

**AGENDA**  
**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**REGULAR MEETING**  
**SEPTEMBER 6, 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**
  - 6a) August 15, 2016
  - 6b) September 6, 2016
7. **Liaison Report**
8. **Reports: Water Items**
  - 8a) Water System Operations Report – Verbal
  - C=> 8b) Water Production Dashboard
  - 8c) Hilldale Drive Project – Changing Vote of August 1, 2016 Motion
  - 8d) Resn. #1136 – Approving the Estimated Cost of the Pipe Oversizing  
On the Watermain Project: Prairie Meadows
9. **Reports: Electric Items**
  - 9a) Electric System Operations Report – Verbal
  - 9b) Shakopee Energy Park Construction Update
  - 9c) August 2016 MPPA Board Meeting Public Summary
  - 9d) Blue Lake Substation – Xcel Letter
10. **Reports: Human Resources**
  - 10a) Job Description Updates
  - 10b) Resn. #1137 – Regulating Wage Ranges
11. **Reports: General**
  - 11a) Saints Healthcare Foundation Donation Request
  - C=> 11b) July Financials
12. **New Business**
13. **Tentative Dates for Upcoming Meetings**

- Mid Month Meeting	--	September 19
- Regular Meeting	--	October 3
- Mid Month Meeting	--	October 17
- Regular Meeting	--	November 7
14. **Adjourn** to 9/19/16 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., August 1, 2016.

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

Motion by Helkamp, seconded by Weyer to approve the minutes of the July 18, 2016 Commission meeting. Motion carried.

There were no Communication items.

President Joos offered the agenda for approval. It was proposed to move Item 8e: Hilldale Drive Project to directly follow item 8a: Water Operations Report.

Motion by Helkamp, seconded by Weyer to approve the amended agenda as proposed. Motion carried.

There were no Consent items.

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

Motion by Helkamp, seconded by Weyer to approve the warrant listing dated August 1, 2016 as presented. Motion carried.

Liaison Whiting presented his report. An overview was provided for several items that are on the August 3 City Council meeting agenda.

Water Superintendent Schemel provided a report of current water operations. Water production is up 10% year over year for the first six months of 2016. Mr. Schemel stated he has been appointed to the Water Technical Advisory Committee by the Met Council.

Planning and Engineering Director Adams reviewed the Hilldale Drive Project and the 18" trunk watermain costs. Bruce Loney, City Engineer for the City of Shakopee, was present to discuss the costs associated with the project. The Commission was asked to help offset some of the City's costs.



Motion by Helkamp, seconded by Olson to provide the City of Shakopee an amount not to exceed \$30,233 to assist in offsetting some cost overruns on the project. The vote on the motion was 2-2, with Commissioners Olson and Weyer dissenting. Motion fails for lack of a majority in favor.

Lead and Copper sampling results were reviewed by Mr. Schemel. The samples tested were well below any advisory levels set by the EPA.

Motion by Olson, seconded by Helkamp to offer Resolution #1135. A Resolution Setting The Amount Of The Trunk Water Charge, Approving Of Its Collection And Authorizing Water Service To Certain Property Described As: Prairie Meadows. Ayes: Commissioners Weyer, Helkamp, Olson and Joos. Nay: none. Motion carried. Resolution passed.

Mr. Adams reviewed the CR 16 Water Main Boring Project with the 18" transmission main. Several issues were discussed concerning costs and the inability to complete the initial boring, due to soil conditions.

Motion by Helkamp, seconded by Olson to approve the alternative deeper boring of the 18" transmission water main with the cost to be held at \$55,000 and to attempt to have the Scott County waive the additional 17% in engineering fees. Motion carried.

Motion by Helkamp, seconded by Olson to allow the Utilities Manager to employ appropriate resources to dispute the costs in the contractor's change order due to the failed first attempt at the water main boring. Motion carried.

Line Superintendent Drent provided a report of current electric operations. Historic peaks were set for electric usage on both July 20 and July 21. Both days exceeded 100MW. Four small outages were discussed. Three were caused by trees and one from an underground fault. The upcoming SCADA replacement project was also reviewed.

Utilities Manager Crooks provided a verbal update on the construction status of the MMPA Shakopee Energy Park.

Mr. Crooks read the July 2016 MMPA Board meeting public summary into the record.

The Project Engineer & Engineering Tech job description proposed changes were reviewed by Finance Director Schmid.

Motion by Helkamp, seconded by Weyer to approve the revised job descriptions for the Project Engineer and Engineering Technician positions. Motion carried.

Ms. Schmid presented the proposed 2017 Budget Planning Schedule.

Motion by Helkamp, seconded by Olson to assign Commissioners Amundson and Olson to the Wage Planning Sub-Committee and to accept the 2017 Budget Planning Schedule as presented. Motion carried.

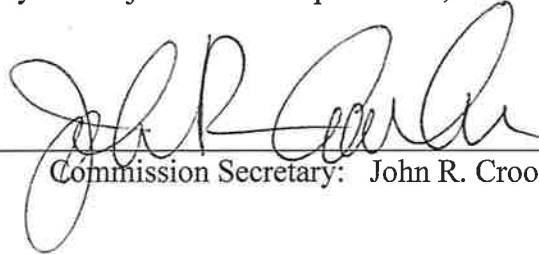
Mr. Crooks reviewed a donation request for the Shakopee All-Inclusive Playground. SPU has already provided a \$1000 sponsorship at the Giraffe level. The donation policy and year to date donations were discussed.

Motion by Weyer, seconded by Helkamp to donate an addition \$3500 to the Playground.  
Motion carried.

The tentative commission meeting dates of August 15 and Tuesday, September 6 were noted.

President Joos cancelled the August 15 meeting as three Commissioners will be attending the MMUA Summer Conference in Nisswa, MN. It was stated no official business will take place during the Conference, as a quorum will be present.

Motion by Helkamp, seconded by Weyer to adjourn to the September 6, 2016 meeting.  
Motion carried.



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Commission Secretary: John R. Crooks

# Monthly Water Dashboard

As of: July 2016

Shakopee Public Utilities Commission

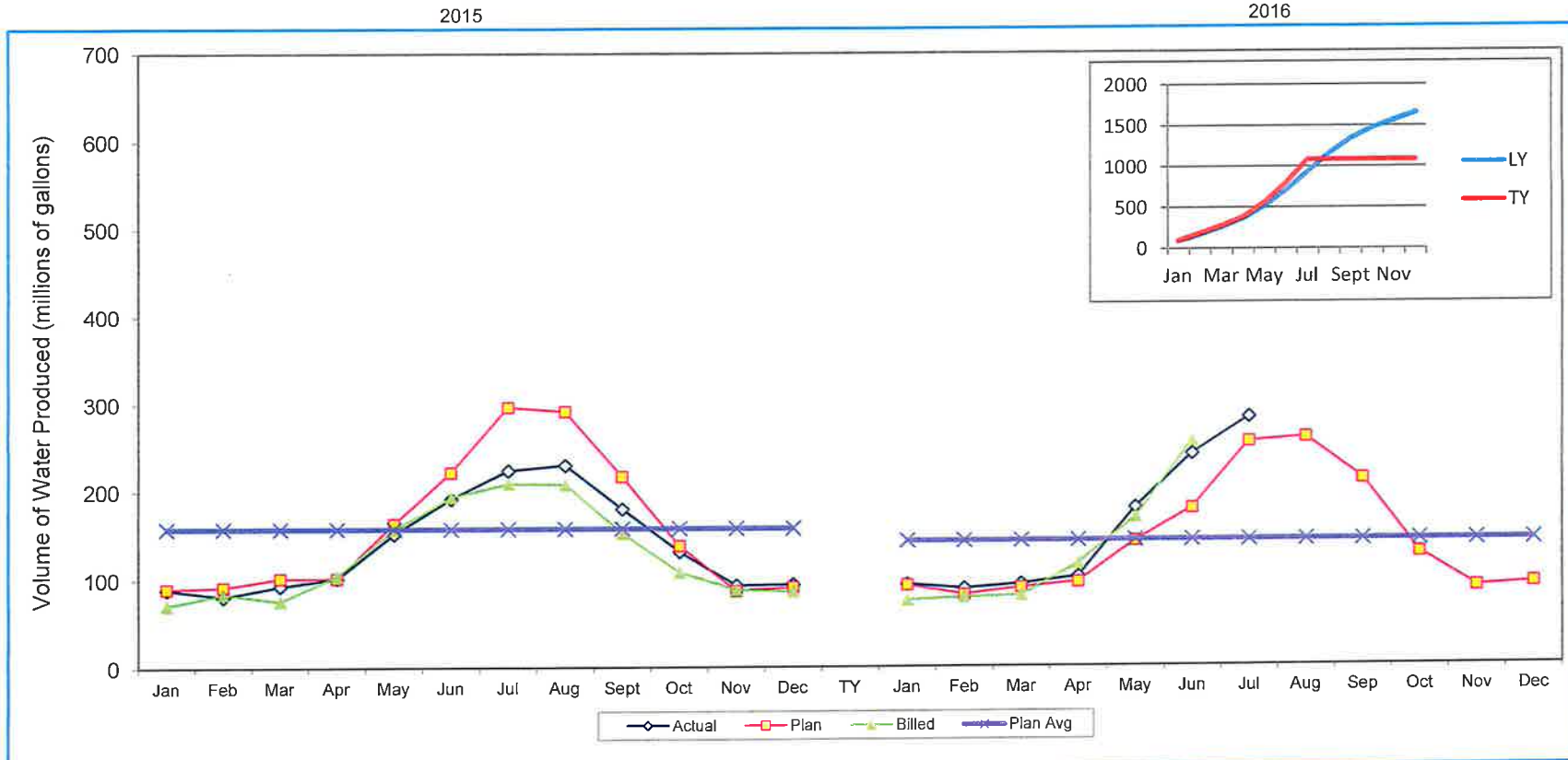
ALL VALUES IN MILLIONS OF GALLONS

## Element/Measure Water Pumped/Metered

Averages

2013	150
2014	140
2015	138

Last 6 months actuals	89	94	102	180	241	283
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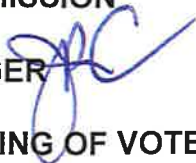
	LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual		89	81	93	102	152	192	224	230	180	131	93	94		94	89	94	102	180	241	283					
Plan		90	92	102	102	164	222	297	292	217	138	87	91		93	82	90	96	142	179	255	260	212	128	89	93
YTD % *															101%	105%	105%	105%	111%	117%	116%					
Billed		71	84	76	105	157	194	209	208	152	108	88	86		76	79	81	117	169	256						



Actual gallons pumped vs. Plan

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO:** SHAKOPEE PUBLIC UTILITIES COMMISSION

**FROM:** JOHN R. CROOKS, UTILITIES MANAGER 

**SUBJECT:** HILLDALE DRIVE PROJECT - CHANGING OF VOTE  
ON AUGUST 1, 2016 MOTION

**DATE:** SEPTEMBER 1, 2016

**ISSUE –**

On August 4, 2016, I received, in writing, a request by Commissioner Olson that he be allowed to change his vote on a motion that was made, and defeated at the August 1, 2016 Commission meeting.

**BACKGROUND-**

The motion that Commissioner Olson is referring to was the motion made to financially assist the City of Shakopee with the Hilldale Drive Project and the installation of the 18" water main, along with the street reconstruction and their sewer project.

I have attached the minutes from the meeting and have highlighted the motion in yellow. Since there was one Commissioner absent from that meeting, the 2-2 vote meant defeat, as a majority vote was not achieved and therefore the motion failed.

I have also included the memorandum that was provided in the agenda packet for the August 1, 2016 meeting describing the issue.

