSETS
COMPARATIVE FINANCIAL RESULTS FOR 2015 - 2016

	2016		2015		Electric 2015 - 2016 B/(W) \$ %	Water 2015 - 2016 B/(W) \$ %	Total Utility 2015 - 2016 B/(W) \$ %
OPERATING REVENUES	Electric	Water	Electric	Water			
	\$ 46,202,101	4,568,096	43,055,573	4,287,237	3,146,528	280,859	3,427,387
					7.3%	6.6%	7.2%
OPERATING EXPENSES							
Operation and Maintenance	37,923,711	2,587,266	35,099,679	2,392,858	(2,824,033)	(194,409)	(3,018,441)
Depreciation	1,841,744	1,199,571	1,764,433	1,151,818	(77,312)	(47,752)	(125,064)
Amortization of Plant Acquisition	-	-	63,005	-	63,005	-	63,005
Total Operating Expenses	39,765,456	3,786,837	36,927,117	3,544,676	(2,838,339)	(242,161)	(3,080,500)
					-7.7%	-6.8%	-7.6%
Operating Income	6,436,645	781,259	6,128,456	742,561	308,189	38,698	346,887
					5.0%	5.2%	5.0%
NON-OPERATING REVENUE (EXPENSE)							
Rental and Miscellaneous	317,749	212,329	274,079	154,596	43,670	57,733	101,403
Interdepartment Rent from Water	90,000	-	90,000	-	-	-	-
Investment Income	164,029	41,653	79,725	10,498	84,305	31,155	115,460
Interest Expense	(358,055)	(145)	(366,734)	(43)	8,679	(102)	8,578
Amortization of Debt Issuance Costs and Loss on Refunding	(17,802)	-	(17,802)	-	-	-	-
Gain on the Disposition of Property	4,896	(14,222)	14,121	10,100	(9,235)	(24,322)	(33,557)
Total Non-Operating Revenue (Expense)	200,807	239,614	73,388	175,150	127,419	64,464	191,883
					173.6%	36.8%	77.2%
Income Before Contributions and Transfers	6,637,453	1,020,873	6,201,845	917,711	435,608	103,162	538,770
					7.0%	11.2%	7.6%
CAPITAL CONTRIBUTIONS							
TRANSFER TO MUNICIPALITY	430,031	2,446,392	658,279	3,163,625	(228,249)	(717,232)	(945,481)
	(1,387,447)	(891,017)	(1,314,312)	(843,988)	(73,134)	(47,029)	(120,163)
					-34.7%	-22.7%	-24.7%
CHANGE IN NET POSITION	5,690,037	2,576,248	5,545,812	3,237,347	134,225	(661,099)	(526,874)
					2.4%	-20.4%	-6.0%
TOTAL NET ASSETS - Beginning of Year	58,924,667	52,071,993	55,604,538	49,576,539	3,320,129	2,495,454	5,815,583
CHANGE IN ACCOUNTING PRINCIPLE	-	-	(2,225,683)	(741,893)	2,225,683	741,893	2,967,576
Beginning of Year, as Restated	58,924,667	52,071,993	53,378,855	48,834,646	5,545,812	3,237,347	8,783,159
					10.4%	6.6%	8.6%
TOTAL NET ASSETS - END OF YEAR	64,604,704	54,648,241	58,924,667	52,071,993	5,680,037	2,576,248	8,256,285
					9.6%	4.9%	7.4%