**DISCUSSION-**

To allow a vote on a motion to be changed after the result is announced, certain protocol must be followed according to Robert's Rules of Order 10<sup>th</sup> Edition:

"After the result is announced, however, the member can change his or her vote only by permission of the assembly. Permission can be granted by general consent or by a motion to grant permission which needs a second, is undebatable, and takes a majority to adopt".



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OF THE  
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Motion carried.

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Commission Secretary: John R. Crooks

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: Hilldale Drive Project and 18 inch Trunk Water Main Costs  
DATE: July 28, 2016

ISSUE

The project is substantially complete and costs to date are known.

BACKGROUND

The funding for this project was approved by the Commission in the 2016 Capital Improvement Projects at a level of \$192,400. The feasibility report estimated the Commission's cost at \$176,800.

The property owners of the 10 lots in the Zoschke's Addition petitioned the Council for a project to reconstruct Hilldale Drive and add city services, including sanitary sewer and water main. The adjacent property, Dakota Crossings, was recently developed by Ryland Homes and included a street connection with sanitary sewer and water main stubs to Hilldale Drive. The access from Hilldale Drive to CR 16 was closed due to Scott County spacing guidelines with the opening of the access to Dakota Crossings and the connection provided to Hilldale Drive and its residents.

SPU had an 18 inch trunk water main along this corridor on either side of the Zoschke's Addition and connecting the water main was desirable with this project. The Commission agreed to fund the cost of over sizing a lateral water main through the project to facilitate that trunk water main connection.

The Commission agreed to defer indefinitely a lateral water main connection from the west via Dakota Crossings where an 8 inch water main stub had been extended to the west plat line on the north end of the Zoschke's Addition, as the existing density of only 10 lots did not justify the added cost.

The Commission did insist on an 8 inch lateral water main connection to the east plat line to connect into an existing water main running there from Glacier Estates, the plat to the east. The Commission further agreed to fund the majority of the cost of that 8 inch lateral water main with the residents only responsible for the first \$12,000 of the cost, estimated to be \$107,000 in the feasibility report. The Commission also agreed to obtain a water main easement from two property owners for the water main extension and that cost was \$15,000.

The feasibility report also identified various fees associated with properties hooking up to sanitary sewer and water service. These included SPU's Trunk Water Charge of \$36,852.86 and Water Connection Charges totaling \$49,270.00 for the ten lots. There is also a small meter fee of \$235 collected for each house when the water service is installed. The total amount of SPU water fees then is \$88,472.86.

The Council authorized and received a benefit appraisal report prior to ordering the project. The report identified the maximum amount of benefit each property could expect to receive from all of the improvements. The Council agreed to cap the assessments, including fees to hook up, for each property owner who signed a waiver of their right to appeal their assessment. Nine of the ten property owners did sign a waiver.

## DISCUSSION

Now that the project costs are known, Bruce Loney the City Public Works Director has approached staff to discuss the project funding and the Commission's share. Based on what the city can assess there is a projected shortfall of \$60,466.09 with the Commission paying for the trunk water main oversizing plus the amount of the 8 inch water main connection to Glacier Estates over the \$12,000 cap in the assessments (\$108,399.38). The city would then pay the Commission the associated TWC, WCC and water meter fees for all 10 lots.

To review, the Commission would pay \$108,399.38 to the city and the city would pay \$88,472.86 to SPU. Bruce is asking if the Commission would consider helping the city with this difficult project by splitting the shortfall of \$60,466.09 50/50. If the Commission agrees to do so the total payment to the city would increase to \$138,632.42, which is \$53,768 below the amount in the CIP (\$38,768 after adding in the \$15,000 easement cost).

## RECOMENDATION

Staff believes given the unique circumstances of this project, which should not be considered precedent setting, and the highly desirable outcome of completing the 18 inch trunk water main connection through this area that the benefit to the water system could justify the added expense when considering the project will still be under budget since the contract pricing was very favorable on the water main expenses compared to the estimates.

## REQUESTED ACTION

Staff requests the Commission provide direction on whether or not they wish to fund additional costs for the project and if so to what degree?

RESOLUTION #1136

A RESOLUTION APPROVING OF THE ESTIMATED COST OF  
PIPE OVERSIZING ON THE WATERMAIN PROJECT:

PRAIRIE MEADOWS

WHEREAS, the Shakopee Public Utilities Commission has been notified of a watermain project, and

WHEREAS, the pipe sizes required for that project have been approved as shown on the engineering drawing by SISU Land Surveying and Engineering, and,

WHEREAS, a part, or all, of the project contains pipe sizes larger than would be required under the current Standard Watermain Design Criteria as adopted by the Shakopee Public Utilities Commission, and

WHEREAS, the policy of the Shakopee Public Utilities Commission calls for the payment of those costs to install oversize pipe above the standard size, and

WHEREAS, the pipes considered oversized are listed on an attachment to this Resolution,

NOW THEREFORE, BE IT RESOLVED, that the amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$6,567.00, and

BE IT FURTHER RESOLVED, the payment of the actual amount for said oversizing will be approved by the Utilities Commission when final costs for the watermain project are known.

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 6<sup>th</sup> day of September, 2016.

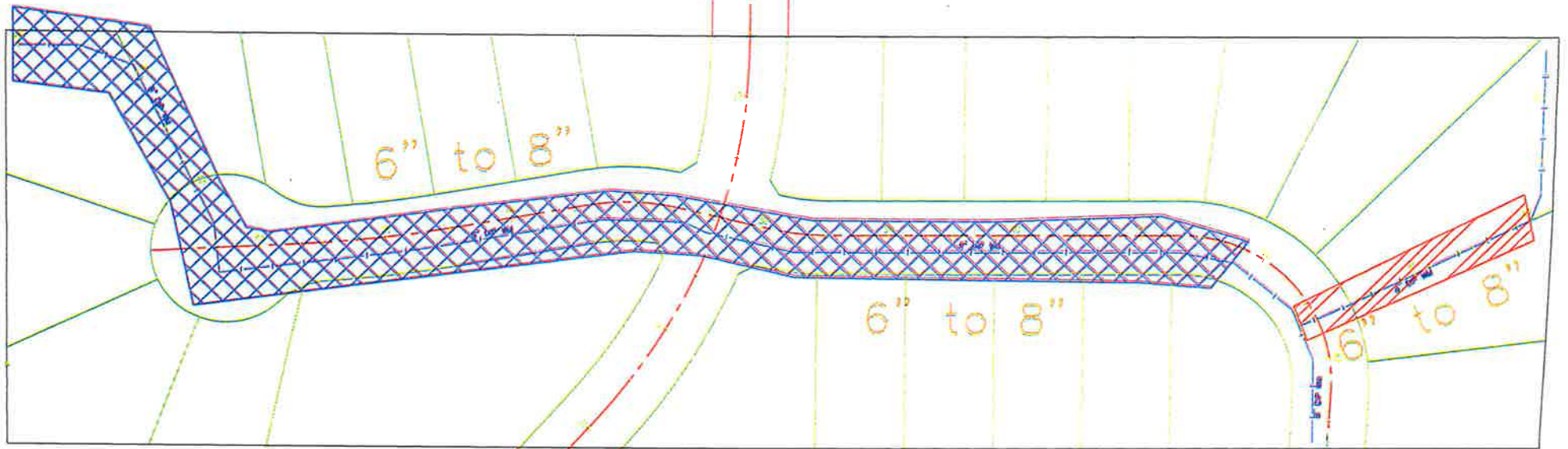
\_\_\_\_\_  
Commission President: Terrance Joos

ATTEST:

\_\_\_\_\_  
Commission Secretary: John R. Crooks



Attachment to  
Resolution #1136



Prairie Meadows  
Trunk Water  
Main Oversizing



## Shakopee Energy Park



**Technology:**

Natural Gas-Fired Reciprocating Engines

**Capacity:**

46 MW

**Location:**

Shakopee, MN

We are excited to share Shakopee Energy Park progress with you. Over the next month, work will focus on preparing the site for engine deliveries (scheduled for September).

Application of the exterior finish has commenced. This month, mechanical installations on the pre-cast roof will be set in advance of the placement of the steel roof structure. Inside the engine hall, structural steel and cable trays are being installed to support engine deliveries. In addition, exterior tank systems are expected to be erected on the east section of the site.

Work has started on utility and gas services for the site. Medium and low voltage switch gear will also be installed in the building in preparation for September construction activities.

### **MMPA Power Supply**

*The power generated by the 46 MW facility is a key component of MMPA's portfolio of diversified resources and will mean even greater power reliability for Shakopee's utility customers.*

*MMPA's goal is to maintain power supply flexibility to ensure that the Agency is best positioned to continue delivering reliable, competitively-priced power to our members, while creating value for the Agency and our members. The Agency takes a long-term approach to power supply planning that includes assembling a diversified portfolio of owned and purchased generation containing both conventional and renewable resources.*

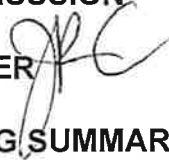
### **Our Plans for the Future**

*MMPA's members' electric demands are growing. This, combined with Elk River beginning to buy power from MMPA in 2018, creates the need for the Agency to plan for additional generating facilities in the next few years. MMPA's plan is to add efficient resources to the Agency's generating portfolio that help MMPA manage risks related to energy pricing, transmission, and environmental regulation.*

For more information, please visit [mmpa.org](http://mmpa.org).



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO: SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**FROM: JOHN R. CROOKS, UTILITIES MANAGER**   
**SUBJECT: AUGUST 2016 MMPA BOARD MEETING SUMMARY**  
**DATE: SEPTEMBER 1, 2016**

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on August 23, 2016 in Shakopee, Minnesota.

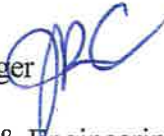

Construction continues to move ahead on MMPA's 46 MW Shakopee Energy Park project. The project remains on schedule for a Q2 2017 in-service date.

MMPA sold bonds to fund the Shakopee Energy Park project on July 28. The yield to maturity on the 31-year bond issue was 3.37%. Closing on the bonds occurred on August 25.

The Board also discussed the status of MMPA's renewable contracts for both wind and solar power.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: John Crooks, Utilities Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: Blue Lake Substation  
DATE: August 31, 2016

ISSUE

Xcel Energy and Northern States Power Minnesota's (NSPM) representative Greg Gorski has submitted the attached letter informing us that they have determined we may retain the two existing distribution feeder positions we presently have in their Blue Lake Substation and that they are no longer willing to consider providing us with space on their property to construct a SPU standalone substation.

BACKGROUND

Up until 2011 we had been attempting to negotiate a new facilities agreement with NSPM for our presence in their Blue Lake Substation. We have two distribution feeder circuits in their substation (since 1978 and 1992) and take service at 13,800 volts on the low side bus of their power transformers. The previous facilities agreement was tied to the now terminated wholesale power supply contract (2004).

The need for a new facilities agreement seemed to have been eliminated with the replacement of the NSPM Shakopee Substation with our own and the evolving discussion of SPU constructing its own substation on an area adjacent to the existing Blue Lake Substation. This discussion was prompted in part by NSPM's load growth from operations commencing at Emerson/Rosemount and the neighboring OPUS buildings. NSPM had asked us to look at eliminating our capacity at Blue Lake, so they could use it for their own needs. We had agreed to look at that option, but now it appears NSPM is no longer interested in making land available for that purpose since they have deemed it unnecessary for us to vacate our capacity.

DISCUSSION

With this notice we believe we should resume negotiations with NSPM on a new facilities agreement. I have attached the latest draft that was in progress when that effort was suspended. I propose we





submit this draft to NSPM and suggest a meeting to discuss the next steps and a timeline to complete negotiations on the agreement.

Based on the proposed terms of the draft agreement if combined load growth of both utilities is ever projected to exceed the substation capacity a “system reinforcement” would be planned under a cost sharing arraignment, unless we opted out of the substation altogether. I believe we should be prepared for that possibility and have a long range electric system planning study completed to determine in advance what our options would be should the need arise, so that we are not caught unaware.

The last such study predates the addition of the 47 MVA Pike Lake 1 Substation, the addition of the 47 MVA Dean Lake 3 Substation and recent large load additions at Amazon, Shutterfly, the Savvis Data Center and the planned (but yet to be constructed) Trystar facility. That study concluded we should perpetually retain the two Blue Lake feeders while also constructing the 28 MVA Pike Lake 1 Substation designed to be expandable with a future 28 MVA Pike Lake 2 substation.

#### REQUESTED ACTION

Staff requests Commission direction to respond to the NSPM notice by acknowledging it and forwarding to NSPM the latest draft facilities agreement and resume negotiations.



414 Nicollet Mall, 414-06  
Minneapolis, Minnesota 55401

August 1, 2016

Shakopee Public Utilities  
Attn: Mr. Joseph Adams  
255 Sarazin Street  
Shakopee, MN 55379  
952-233-1501

Re: Northern States Power Company's Blue Lake Substation  
Shakopee Public Utilities Distribution Feeder Bays

Dear Mr. Adams:

Northern States Power Company, a Minnesota corporation ("NSPM") and Shakopee Public Utilities ("Shakopee") have been in discussions regarding NSPM's Blue Lake Substation and Shakopee's two (2) distribution feeders located within the Blue Lake Substation. This letter is being provided to clarify NSPM's current position regarding Shakopee's two (2) distribution feeders.

Recently, NSPM staff met with Shakopee staff to further discuss Shakopee's future in regards to the Blue Lake Substation and Shakopee's two (2) distribution feeders. A number of possible scenarios were discussed, including Shakopee's desire to construct a new load serving substation on NSPM's Blue Lake property. After further analysis of the current situation at NSPM's Blue Lake Substation and the potential future needs of the NSPM electric system in the area, NSPM has concluded that Shakopee may retain the two (2) existing distribution feeder positions it currently has within NSPM's Blue Lake Substation. However, at this time, NSPM would not like to dedicate additional property for the purpose of building a new substation for the city of Shakopee.

NSPM is committed to working with Shakopee to discuss a new distribution facilities agreement that would address both NSPM's and Shakopee's need with regard to Shakopee's two (2) existing distribution feeders within Blue Lake Substation. NSPM has and will continue to work closely with Shakopee as Shakopee's load serving needs change in the future. We have appreciated Shakopee's input regarding this matter and look forward to working with the city.

Mr. Joseph Adams  
August 1, 2016  
Page 2

Please contact me if you have any questions or concerns.

Regards,



Gregory E. Gorski  
Transmission Business Relations  
414 Nicollet Mall, 414-06  
Minneapolis, MN 55401  
Office 612-330-7516

Cc: Mark Moeller w/ Xcel Energy Service Inc.  
John Crooks w/ Shakopee Public Utilities

DRAFT – Subject to Revision

2011 11 02

**BLUE LAKE AND SHAKOPEE SUBSTATION**  
**DISTRIBUTION FACILITIES AGREEMENT**

Between

**NORTHERN STATES POWER COMPANY**  
A Minnesota Corporation

and

**CITY OF SHAKOPEE**  
A Minnesota Municipal Corporation

| \_\_\_\_\_ 2011

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**APPENDIX A   DIAGRAMS OF DISTRIBUTION FACILITIES**

**APPENDIX B   SERVICE SCHEDULE – DISTRIBUTION FACILITIES CHARGE**

**THIS BLUE LAKE AND SHAKOPEE DISTRIBUTION FACILITIES**

**AGREEMENT** (hereinafter called "Agreement) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2011 , between Northern States Power Company, a Minnesota Corporation, hereinafter called "NSP", and the City of Shakopee, a municipal corporation, acting by and through its Public Utilities Commission, in the County of Scott, State of Minnesota, hereinafter called "City". For purposes of this Agreement, "Party" shall mean NSP or City, and "Parties" shall mean NSP and City.

**RECITALS**

- 0.01 **WHEREAS**, NSP is an electric utility engaged in the business of generating, transmitting, distributing, and selling electric power and energy and related services in the States of Minnesota, North Dakota, and South Dakota; and
- 0.02 **WHEREAS**, City owns and operates an electric utility which is engaged in the business of distributing and selling electric power and energy within its incorporated area and environs; and
- 0.03 **WHEREAS**, NSP and City are parties to a Firm Power Service Resale Agreement dated September 14, 1983, under which City purchased its power and energy requirements from NSP; and
- 0.04 **WHEREAS**, such Firm Power Service Resale Agreement contains a wholesale distribution substation rate, most recently filed with the Federal Energy Regulatory Commission (hereinafter called "FERC") in Docket #ER93-385-000, which provides for delivery of City's power and energy through NSP's Blue Lake and Shakopee distribution substations from NSP's transmission system to City's primary voltage distribution system at the NSP-City Points of Interconnection; and
- 0.05 **WHEREAS**, City submitted written notice to NSP dated July 17, 1992, to terminate delivery of power and energy under such Firm Power Service Resale Agreement at midnight on July 17, 1995; and
- 0.06 **WHEREAS**, effective July 18, 1995, City may purchase its power and energy requirements from power suppliers other than NSP; and
- 0.07 **WHEREAS**, NSP and Minnesota Municipal Power Agency (hereinafter called "MMPA"), as wholesale transmission supplier for City, are parties to an Interconnection and Interchange Agreement dated April 27, 1994, which, inter alia, provides for points of interconnection and points of interchange between the respective electric systems of NSP and City, and losses and meter reading adjustments; and

- 0.08 WHEREAS, effective July 18, 1995, when City ~~began purchasing its power and energy~~ requirements from power suppliers through transmission service arrangements provided by others, City ~~continued to have the need to deliver its power and energy through NSP's~~ Blue Lake and Shakopee distribution substations from NSP's transmission system at the NSP-Energy Supplier Points of Interchange defined herein, to City's primary voltage distribution system at the NSP-City Points of Interconnection defined herein; and
- 0.09 WHEREAS, NSP and City are parties to a Letter Agreement dated June 30, 1995, and effective July 18, 1995, which extended the wholesale distribution substation rate of \$0.47 per kilowatt-month being charged under the Firm Power Resale Agreement referenced in Recital 0.03 through December 31, 1995 and numerous letter agreements extending additional months and years with the most recent letter agreement being dated \_\_\_\_\_, and effective \_\_\_\_\_, which extends the wholesale distribution substation rate of \$0.47 per kilowatt-month being charged under the Firm Power Resale Agreement referenced in Recital 0.03 through \_\_\_\_\_ and which the Parties have agreed to replace with this Agreement; and
- 0.10 WHEREAS, NSP and City are parties to a Facilities Agreement executed July 10, 1978, and effective June 1, 1979, providing for City's installation of certain distribution facilities within NSP's Blue Lake Substation, and which the Parties have agreed to terminate and replace with this Agreement; and
- 0.11 WHEREAS, NSP and City are parties to a Letter Agreement dated June 30, 1995, and effective July 18, 1995, which extended the Facilities Agreement referenced in Recital 0.10 through December 31, 1995 and numerous letter agreements extending additional months and years with the most recent letter agreement being dated \_\_\_\_\_, and effective \_\_\_\_\_, which extends the Facilities Agreement referenced in Recital 0.10 through \_\_\_\_\_ and which the Parties have agreed to replace with this Agreement; and
- 0.12 WHEREAS, NSP agrees to commit certain of its distribution facilities for City's use to deliver its power and energy from NSP's transmission system at the NSP-Energy Supplier Point of Interchange to City's primary voltage distribution system at the NSP-City Points of Interconnection in consideration of payments from City as provided by Article III and Section 5.06.

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NOW THEREFORE, the Parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions

The following terms, when used herein, shall have the meanings specified below.



**"Assigned Capacity"** shall mean the amount of existing firm substation capacity which is available for a Party's use.

**"Blue Lake Substation Distribution Facilities"** shall mean NSP's 115-13.8 kV (25 MVA) transformers #1 and #2, and other associated facilities at NSP's Blue Lake Substation required to deliver power and energy from NSP's 115 kV transmission system to City's 13.8 kV primary distribution facilities.

**"Cost of System Reinforcement"** shall include design, engineering, materials, labor, and miscellaneous administrative and general overheads associated with a System Reinforcement project.

**"Distribution Facilities"** shall mean the Blue Lake Substation Distribution Facilities and the Shakopee Substation Distribution Facilities shown in Appendix A, including any System Reinforcements provided in accordance with Section 3.02, over which power and energy is delivered to City from the NSP-Energy Supplier Points of Interchange to the NSP-City Points of Interconnection.

**"Distribution Facilities Charge"** shall mean that monthly amount of compensation paid by City to NSP for the use of the Distribution Facilities.

**"Non-coincident Peak Demand"** shall mean the maximum annual 15 minute integrated demand regardless of when it occurs in the year.

**"NSP-City Points of Interconnection"** shall mean the 13.8 kV Blue Lake Substation Points of Interconnection and the 12.5 kV Shakopee Substation Point of Interconnection set forth in the NSP-MMPA Interconnection and Interchange Agreement referenced in Recital 0.07, or other comparable Interconnection and Interchange Agreement between City's transmission service provider and NSP. The NSP-City Points of Interconnection are shown in Appendix A.

**"NSP-Energy Supplier Points of Interchange"** shall mean the 115 kV Blue Lake Substation Point of Interchange and the 69 kV Shakopee Substation Point of Interchange set forth in the NSP-MMPA Interconnection and Interchange Agreement referenced in Recital 0.07, or other comparable Interconnection and Interchange Agreement between

City's transmission service provider and NSP. Both NSP-Energy Supplier Points of Interchange are shown in Appendix A.

"**Shakopee Substation Distribution Facilities**" shall mean NSP's 69-12.5 kV (28 MVA) transformers #1 and #2, and other associated facilities at NSP's Shakopee Substation required to deliver power and energy from NSP's 69 kV transmission system to City's 12.5 kV primary distribution facilities.

"**System Reinforcements**" shall be additional substation facilities, upgrades or replacements of existing facilities required to address deficiencies in service quality, service reliability and safety. System Reinforcements may involve, but are not limited to, transformers, breakers, switches, current-limiting reactors, bus work and interconnecting jumpers, voltage and current transducers, protective relaying, metering, controls, and communication equipment. The need for a System Reinforcement project will be determined by NSP's Planning Department evaluating the adequacy of existing facilities to serve present and future load and generation in accord with applicable power system planning and operating criteria, guides and standards.

**ARTICLE II**

**CITY'S USE OF DISTRIBUTION FACILITIES**

**SECTION 2.01 City's Use of Distribution Facilities**

City may use the Distribution Facilities for delivery of its power and energy from the NSP-Energy Supplier Points of Interchange to the NSP-City Points of Interconnection to supply City's power and energy requirements. The City's Assigned Capacity at Blue Lake substation is 12.5 MVA. ~~The City's Assigned Capacity at the Shakopee substation is 24.0 MVA. The Parties may mutually agree to change the City's and NSP's Assigned Capacity. NSP's Assigned Capacity in the Blue Lake Substation is \_\_\_\_\_ MVA and NSP's Assigned Capacity at Shakopee substation is \_\_\_\_\_ MVA.~~

**Deleted:** (equivalent to 2 feeders)

**Deleted:** (equivalent to 4 feeders)

**Deleted:** NSP reserves the right to reclaim capacity equivalent to one feeder from City's Assigned Capacity at Blue Lake and Shakopee substations for NSP load serving requirements, upon one year's prior written notice.