SHAKOPEE PUBLIC UTILITIES

ELECTRIC OPERATING REVENUE AND EXPENSE

	2016	2015	2015 - 2016 Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Electricity			
Residential	\$ 16,889,534	16,120,559	768,976 4.8%
Commercial	28,283,315	25,957,296	2,326,018 9.0%
Uncollectible accounts	(65,319)	(52,096)	(13,223) -25.4%
Total Sales of Electricity	45,107,530	42,025,759	3,081,771 7.3%
Forfeited Discounts	250,448	227,563	22,885 10.1%
Free service to the City of Shakopee	170,673	175,098	(4,426) -2.5%
Conservation program	673,450	627,153	46,297 7.4%
Total Operating Revenues	46,202,101	43,055,573	3,146,528 7.3%
OPERATING EXPENSES			
Operations and Maintenance			
Purchased power	32,282,815	29,939,985	(2,342,830) -7.8%
Distribution operation expenses	422,906	357,821	(65,084) -18.2%
Distribution system maintenance	562,335	641,662	79,326 12.4%
Maintenance of general plant	358,418	266,773	(91,646) -34.4%
Total Operation and Maintenance	33,626,474	31,206,241	(2,420,233) -7.8%
Customer Accounts			
Meter Reading	105,518	114,837	9,319 8.1%
Customer records and collection	431,706	415,085	(16,621) -4.0%
Energy conservation	673,450	627,153	(46,297) -7.4%
Total Customer Accounts	1,210,673	1,157,074	(53,599) -4.6%
Administrative and General			
Administrative and general salaries	525,695	477,323	(48,372) -10.1%
Office supplies and expense	121,308	133,387	12,079 9.1%
Outside services employed	104,798	174,845	70,047 40.1%
Insurance	145,757	156,319	10,562 6.8%
Employee Benefits	1,801,117	1,463,728	(337,389) -23.1%
Miscellaneous general	387,889	330,760	(57,128) -17.3%
Total Administrative and General	3,086,564	2,736,363	(350,201) -12.8%
Depreciation	37,923,711	35,099,679	(2,824,033) -8.0%
Amortization of plant acquisition	1,841,744	1,764,433	(77,312) -4.4%
Total Operating Expenses	39,765,456	36,927,117	63,005 100.0%
			(2,838,339) -7.7%
OPERATING INCOME	\$ 6,436,645	6,128,456	308,189 5.0%

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	2016	2015	2015 - 2016 Better/(Worse) \$ %
OPERATING REVENUES			
Sales of Water	\$ 4,553,038	4,271,200	281,839 6.6%
Forfeited Discounts	20,274	17,648	2,626 14.9%
Uncollectible accounts	(5,217)	(1,611)	(3,605) -223.8%
Total Operating Revenues	<u>4,568,096</u>	<u>4,287,237</u>	<u>280,859 6.6%</u>
OPERATING EXPENSES			
Operations and Maintenance			
Pumping and distribution operation	429,994	429,328	(666) -0.2%
Pumping and distribution maintenance	263,632	281,798	18,166 6.4%
Power for pumping	277,511	250,289	(27,222) -10.9%
Maintenance of general plant	23,597	17,075	(6,522) -38.2%
Total Operation and Maintenance	<u>994,733</u>	<u>978,489</u>	<u>(16,244) -1.7%</u>
Customer Accounts			
Meter Reading	80,201	64,040	(16,160) -25.2%
Customer records and collection	114,172	109,784	(4,388) -4.0%
Energy conservation	2,467	-	(2,467) -
Total Customer Accounts	<u>196,840</u>	<u>173,825</u>	<u>(23,015) -13.2%</u>
Administrative and General			
Administrative and general salaries	336,316	311,438	(24,878) -8.0%
Office supplies and expense	55,436	58,091	2,655 4.6%
Outside services employed	67,403	79,076	11,673 14.8%
Insurance	48,586	52,595	4,009 7.6%
Employee Benefits	664,199	527,173	(137,026) -26.0%
Miscellaneous general	223,754	212,171	(11,583) -5.5%
Total Administrative and General	<u>1,395,694</u>	<u>1,240,544</u>	<u>(155,150) -12.5%</u>
Total Operating Expenses	<u>2,587,266</u>	<u>2,392,858</u>	<u>(194,409) -8.1%</u>
Depreciation	1,199,571	1,151,818	(47,752) -4.1%
Amortization of plant acquisition	-	-	-
Total Operating Expenses	<u>3,786,837</u>	<u>3,544,676</u>	<u>(242,161) -6.8%</u>
OPERATING INCOME	<u>\$ 781,259</u>	<u>742,561</u>	<u>38,698 5.2%</u>

OPERATING INCOME

\$ 781,259 742,561 38,698 5.2%