**SECTION 2.02 Facilities in NSP's Blue Lake Substation**

- (a) NSP has made available for City certain facilities within NSP's Blue Lake Substation as shown in Appendix A attached hereto. Such facilities include steel structure, 115-13.8 kV transformers and associated equipment, 13.8 kV main and transfer bus, grounding system, certain control facilities, and the A.C. and D.C. auxiliary power supply required for the 13.8 kV distribution feeder bays. Said facilities shall be and remain the property of NSP.
- (b) City has installed City-owned facilities within the 13.8 kV distribution feeder bay provided therefore. Such facilities include circuit breakers, certain control facilities, disconnect switches, current and potential transformers, lighting arresters, terminators and associated equipment used in conjunction therewith. City's facilities must be comparable in design, construction and operation with NSP's facilities and shall be subject to approval by NSP, which approval shall not be unreasonably withheld. Said facilities shall be and remain the property of City.
- (c) Each Party shall pay all taxes or assessments levied against its own equipment and property.
- (d) Neither Party shall permit any mechanic's, laborer's or material supplier's liens to stand unsatisfied against the other Party's equipment in the Blue Lake Substation.
- (e) If at any time City's use of NSP's Blue Lake Substation hereunder is terminated, or this Agreement is terminated in accordance with Section 5.13, City shall remove its equipment, at no cost to NSP, from NSP's Blue Lake Substation and restore NSP's Blue Lake Substation to a reasonable condition satisfactory to NSP by correcting any damage that may have been caused by City's removal work.

**SECTION 2.03 Facilities in NSP's Shakopee Substation**

- (a) NSP has made available for City certain facilities within NSP's Shakopee Substation as shown in Appendix A attached hereto. Such facilities include structures, 69-12.5 kV transformers and associated equipment, 12.5 kV bus, grounding system, certain control facilities, A.C. and D.C. auxiliary power supply, and the connection from NSP's 12.5 kV bus to City's 12.5 kV bus located

in City's distribution station adjacent to NSP's Shakopee Substation. Said facilities shall be and remain the property of NSP.

- (b) City has not installed any City-owned facilities within NSP's Shakopee Substation.
- (c) Each Party shall pay all taxes or assessments levied against its own equipment and property.
- (d) Neither Party shall permit any mechanic's, laborer's or material supplier's liens to stand unsatisfied against the other Party's equipment in the Shakopee Substation.

**ARTICLE III**

**COMPENSATION FOR USE OF DISTRIBUTION FACILITIES**

**SECTION 3.01 Distribution Facilities Charge**

In consideration of NSP owning, operating, maintaining, installing temporary facilities, and making available the Distribution Facilities for City's use as provided for in Article II, City shall pay NSP, in accordance with Section 5.06, a Distribution Facilities Charge as set forth in the Service Schedule in Appendix B, as updated from time to time in accordance with Section 3.03.

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**SECTION 3.02 System Reinforcements**

- (a) Each Party shall annually exchange substation transformer load data for the preceding year with the other Party. For system planning purposes, both Parties shall provide the other Party with at least two years prior notice of any planned changes to their system, either load or physical changes, which may require additional System Reinforcements. If either Party becomes aware of any significant change to the information they have supplied to the other Party, the Party shall notify the other Party in accordance with Section 5.05 immediately. The Parties and their associated planners will cooperate with each other to identify cost effective plans to meet system requirements and to reduce the need for System Reinforcements using prudent utility planning. The planners of each

Party will meet annually to review historical and forecast load data, to recommend changes in the Assigned Capacity of each Party based on historical and forecast loads, to identify potential facility deficiencies and to identify the need for a joint study of alternatives to alleviate such deficiencies, which need will be communicated to the respective management personnel of each Party.

- (b) In the event the Distribution Facilities used by City pursuant to this Agreement become loaded to a point which jeopardizes service reliability, planned System Reinforcements such as new facilities or upgrades of existing facilities may be required. City recognizes that it may be responsible for additional reasonable charges associated with such planned System Reinforcements.
- (c) For City's budget purposes, NSP shall provide City with at least two years prior notice of any planned System Reinforcements for which City will be partly responsible for additional charges as provided for in Section 3.02(e). Along with any notice of any planned System Reinforcement, NSP shall also provide City with an estimate of the cost of such reinforcement, in as much detail as is available, describing the nature of the reinforcement, the facilities needed and including a breakdown by material, labor, equipment and overheads. NSP will provide the City with updates for the estimated cost and installation schedule of System Reinforcements as soon as such updates become available. Along with the estimate of the cost of the System Reinforcements, NSP will also provide City with an estimate of the change in the Distribution Facilities Charge resulting from such System Reinforcement along with a detailed calculation showing the basis for such change and the schedule for implementing the System Reinforcement and the change in the Distribution Facilities Charge.
- (d) Upon written notice of the final commitment to install a planned System Reinforcement by NSP, City shall respond within 90 days if such approval shall be withheld; otherwise, approval is granted without further action by City. Upon written notice of the final commitment to install a planned transformer capacity System Reinforcement by NSP, City shall respond in 90 days if City chooses to reduce City's load instead of approving a transformer capacity System

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Reinforcement. If City chooses to reduce City's load on a permanent basis, City's Assigned Capacity will be reduced by such amount.

- (e) In the event City approves a planned System Reinforcement in accordance with Section 3.02(d), the method used to determine the revised Distribution Facilities Charge, shall be calculated according to the Distribution Facilities Charge Calculation Formula in the Service Schedule in Appendix B. In the event the City chooses to reduce load in accordance with Section 3.02(d), the method used to determine a reduction in Distribution Facilities Charge shall be calculated according to the Distribution Facilities Charge Calculation Formula in the Service Schedule in Appendix B.

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Any change to the Distribution Facilities Charge shall be subject to any required regulatory approval or acceptance. An example of the Distribution Facilities Charge is included in Appendix B.

- (f) In the event City decides to provide the System Reinforcements independently or under a separate arrangement between the Parties, NSP shall be under no obligation to construct such System Reinforcements under this Agreement.
- (g) In the event City decides not to contribute to planned System Reinforcements which are to be installed for maintaining or enhancing reliability of service to City loads, NSP shall be under no obligation to construct such System Reinforcements. For transformer capacity specific System Reinforcements, the City shall agree to either contributing to the System Reinforcement or a reduction in City load which eliminates the need for the System Reinforcement.
- (h) Unplanned System Reinforcements may be required due to failure or forced replacement of the Distribution Facilities or portions thereof. City recognizes that it may be responsible for additional reasonable charges associated with such unplanned System Reinforcements involving like in kind replacement of equipment. Unplanned System Reinforcements involving emergency replacement of equipment, shall not result in an equipment upgrade (such as increasing

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equipment ratings unless mutually agreed to by both Parties. NSP shall give City as much notification as possible for unplanned System Reinforcements.

For unplanned System Reinforcements, the method used to determine ~~the revised~~ Distribution Facilities Charge, shall be calculated according to the Distribution Facilities Charge Calculation Formula in the Service Schedule in Appendix B.

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Any change to the Distribution Facilities Charge shall be subject to any required regulatory approval or acceptance.

(i) If System Reinforcements are made in accordance with Section 3.02(e) and 3.02(h) by NSP under this Agreement during the term of this Agreement, then upon termination of this Agreement solely by City, City shall pay NSP a single lump sum payment equivalent to the present value of City's share of the remaining revenue requirements through the end of the depreciated life of such System

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Reinforcements or, at the City's option, the City shall pay, through the remaining life or through the end of the depreciated life of such System Reinforcement (whichever comes first), a monthly Facilities Charge payment to NSP equal to the amount that would have been paid by the City had the City not terminated the agreement, in either case taking into account the periodic adjustment in the Distribution Facilities Charge as envisioned under Section 3.03 and changes in NSP's Assigned Capacity as evidenced by increases in NSP Non-coincident Peak Demand on the Blue Lake and Shakopee substations, provided however, that City's payment will no longer be required after NSP's Non-coincident Peak Demand has increased to a level that would have required the installation of the System Reinforcement without City's load. NSP will annually provide the City with data on NSP's peak load on the Blue Lake and Shakopee substations and any other data or information needed to calculate the required payment, if any, by the City. Such present value of the remaining revenue requirements shall be based on a levelized annual fixed charge rate consisting of NSP's cost of capital, depreciation, income taxes, property taxes, and operation and maintenance, and NSP shall also factor in any removal costs and salvage value. For calculating the lump sum payment amount, the present value of the levelized annual fixed

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charges will be calculated using a discount rate equal to NSP's average cost of capital.

- (j) At the City's option, the City may elect to pay the cost of acquiring and installing new facilities installed as System Reinforcements and own a prorata share of such facilities based on its Assigned Capacity in lieu of NSP paying all costs for new facilities and the City paying the Distribution Facilities Charge for its share of carrying costs. Upon written notice of the final commitment to install a planned System Reinforcement by NSP, City shall indicate in writing within 90 days its intent to exercise this direct investment option. NSP will provide cost data so that City can make a prorata investment based on relative amounts of Assigned Capacity and the remaining depreciated value of existing substation facilities.

**SECTION 3.03 Updating the Distribution Facilities Charge**

Once every five years and upon a mutually-agreed-to change in the Assigned Capacity of either Party or upon the installation of a System Reinforcement, NSP will update the Distribution Facilities Charge using the Distribution Facilities Charge Calculation Formula in the Service Schedule in Appendix B.

**Deleted:** If the City's Assigned Capacity is changed upon mutual agreement of the Parties or upon notification of NSP to reclaim the equivalent of one feeder's capacity in accordance with Section 2.01 or upon request of either Party, the method used to determine the updated Distribution Facilities Charge shall be calculated according to the formula in the Service Schedule in Appendix B.

**ARTICLE IV**

**OBLIGATIONS AND RESPONSIBILITIES REGARDING DISTRIBUTION FACILITIES**

**SECTION 4.01 Operation**

- (a) NSP has the sole right and responsibility to operate the Distribution Facilities owned by NSP for the period of this Agreement. All costs to operate such Distribution Facilities, including, but not limited to, monitoring operating conditions and switching, shall be NSP's responsibility, except the costs City shall pay via the Distribution Facilities Charge as referenced in Section 3.01.
- (b) City shall comply with all NSP operating requests, including curtailment of the use of the Distribution Facilities, as soon as practically possible. City's use of the Distribution Facilities will be consistent with the character of service to similarly situated NSP wholesale customers. Service reductions or curtailments shall be



implemented on a pro-rata basis consistent with the rules of the National Electric Reliability Council (hereinafter called "NERC"), the Mid-Continent Area Power Pool (hereinafter called "MAPP"), the Midwest Independent System Operator or the rules of any similar or succeeding organization by which NSP must abide, and in accordance with NSP's operating practices for loads and/or generation connected to the NSP transmission system.

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**SECTION 4.02 Maintenance**

NSP has the sole right and responsibility to maintain the Distribution Facilities owned by NSP for the period of this Agreement. All costs to maintain such Distribution Facilities, including routine maintenance, preventive maintenance, minor emergency repairs including non-transformer failures, temporary mobile transformer installation and removal, testing, or other maintenance or equipment replacement that would not be considered an upgrading of the Distribution Facilities, shall be NSP's responsibility, except the costs the City shall pay via the Distribution Facilities charge as referenced in Section 3.01, unless the Distribution Facilities were damaged by the willful misconduct, negligent act or omission of City, its agents or employees.

**ARTICLE V**

**GENERAL**

**SECTION 5.01 Continuity of Service**

Unless otherwise mutually agreed by the Parties, the availability of the Distribution Facilities for City's use as provided for in Section 2.01 shall be continuous except for the following:

- (a) Interruptions or reductions due to an uncontrollable force, which by exercise of due diligence and foresight, could not reasonably have been avoided. The term "uncontrollable force" shall be deemed to mean any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority. The Party

rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch: provided that the settlement of strikes or labor disturbances shall be entirely within the discretion of the Party having such difficulty, and the above requirement that any difficulty shall be removed with reasonable dispatch shall not require the settlement of strikes or labor disputes by acceding to the demands of the opposition in such strikes or labor disturbances when such course is inadvisable in the discretion of the Party having such difficulty.

- (b) Interruptions or reductions due to operation of devices installed for power system protection. The Party responsible for operating such a device shall exercise due diligence to remove such interruption or reduction with all reasonable dispatch.
- (c) Temporary interruptions or reductions which are necessary or mutually desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. Each Party will give the other Party and other affected utilities reasonable advance notice of such interruptions or reductions, except in case of emergency as determined by the Party creating the interruption or reduction, and will remove the cause thereof with all reasonable dispatch.

(d) To the extent available and as soon as practicable, NSP will use mobile transformers and associated equipment to provide service during temporary transformer outages that are reasonably expected to result in service curtailment to either Party or the loading of any facility to a level that exceeds its rated capacity.

#### SECTION 5.02 Limitation of Liability

A Party shall not be liable to the other Party in the event a Party is prevented from making the Distribution Facilities available for the other Party's use as provided for in Section 2.01, in whole or in part, for any of the reasons set forth in Section 5.01. Each Party shall be prompt and diligent in attempting to remove the cause of its failure to perform, and nothing herein shall be construed as permitting a Party to continue to fail to perform after said cause has been removed, however, a Party shall not be obligated to

agree to any settlement of a strike or labor dispute which, in a Party's sole opinion, may be inadvisable or detrimental.

**SECTION 5.03 Waiver of Consequential Damages**

In no event shall one Party be liable to the other Party under this Agreement for any indirect, special, or consequential damages, including but not limited to, loss of use, loss of revenue, loss of profit, and/or cost of replacement power, interest charges, cost of capital, claims of its customers to which service is made, from any cause howsoever arising.

**SECTION 5.04 Indemnity**

Subject to Section 5.03, each Party agrees to defend, indemnify, and hold harmless the other Party against any and all third party claims, liability, loss, damage, or expense caused by or resulting from the willful misconduct or negligent acts or omissions of the indemnifying Party, its employees or agents related to service provided under this Agreement.

**SECTION 5.05 Notices**

Any notice, demand, request, or communication required or authorized by this Agreement shall be either hand delivered or mailed by certified mail, return receipt requested, with postage prepaid, to the Parties as follows:

For City:

John Crooks  
Utilities Manager  
Shakopee Public Utilities Commission  
City of Shakopee  
255 Sarazin Street, PO Box 470  
Shakopee, MN 55379  
952 445 1988

For NSP:

James M. Ashley  
Director, Electric Supply Management  
Northern States Power Company  
414 Nicollet Mall – 8th Floor  
Minneapolis, MN 55401  
(612) 330-6518

For Billings:

Cindy Menke  
Shakopee Public Utilities Commission  
City of Shakopee  
255 Sarazin Street, PO Box 470  
Shakopee, MN 55379  
952 445 1988

Renee A. Wagner  
Customer Service System  
Northern States Power Company  
414 Nicollet Mall – 8th Floor  
Minneapolis, MN 55401  
(612) 330-2130

The designation and titles of the person to be notified or the address of such person may be changed at any time by written notice.

**SECTION 5.06 Billing and Payment of Procedure**

(a) Invoice and Place of Payment.

Unless otherwise agreed, bills for Distribution Facilities provided under this Agreement shall be rendered by the tenth working day of each month for services provided during the previous calendar month. City's payment to NSP shall be due, if by mail, at NSP's billing office, or if by wire transfer, to a bank and account named by NSP, no later than 15 days following the date of such invoice. If the due date falls on a Saturday, Sunday or holiday, payment shall be due on the next business day.

(b) Interest on Overdue Amounts

Payments received after the due date shall be considered late. Such amount shall bear interest at the average of the annual prime rate as published in the "Money Rates" section of the Midwest Edition of the Wall Street Journal plus 2% for each day of the late payment period, multiplied by the number of days which have elapsed from the day after the due date to, and including the payment date, and divided by 365.

(c) Disputed Invoices

In the event City disputes all or any part of the charges submitted by NSP, City shall nevertheless pay the full amount of the charges when due and give notice to NSP in writing within one calendar year from the receipt of the bill. Such notice shall set forth the grounds on which the charges are disputed and the amount in dispute.

Any overpayment or underpayment determined after adjustment shall bear interest at the average of the annual prime rate as published in the "Money Rates" section of the Midwest Edition of the Wall Street Journal plus 2% for each day of

the dispute period, multiplied by the number of days which have elapsed from the date of payment to and including the date of refund, and divided by 365.

(d) Currency

All amounts and sums of money referred to in this Agreement are expressed in terms of United States of America dollars and all amounts and sums payable hereunder shall be paid in lawful money of the United States of America.

**SECTION 5.07 Regulation**

This Agreement and all rights and obligations of the Parties hereunder are subject to all applicable state and federal laws or government authorities having jurisdiction thereto.

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The Parties hereto agree to defend this Agreement before any regulatory body, and to cooperate to seek to obtain any necessary regulatory approvals.

**SECTION 5.08 Successors and Assigns**

This Agreement shall be binding upon the respective Parties, their successors and assigns, on and after the effective date hereof. None of the provisions of this Agreement, whether in whole or in part, shall be assigned by either Party to any third party without the written consent of the other Party, which shall not be unreasonably withheld, except that a Party, without the consent of the other Party, may assign to a successor in the event of a merger or reorganization, and such successor shall be bound by all terms and conditions hereof and shall assume all obligations of the assignor.

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**SECTION 5.09 No Residual Value**

This Agreement shall not be construed to provide any residual value to either Party or its successors or assigns or any other party, for rights to, use of, or benefits from the other Party's system following expiration of this Agreement.

**SECTION 5.10 No Third Party Beneficiary**

No provision of this Agreement shall in any way inure to the benefit of any customer, or any other third party so as to constitute any such person as a third party beneficiary under this Agreement, or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

**SECTION 5.11 Unilateral Rate Change Rights**

Unless otherwise provided in a Service Schedule, nothing contained in this Agreement shall be construed as affecting or limiting in any way the right of NSP to unilaterally file with the FERC, or make application to the FERC for, changes in rates, charges, classifications, or service, or any rule or regulation relating thereto, pertaining to the Service Schedule attached in Appendix B hereto, under Section 205 of the Federal Power Act and pursuant to the FERC's rules and regulations promulgated thereunder, or under other applicable statutes or regulations. Nor shall any provision of this Agreement be construed to limit a Party's right to file a complaint pursuant to Section 206 of the Federal Power Act related to rates, charges, classifications, or service. The Parties shall be bound to any and all subsequent changes to such Service Schedules attached in Appendix B hereto, as allowed to become effective by the FERC. The Service Schedule attached in Appendix B hereto shall be updated accordingly.

**SECTION 5.12 Captions**

All titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive or to affect the meaning of the contents or scope of this Agreement.

**SECTION 5.13 Term of Agreement**

This Agreement shall become effective on the date this Agreement is accepted for filing by the FERC, shall remain in full force and effect until such time that both the Shakopee substation and the Blue Lake substation are retired by mutual agreement of the Parties or until such time that the City's Assigned Capacity in both substations is reduced to zero in accordance with Section 2.01 and Section 3.02 (d).

**Deleted:** and shall remain in effect through December 31, 2001; if not then terminated by at least two years prior written notice given by either Party to the other Party, it shall continue in full force and effect until so terminated.

**SECTION 5.14 Termination of Other Agreements**

(a) Termination of Facilities Agreement

Parties agree that the Facilities Agreement referenced in Recital 0.10 shall be terminated upon the commencement of this Agreement, except as to any unpaid bills for services provided by NSP to City or unfulfilled claims of either Party.

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(b) Termination of Letter Agreement

Parties agree that the Letter Agreement referenced in Recital 0.09 shall be terminated upon the commencement of this Agreement, except as to any unpaid bills for services provided by NSP to City, ~~or unfulfilled claims of either Party.~~

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(c) Termination of Letter Agreement

Parties agree that the Letter Agreement referenced in Recital 0.11 shall be terminated upon the commencement of this Agreement, except as to any unpaid bills for services provided by NSP to City, ~~or unfulfilled claims of either Party.~~

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**SECTION 5.15 Drafting Responsibility**

Neither Party shall be deemed solely responsible for drafting all or any portion of this Agreement and, in the event of a dispute, responsibility for any ambiguities arising from any provision of this Agreement shall be equally shared by both Parties.

**ARTICLE VI**

**ARBITRATION**

**SECTION 6.01 Arbitration**

Except as set forth below, any dispute under this Agreement, including disputes regarding the quality of NSP's provision of service hereunder, shall be subject to resolution by arbitration. In such event, the procedures set forth in this Article VI shall apply.

(a) Scope of Arbitration

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be subject to resolution by arbitration, except that antitrust claims and any claims involving third parties and based upon contribution, indemnification, or damages based on tortious conduct shall not be subject to arbitration under this Agreement. Also, the Distribution Facilities Charge set forth in Section 1.0 of Appendix B and any charges permitted under Sections 3.02(e), 3.02(h), 3.02(i), or Section 2.0 of Appendix B, are subject to review by

the FERC and shall not be subject to arbitration. Also, any complaint or proceeding initiated by, or intervened in by, City before the FERC shall not be subject to arbitration, unless the Parties otherwise agree, provided that the complaint or proceeding is initiated by City before a notice to arbitrate described in Section 6.01(b) has been issued.

(b) Condition Precedent

Prior to initiation of arbitration, any controversy or claim shall first be referred by initial written notice pursuant to Section 5.05. NSP and City shall meet for the purpose of discussing and resolving the disputed issues. If the controversy or claim is not resolved or referred for mediation within 60 calendar days of such initial notice, either Party may give notice in writing that the controversy or claim shall be decided by arbitration. Any failure to initiate arbitration within said 60 day period or within 30 days after termination of mediation proceedings, whichever is later, shall be deemed a waiver of the right to arbitrate the controversy or claim. Any waiver shall not prejudice a Party's right to arbitrate a controversy or claim which is substantively the same as the waived disputed issues except that they are based on facts arising subsequently to the facts that gave rise to the previous controversy or claim.

(c) Arbitration Procedure

The arbitration shall be conducted before three arbitrators appointed by the American Arbitration Association and shall be conducted in accordance with The Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitrators shall be competent by virtue of education and experience in the particular matter subject to arbitration. The arbitrators shall have jurisdiction and authority to interpret, apply, or determine compliance with the provisions of this Agreement insofar as shall be necessary to the determination of issues properly before the arbitrators. In making the decision, the arbitrators shall issue appropriate written findings and conclusions regarding the issues. The arbitrators shall not have jurisdiction or authority to add to, detract from, or alter the provisions of this Agreement or any applicable law or rule of civil procedure.



The arbitrators shall not have the authority to require the continuation of this Agreement on behalf of a Party if the other Party does not perform its material obligations under this Agreement.

(d) Discovery

Each Party shall have the rights of discovery in the manner provided under the rules governing civil actions in the district courts of the State of Minnesota, provided that the arbitrators at their discretion, or upon request of a Party, may limit discovery in the interest of maintaining the arbitration objective of prompt and expedient dispute resolution. All discovery issues shall be determined by order of the arbitrators upon motion made to them by either Party. When a Party is asked to reveal material which the Party considers to be proprietary information or trade secrets, the Party shall bring the matter to the attention of the arbitrators, who shall make such protective orders as are reasonable and necessary or as are otherwise provided by law.

(e) Continuation of Performance

Pending the final decision of the arbitrators, the Parties agree to diligently proceed with the performance of all obligations, including the payment of all sums, required by this Agreement. Interest accrual under Section 5.06 shall be applied to all overpayments and underpayments which occur pending resolution of a dispute.

(f) Costs

Unless the arbitrators shall specify otherwise, each Party shall pay one-half of the arbitrators' fees, costs, and expenses incurred in connection with the arbitration proceeding. Each Party, however, shall pay its own employees, expert consultants' and attorneys' fees, as well as its costs of exhibits and other incidental costs.

(g) Enforcement

Any decision (including orders arising out of disputes as to the scope or appropriateness of a request for, or a response to, discovery) of the arbitrators may be enforced in district court with all costs, including court costs, paid by the Party in default or in error. City and NSP hereby acknowledge the State of Minnesota and the Federal District Court in Minneapolis-St. Paul as appropriate venues for any disputes hereunder, and will not dispute the jurisdiction of the Minnesota District Court or Federal District Court in Minneapolis-St. Paul regarding matters not within the jurisdiction of other regulatory agencies.

(h) Venue

All arbitration proceedings under this Article VI shall take place in the State of Minnesota. The arbitration shall be held at a location agreed upon by the Parties. In the event of failure to agree, the arbitrators shall determine the most convenient venue based upon the location of the majority of the documentary evidence and prospective witnesses.

**SECTION 6.02 Compromise and Settlement**

(a) Disclosure Prohibited

Except as may be necessary for any review by the FERC or for any enforcement proceeding under Section 6.01(g), no communications sent or documents delivered by either Party because of an arbitration proceeding under this Article VI shall be disclosed by the other Party to a third party if that communication or document contains the caption "Privileged and Confidential; Settlement Proceedings" or similar caption.

(b) Settlement

Except as may be necessary for any review by the FERC or for any enforcement proceeding under Section 6.01(g), the arbitrators' decision shall be deemed to be a settlement between the Parties and the decision shall be treated as a settlement for all purposes in the future.

**SECTION 6.03 Effect of Termination**

This Article VI shall survive the termination of this Agreement as necessary to resolve any disputes arising under this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Distribution Facilities Agreement to be duly executed as of the day and year first above written.

ATTEST

**CITY OF SHAKOPEE**  
A Minnesota Municipal Corporation

\_\_\_\_\_

By \_\_\_\_\_

ATTEST

**NORTHERN STATES POWER COMPANY**  
A Minnesota Corporation

\_\_\_\_\_  
Assistant Secretary

By \_\_\_\_\_  
Kenneth J. Zagzebski  
General Manager, Electric Delivery

DRAFT – Subject to Revision

2011 11 02

**APPENDIX A**

**DIAGRAMS OF DISTRIBUTION FACILITIES**

- Blue Lake Substation Distribution Facilities Diagram
- Shakopee Substation Distribution Facilities Diagram

APPENDIX B

SERVICE SCHEDULE

DISTRIBUTION FACILITIES CHARGE

1.0 Rate Schedule A -- Distribution Facilities Charge.

City agrees to pay NSP a monthly Distribution Facilities Charge for use of the Distribution Facilities under the provisions of this Agreement at the amount set forth as follows:

The monthly Distribution Facilities Charge for City shall initially be \$10,563.00 commencing on the date this Agreement is accepted for filing by the FERC.

Comment [KF1]: Need to update.

~~The monthly Distribution Facilities Charge will be updated by NSP once every five years and when the Assigned Capacity of either party is changed or when System Reinforcements are required and in either case once every five years thereafter. The Distribution Facilities Charge is calculated as shown below entitled 'Distribution Facilities Charge Calculation Formula'. The Distribution Facilities Charge will be adjusted on an equitable basis to reflect any capital investment made by City in Distribution Facilities as provided for in the Distribution Facilities Charge Calculation Formula.~~

Deleted: (OR If we agree to allow Rate Schedule A to be updated, this value would have to be replaced with the appropriate formula. The Formula would include an administrative charge to cover the cost to NSP to update the charge.)

This charge includes associated operation and maintenance costs for the Distribution Facilities. This charge is the City's share of Distribution Facilities revenue requirements based on Assigned Capacity relative to substation firm capacity.

The following is the Distribution Facilities Charge Calculation Formula

Distribution Facilities Charge =

$$\frac{(((A+E) \times B \times C) / (C+D)) / 12 - [E \times B / 12]}$$

Where:

A = Total net book value of the NSP facilities in service, including System Reinforcements, if any, and not including any facilities being replaced or retired.

B = Annual fixed charge rate shall consist of NSP's cost of capital, depreciation, income taxes, property taxes, and operation and maintenance, and NSP shall also factor in any removal costs and salvage value.

C = City's Assigned Capacity in either the Blue Lake Substation or the Shakopee Substation.

D = NSP's Assigned Capacity in either the Blue Lake Substation or the Shakopee Substation.

E = Total net book value of the City facilities in service or City investment in facilities in service, including System Reinforcements, if any, and not including any facilities being replaced or retired.

The annual fixed charge rates to be used in the calculation set forth in Sections 3.02(e) and 3.02(h) shall initially be 19.0880% for NSP's Blue Lake Substation or 19.1003% for NSP's Shakopee Substation.

Deleted: ¶

¶

2.0 Rate Schedule B – System Reinforcements.¶

System reinforcements may require an increase to the monthly Distribution Facilities Charge, as explained in Sections 3.02(e) and 3.02(h), for the remaining term of this Agreement, beginning in the monthly billing immediately following the calendar month during which the System Reinforcements were placed in service. The method used to determine such additional charges, which shall be applied as an increase to the Distribution Facilities Charge, shall be calculated according to the following formula:¶

¶

Amount of monthly increase in Distribution Facilities Charge obligation to City for System Reinforcements installed by NSP¶

¶

Deleted: cost of reinforcement less the

Deleted: equipment

Deleted: being replaced

Deleted: for System Reinforcements

Deleted: Non-coincident Peak Demand

Deleted: for the preceding twelve months

Deleted: on

Deleted: Non-coincident Peak Demand

Deleted: for the preceding twelve months

Deleted: on

Deleted: For example, in 1996 assume new System Reinforcements (e.g., do not replace any existing equipment) costing \$20,000 are performed on NSP's Blue Lake Substation.¶

¶

A = \$20,000¶

B = 19.0880%¶

C = 11,352 kW¶

D = 22,295 kW¶

¶

The increase to the monthly Distribution Facilities Charge would be:¶

$$\begin{aligned} & ((\$20,000 \times 0.190880 \times 11,352) / (11,352 + \\ & 22,295)) / 12 \\ & = \$107.33 \end{aligned}$$

¶

The total monthly Distribution Facilities Charge during 1996 would change to:¶

$$\begin{aligned} & \$10,563.00 + \$107.33 \\ & = \$10,670.33 \end{aligned}$$

¶

As another example, in 1996 assume incremental System Reinforcements costing \$20,000 (e.g., total cost of reinforcement of \$30,000 less \$10,000 net book value of the equipment being replaced) are performed on NSP's Shakopee Substation.¶

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# SHAKOPEE PUBLIC UTILITIES

"Lighting the Way – Yesterday, Today and Beyond"

August 31, 2016

TO: John Crooks, Utilities Manager

FROM: Renee Schmid, <sup>RS</sup>Director of Finance and Administration

SUBJECT: Job Description Updates and Resolution Regulating Wage Ranges

The following job descriptions have been updated to include the following changes:

- Information Technology Coordinator: Updates include addition of supervisory responsibilities and minor changes to essential job duties/results.
- Information Technology Network Administrator: This is a new job description for a 2016 approved staff addition in the Information Technology group. A compensation review was completed for this position with a proposed bi-weekly minimum wage of \$26.91 and a bi-weekly maximum range of \$44.84

If the commission agrees with the proposed job description changes and proposed wage range, Resolution #1137 is presented to the commission for adoption and approval.

### Requested Action for 9/06/16 Commission Meeting

- Approve revised job descriptions for the Information Technology Coordinator and Information Technology Network Administrator positions.
- Adopt resolution #1137, a resolution regulating wage ranges including the new position of Information Technology Network Administrator



## SHAKOPEE PUBLIC UTILITIES COMMISSION

<b>JOB CLASSIFICATION:</b>	Information Technology Coordinator
<b>REPORTS TO:</b>	Director of Finance and Administration
<b>SUPERVISES:</b>	Network Administrator
<b>JOB PURPOSE:</b>	Acts as network manager and ensures the security of the Utility's information systems. Ensures the efficient operation of the Utility's computer systems. Troubleshoots computer problems and determines when outside professional help is required.

### ESSENTIAL JOB RESULTS:

1. Acts as the network administrator for the Utilities, and has cross-departmental obligations. Functions include solving network problems as they occur, anticipating possible network problems, keeping accurate and up to date documentation on networks, setting up passwords, security, network printers, providing and documenting access to computer network and systems, and providing troubleshooting assistance as needed.
2. Makes recommendations on software and hardware purchase and installs hardware and software as needed. Coordinates with vendors to assure that maintenance activities are promptly performed, and that hardware additions are properly installed. Maintains an inventory of the Utility's hardware and software.
3. Establishes back-up procedures for all computer systems and ensures backups are correct and timely.
4. Coordinates IT services with external sources as needed under the guidance of the Director of Finance and Administration.
5. Provides, recommends, and organizes ongoing training to computer users to ensure that the features and functions available within the applications software are being full and properly utilized.
6. Design and maintain Utilities' web site.
7. Maintain and monitor Utilities' e-mail system.
8. Reviews and recommends IT policies and procedures.
9. Handles special projects as assigned.
10. Contributes to team effort by assisting other departments and performing other duties as required.
11. Supervises and provides work direction to the Network Administrator including ongoing performance feedback and evaluation.



**JOB QUALIFICATIONS:**

Associate's degree or equivalent from a two-year college or technical school. Three to five years of experience as an IT professional in a governmental setting or other organization having similar IT needs.

Effective written and verbal communication skills.

Knowledge and experience in network administration.

Extensive knowledge of Microsoft office products and ability to teach others.

AS 400 operational experience very desirable.

Experience in Website design and development desirable.

Must have a valid Minnesota driver's license.

**PHYSICAL REQUIREMENTS:**

Work is performed in an office setting. Work pressure, disturbances of workflow, and/or irregularities in work schedule are expected and occur on an intermittent basis. Extensive use of computer is required.

## SHAKOPEE PUBLIC UTILITIES COMMISSION

**JOB CLASSIFICATION:** Information Technology Network Administrator

**REPORTS TO:** Information Technology Coordinator

**SUPERVISES:** N/A

**JOB PURPOSE:** Assist the Information Technology Coordinator with network administration and ensures the security of the Utility's information systems. Ensures the efficient operation of the Utility's computer systems. Troubleshoots computer problems and determines when outside professional help is required.

### ESSENTIAL JOB RESULTS:

1. Supports network administrator functions for the Utilities, and has cross-departmental obligations. Functions include solving network problems as they occur, anticipating possible network problems, keeping accurate and up to date documentation on networks, setting up passwords, security, network printers, providing and documenting access to computer network and systems, and providing troubleshooting assistance as needed.
2. Ensures system backups are correct and timely.
3. Coordinates IT services with external sources as needed under the guidance of the Information Technology Coordinator.
4. Provides, recommends, and organizes ongoing training to computer users to ensure that the features and functions available within the applications software are being full and properly utilized.
5. Maintain and monitor Utilities' e-mail system.
6. Ensures adherence to IT policies and procedures.
7. Handles special projects as assigned.
8. Contributes to team effort by assisting other departments and performing other duties as required.
9. Supports administration and operation of all application servers, network equipment, audio visual systems, office system equipment, video surveillance, and facilities access systems.

**JOB QUALIFICATIONS:**

Associate's degree or equivalent from a two-year college or technical school. Three to five years of experience as an IT professional in a governmental setting or other organization having similar IT needs.

Effective written and verbal communication skills.

Knowledge and experience in network administration.

Extensive knowledge of Microsoft office products and ability to teach others.

AS 400 operational experience very desirable.

Experience in Website design and development desirable.

Must have a valid Minnesota driver's license.

**PHYSICAL REQUIREMENTS:**

Work is performed in an office setting. Work pressure, disturbances of workflow, and/or irregularities in work schedule are expected and occur on an intermittent basis. Extensive use of computer is required.

## RESOLUTION #1137

RESOLUTION REGULATING WAGE RANGES

BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION in meeting duly assembled on September 6, 2016, that the Shakopee Public Utilities Commission does hereby amend Resolution #1130 and affirm wage ranges in accordance with the rates in "Appendix A" to this Resolution.

BE IT FURTHER RESOLVED that said wage ranges are to become effective from and after September 6, 2016 as applicable.

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 6th day of September, 2016.

\_\_\_\_\_  
Commission President: Terrance Joos


ATTEST:

\_\_\_\_\_  
Commission Secretary: John R. Crooks



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

**TO:** SHAKOPEE PUBLIC UTILITIES COMMISSION

**FROM:** JOHN R. CROOKS, UTILITIES MANAGER 

**SUBJECT:** SAINTS HEALTHCARE FOUNDATION DONATION REQUEST

**DATE:** SEPTEMBER 1, 2016

Shakopee Public Utilities has been approached by Alan Spillers, Executive Director of the Saints Healthcare Foundation, with potential sponsorship opportunities for the Spirit of the Saints Gala. The event will be held Saturday October 15 at the Mystic Lake Casino Hotel.

This year's Spirit of the Saints Gala benefits mental health treatment capabilities at the St. Francis Regional Medical Center and enhancing the healing environment with the Lilac Lane Project at St. Gertrude's Health and Rehabilitation Center.

I am providing additional information on the donation request. The items are listed below:

- Saints Healthcare Foundation Project Descriptions
- Shakopee Public Utilities Donation Policy
- Charitable Donations 2016 – year to date

The donation request would fall under two of the five core values defined in our Donations Policy; the first being the #2 core value Community Vitality and Enrichment and the second being the #4 Health and Human Services

**RECOMMENDATION –**

I am recommending the Commission provide a sponsorship opportunity to the 2016 Saints Healthcare Foundation. I am recommending the Premier Table Sponsorship of \$2000.





## **2016 Spirit of the Saints Celebration Gala**

### **FUND-A-NEED PROJECTS DESCRIPTIONS**

#### **ST. FRANCIS -SPECIAL CARE UNIT (ICU) ROOMS - REPURPOSING**

Community needs assessments have identified Mental Health treatment capabilities as the number one need statewide and in our community. Over the past five years Scott and surrounding Counties have seen a dramatic increase in the request for mental health services. At St. Francis, many mental health situations are seen initially in the Emergency Department and because the patient has delayed seeking treatment, is admitted with multiple and complex health issues requiring special monitoring and care.

In each of the past two years, St. Francis' Emergency Department has seen an increase greater than 3% of patients with mental health and or chemical dependency issues. Patients admitted with mental health and other multiple health issues often receive their care in our Special Care Unit (formerly ICU), which does not provide a secure room for patients who are in need of protection. It is in the best interest of the patients and treating care staff, that the SCU have a specifically built secure safe room.

Obesity has seen a dramatic increase nationwide and the area served by St. Francis is no exception. Patients weighing in excess of 500 lbs. is not unusual and these patients have multiple and complex medical histories that require close monitoring and specialized care in the SCU. The need for specialized beds, other bariatric friendly equipment and bariatric sized rooms are not currently available in the SCU.

#### **ST. GERTRUDE'S – ENHANCING THE HEALING ENVIRONMENT LILAC LANE**

The living/dining area of St. Gertrude's Lilac Lane long-term care area is in need of expansion and remodel to effectively care for our changing long term care population. The residents in Lilac Lane now have increased diagnosis of dementia/cognitive impairment/Alzheimer's. Based on the World Health Organization (WHO) data, the population with these diagnoses does will continue to grow.

- Lilac Lane open in May of 2000 as a long term care facility serving 26 residents
- Currently 26 residents reside in Lilac Lane with 62% having cognitive impairment diagnosis
- The cognitive diagnosis has increased 20% in the past three years, from information gathered as of 03/01/2013
- According to the World Health Organization "WHO", the number of people living with dementia / cognitive issues worldwide is currently estimated at 47.5 million and is projected to increase to 75.6 million by

2030. The number of cases of dementia is estimated to more than triple by 2050.”

Lilac Lane staff have expressed concerns about the safety and care of residents needing consistent daily supervision in the current space configuration. When the resident is in their wheelchair too long, they often become anxious and agitated, resulting in lack of expressing themselves and they often resist cares or interactions. Currently, there is only space for two recliners, which allows for a resident to be more comfortable, be less anxious and calmly rest. The additional space allows St. Gertrude's to provide more comfortable, safe and serene environment. This new environment gives staff associates the ability to provide better care for the resident and reduce significantly their agitation and distress.

# **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.



**Shakopee Public Utilities Commission  
Charitable Donations - 2016**

	<b>ORGANIZATION</b>	<b>DOLLARS</b>
April	Shakopee Community Assistance	1000
April	Shakopee Diversity Alliance	500
April	Esperanza - Summer Camp Program	1000
April	SCVB Downtown Flower Basket Sponsor	600
April	SCVB Friends of Main Street - Circle of Friends	1000
April	American Legion Honor Guard	500
April	Saints Healthcare Funds - Tee One For Care	1500
May	Annual City Tree Sale Sponsorship	5000
May	SDA Festival Donation	500
July	River Valley YMCA - Fore the Y!	1000
July	Fun For All Playground - Giraffe Sponsor	1000
August	Shakopee HS Boys Hockey club - Jersey Sponsor	500
August	Fun For All Playground	3500
	<b>TOTAL</b>	<b>\$17,600</b>




# SHAKOPEE PUBLIC UTILITIES COMMISSION


"Lighting the Way - Yesterday, Today and Beyond"

August 30, 2016

Propose as Consent

TO: John Crooks 

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

FROM: Renee Schmid, Director of Finance and Administration 

SUBJECT: Financial Results for July, 2016

The following Financial Statements are attached for your review and approval.

## Month to Date & Year to Date Financial Results – July, 2016

- Combined Statement of Revenue & Expense and Net Assets – Electric, Water and Total Utility
- Electric Operating Revenue & Expense Detail
- Water Operating Revenue & Expense Detail

Key items to note:

## Month to Date Results – July, 2016

- Total Utility Operating Revenues for the month of July totaled \$5.6 million and were favorable to budget by \$672k or 13.6%. Electric revenues were favorable to budget by \$526k or 12.0% driven by higher than plan energy sales in all customer revenue groups. Water revenues were also favorable to budget by \$145k or 25.8% driven by higher than plan water sales in all customer revenue groups.
- Total operating expenses were \$4.7 million and were unfavorable to budget by \$136k or 2.9%. Total purchased power expense in July was \$3.6 million and was \$140k or 4.0% higher than budget for the month driven by higher than plan sales. Total Operating Expense for electric including purchased power was unfavorable to budget by \$174k or 4.1% primarily due to higher than planned purchased power expense driven by sales, timing of energy conservation expense of \$87k, and miscellaneous expense of \$67k due to recognition of expenses for the rodeo. Total Operating Expense for Water was \$329k and was favorable to budget by \$38k or 10.5% due to lower than planned expenditures in operations and maintenance expenses, administrative and general expenses, and depreciation expense.
- Total Utility Operating Income was \$892k and was \$536k favorable to budget due to higher than plan operating revenues and partially offset by higher than plan expenses.
- Total Utility Non-Operating Expense was \$9k and was favorable to budget by \$13k due to lower than investment income of \$11k and higher than plan interest expense of \$3.1k.





## SHAKOPEE PUBLIC UTILITIES COMMISSION

“Lighting the Way - Yesterday, Today and Beyond”

- Capital Contributions for July totaled \$117k and were unfavorable to budget by \$69k due to lower than plan collection of Water Connection fees.
- Transfers to the City of Shakopee totaled \$180k and were lower than budget for the month by \$5k.
- Change in Net Position was \$821k and was favorable to budget by \$460k driven by higher than plan operating income, that were partially offset by higher than plan operating expenses, and lower than plan capital contributions.
- Electric usage billed to customers in July was 42,133,289 kWh, an 18.7% increase from June usage billed at 35,510,110 kWh.
- Water usage billed to customers in July was 255.6 million gallons, a 51.4% increase from June usage billed at 168.8 million gallons.

### Year to Date Financial Results – July, 2016

- Total Utility Operating Revenue year to date July was \$27.8 million and was favorable to budget by \$1.4 million or 5.3%. Electric revenues were favorable to budget by \$1.2 million or 5.0% and water revenues were favorable to budget by \$0.2 million or 8.8%.
- Total Utility Operating Expenses year to date July were \$24.8 million and were favorable to budget by \$1.0 million or 3.8% primarily due to timing of expenditures in energy conservation of \$0.5 million, operation and maintenance of \$0.2 million, outside services \$0.3 million, employee benefits \$0.3 million, other expenses \$0.2 million and depreciation \$0.1 million, and were partially offset by higher than plan purchased power costs of \$0.6 million driven by higher than plan sales. Total Operating Expense for electric including purchased power was favorable to budget by \$0.6 million or 2.8%. Total Operating Expense for Water was also favorable to budget by \$0.4 million or 13.6%.
- Total Utility Operating Income was \$2.9 million and was favorable to budget by \$2.4 million driven by higher operating revenues of \$1.4 million and lower operating expenses of \$1.0 million.
- Total Utility Non-Operating Income was \$0.4 million and was favorable to budget by \$0.2 million due to higher than planned rental and miscellaneous income of \$98k, investment income of \$116k and an \$11k net gain on the sale and disposition of property.
- YTD Capital Contributions were \$1.2 million and are unfavorable to budget by \$67k or 5.1% due to lower than plan trunk water and water connection fees that were partially offset by higher than plan capital contributions.
- YTD Transfer to the City of Shakopee is \$1.3 million and is lower than plan by \$37k or 2.9%. The actual estimated payment throughout the year is based on prior year results and will be trued up at the end of the year.
- YTD Change in Net Position is \$3.3 million and is favorable to budget by \$2.6 million reflecting higher than plan operating revenue, lower than plan operating expense, and higher than plan non-operating revenues.

**SHAKOPEE PUBLIC UTILITIES**  
**MONTH TO DATE FINANCIAL RESULTS**  
**JULY 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 - July 2016			Month to Date Budget - July 2016			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) \$ %			
<b>OPERATING REVENUES</b>	\$ 4,919,210	707,436	5,626,646	4,392,712	562,228	4,954,940	526,498	12.0%	145,208	25.8%	671,706	13.6%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	4,229,473	218,101	4,447,574	4,043,956	251,098	4,295,054	(185,517)	-4.6%	32,997	13.1%	(152,520)	-3.6%
Depreciation	175,432	111,170	286,602	186,946	116,655	303,601	11,514	6.2%	5,485	4.7%	17,000	5.6%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	4,404,905	329,271	4,734,175	4,230,902	367,753	4,598,655	(174,003)	-4.1%	38,482	10.5%	(135,520)	-2.9%
Operating Income	514,306	378,165	892,471	161,811	194,475	356,285	352,495	217.8%	183,691	94.5%	536,186	150.5%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	10,511	6,926	17,437	16,069	647	16,716	(5,557)	-34.6%	6,279	969.8%	721	4.3%
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	-	0.0%	-	-	-	0.0%
Investment Income	(657)	432	(225)	9,700	753	10,453	(10,357)	-106.8%	(322)	-42.7%	(10,679)	-102.2%
Interest Expense	(32,079)	(45)	(32,124)	(29,048)	(4)	(29,052)	(3,031)	-10.4%	(41)	-1096.1%	(3,072)	-10.6%
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	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total Non-Operating Revenue (Expense)	(16,208)	7,313	(8,895)	2,737	1,397	4,134	(18,945)	-692.1%	5,916	423.4%	(13,029)	-315.2%
Income Before Contributions and Transfers	498,098	385,478	883,576	164,548	195,872	360,420	333,550	202.7%	189,606	96.8%	523,156	145.2%
<b>CAPITAL CONTRIBUTIONS</b>	33,861	83,132	116,992	-	185,846	185,846	33,861	-	(102,715)	-55.3%	(68,854)	-37.0%
<b>TRANSFER TO MUNICIPALITY</b>	(109,592)	(70,000)	(179,592)	(112,146)	(72,912)	(185,058)	2,554	2.3%	2,912	4.0%	5,466	3.0%
<b>CHANGE IN NET POSITION</b>	\$ 422,366	398,610	820,977	52,402	308,807	361,208	369,965	706.0%	89,804	29.1%	459,768	127.3%

**SHAKOPEE PUBLIC UTILITIES  
ELECTRIC OPERATING REVENUE AND EXPENSE**

	MTD Actual July 2016	MTD Budget July 2016	MTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 1,938,411	1,667,806	270,605	16.2%
Commercial and Industrial	2,875,561	2,629,823	245,739	9.3%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	<u>4,813,972</u>	<u>4,297,629</u>	<u>516,343</u>	<u>12.0%</u>
Forfeited Discounts	18,853	18,640	213	1.1%
Free service to the City of Shakopee	14,592	14,157	435	3.1%
Conservation program	71,793	62,287	9,506	15.3%
Total Operating Revenues	<u>4,919,210</u>	<u>4,392,712</u>	<u>526,498</u>	<u>12.0%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	3,636,417	3,496,426	(139,991)	-4.0%
Distribution operation expenses	43,633	33,551	(10,082)	-30.0%
Distribution system maintenance	50,503	67,673	17,170	25.4%
Maintenance of general plant	19,199	24,118	4,918	20.4%
Total Operation and Maintenance	<u>3,749,753</u>	<u>3,621,768</u>	<u>(127,985)</u>	<u>-3.5%</u>
Customer Accounts				
Meter Reading	8,306	10,433	2,127	20.4%
Customer records and collection	33,800	44,789	10,989	24.5%
Energy conservation	141,524	54,150	(87,374)	-161.4%
Total Customer Accounts	<u>183,630</u>	<u>109,372</u>	<u>(74,258)</u>	<u>-67.9%</u>
Administrative and General				
Administrative and general salaries	40,430	48,129	7,699	16.0%
Office supplies and expense	4,973	15,967	10,995	68.9%
Outside services employed	8,227	46,093	37,866	82.2%
Insurance	13,996	14,057	61	0.4%
Employee Benefits	120,510	147,637	27,127	18.4%
Miscellaneous general	107,955	40,933	(67,022)	-163.7%
Total Administrative and General	<u>296,091</u>	<u>312,816</u>	<u>16,725</u>	<u>5.3%</u>
Total Operation, Customer, & Admin Expenses	<u>4,229,473</u>	<u>4,043,956</u>	<u>(185,517)</u>	<u>-4.6%</u>
Depreciation	175,432	186,946	11,514	6.2%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 4,404,905</u>	<u>4,230,902</u>	<u>(174,003)</u>	<u>-4.1%</u>
<b>OPERATING INCOME</b>	<u>\$ 514,306</u>	<u>161,811</u>	<u>352,495</u>	<u>-217.8%</u>

**SHAKOPEE PUBLIC UTILITIES  
WATER OPERATING REVENUE AND EXPENSE**

	MTD Actual July 2016	MTD Budget July 2016	MTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 704,799	560,818	143,981	25.7%
Forfeited Discounts	2,637	1,410	1,227	87.1%
Uncollectible accounts	-	-	-	-
Total Operating Revenues	<u>707,436</u>	<u>562,228</u>	<u>145,208</u>	<u>25.8%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	38,113	41,949	3,836	9.1%
Pumping and distribution maintenance	31,053	36,203	5,150	14.2%
Power for pumping	23,091	22,629	(462)	-2.0%
Maintenance of general plant	1,122	1,990	868	43.6%
Total Operation and Maintenance	<u>93,380</u>	<u>102,771</u>	<u>9,391</u>	<u>9.1%</u>
Customer Accounts				
Meter Reading	6,475	5,789	(687)	-11.9%
Customer records and collection	9,869	12,159	2,289	18.8%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>16,345</u>	<u>17,948</u>	<u>1,603</u>	<u>8.9%</u>
Administrative and General				
Administrative and general salaries	26,564	31,479	4,915	15.6%
Office supplies and expense	3,463	6,391	2,928	45.8%
Outside services employed	4,201	12,948	8,747	67.6%
Insurance	4,665	4,686	20	0.4%
Employee Benefits	44,609	55,266	10,657	19.3%
Miscellaneous general	24,874	19,610	(5,264)	-26.8%
Total Administrative and General	<u>108,376</u>	<u>130,380</u>	<u>22,003</u>	<u>16.9%</u>
Total Operation, Customer, & Admin Expenses	<u>218,101</u>	<u>251,098</u>	<u>32,997</u>	<u>13.1%</u>
Depreciation	111,170	116,655	5,485	4.7%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>329,271</u>	<u>367,753</u>	<u>38,482</u>	<u>10.5%</u>
<b>OPERATING INCOME</b>	<u>\$ 378,165</u>	<u>194,475</u>	<u>183,691</u>	<u>94.5%</u>

**SHAKOPEE PUBLIC UTILITIES**  
**YEAR TO DATE FINANCIAL RESULTS**  
**JULY 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 - July 2016			Year to Date Budget - July 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) \$ %			
<b>OPERATING REVENUES</b>	\$ 25,354,787	2,465,211	27,819,998	24,145,816	2,264,904	26,410,720	1,208,971	5.0%	200,307	8.8%	1,409,278	5.3%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	21,334,321	1,480,111	22,814,432	21,893,132	1,795,685	23,688,817	558,811	2.6%	315,574	17.6%	874,385	3.7%
Depreciation	1,228,023	778,188	2,006,212	1,308,624	816,585	2,125,209	80,601	6.2%	38,396	4.7%	118,997	5.6%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
<b>Total Operating Expenses</b>	<b>22,562,344</b>	<b>2,258,300</b>	<b>24,820,644</b>	<b>23,201,756</b>	<b>2,612,270</b>	<b>25,814,026</b>	<b>639,412</b>	<b>2.8%</b>	<b>353,970</b>	<b>13.6%</b>	<b>993,382</b>	<b>3.8%</b>
Operating Income	2,792,443	206,911	2,999,354	944,060	(347,366)	596,693	1,848,383	195.8%	554,278	159.6%	2,402,661	402.7%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	165,501	163,272	328,773	112,480	118,005	230,484	53,021	47.1%	45,267	38.4%	98,289	42.6%
Interdepartment Rent from Water	52,500	-	52,500	52,500	-	52,500	-	0.0%	-	-	-	0.0%
Investment Income	157,209	31,760	188,969	67,900	5,274	73,174	89,309	131.5%	26,485	502.1%	115,795	158.2%
Interest Expense	(209,248)	(78)	(209,326)	(204,744)	(26)	(204,771)	(4,504)	-2.2%	(52)	-198.1%	(4,556)	-2.2%
Amortization of Debt Issuance Costs and Loss on Refunding	(10,385)	-	(10,385)	(10,385)	-	(10,385)	-	0.0%	-	0.0%	-	0.0%
Gain/(Loss) on the Disposition of Property	3,284	7,770	11,054	-	-	-	3,284	0.0%	7,770	-	11,054	-
<b>Total Non-Operating Revenue (Expense)</b>	<b>158,862</b>	<b>202,724</b>	<b>361,585</b>	<b>17,751</b>	<b>123,253</b>	<b>141,004</b>	<b>141,111</b>	<b>795.0%</b>	<b>79,471</b>	<b>64.5%</b>	<b>220,582</b>	<b>156.4%</b>
Income Before Contributions and Transfers	2,951,305	409,635	3,360,939	961,810	(224,114)	737,697	1,989,494	206.8%	633,748	282.8%	2,623,242	355.6%
<b>CAPITAL CONTRIBUTIONS</b>	298,423	935,694	1,234,116	-	1,300,925	1,300,925	298,423	-	(365,231)	-28.1%	(66,808)	-5.1%
<b>TRANSFER TO MUNICIPALITY</b>	(767,566)	(490,665)	(1,258,231)	(785,023)	(510,382)	(1,295,406)	17,457	2.2%	19,718	3.9%	37,175	2.9%
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,482,162</b>	<b>854,664</b>	<b>3,336,825</b>	<b>176,787</b>	<b>566,429</b>	<b>743,216</b>	<b>2,305,374</b>	<b>1304.0%</b>	<b>288,235</b>	<b>50.9%</b>	<b>2,593,609</b>	<b>349.0%</b>

**SHAKOPEE PUBLIC UTILITIES  
ELECTRIC OPERATING REVENUE AND EXPENSE**

	YTD Actual July 2016	YTD Budget July 2016	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 9,240,035	8,859,106	380,929	4.3%
Commercial and Industrial	15,518,427	14,700,036	818,391	5.6%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	<u>24,758,461</u>	<u>23,559,142</u>	<u>1,199,319</u>	<u>5.1%</u>
Forfeited Discounts	125,159	130,477	(5,318)	-4.1%
Free service to the City of Shakopee	102,144	99,099	3,045	3.1%
Conservation program	369,023	357,098	11,925	3.3%
Total Operating Revenues	<u>25,354,787</u>	<u>24,145,816</u>	<u>1,208,971</u>	<u>5.0%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	18,553,964	17,946,422	(607,542)	-3.4%
Distribution operation expenses	253,952	234,858	(19,094)	-8.1%
Distribution system maintenance	329,037	473,714	144,677	30.5%
Maintenance of general plant	227,245	168,824	(58,421)	-34.6%
Total Operation and Maintenance	<u>19,364,198</u>	<u>18,823,818</u>	<u>(540,380)</u>	<u>-2.9%</u>
Customer Accounts				
Meter Reading	61,877	73,030	11,154	15.3%
Customer records and collection	293,693	313,520	19,827	6.3%
Energy conservation	(106,775)	379,052	485,827	128.2%
Total Customer Accounts	<u>248,795</u>	<u>765,603</u>	<u>516,808</u>	<u>67.5%</u>
Administrative and General				
Administrative and general salaries	303,070	336,903	33,833	10.0%
Office supplies and expense	80,993	111,772	30,779	27.5%
Outside services employed	73,631	322,649	249,018	77.2%
Insurance	97,975	98,402	426	0.4%
Employee Benefits	907,033	1,147,457	240,424	21.0%
Miscellaneous general	258,625	286,528	27,903	9.7%
Total Administrative and General	<u>1,721,327</u>	<u>2,303,711</u>	<u>582,384</u>	<u>25.3%</u>
Total Operation, Customer, & Admin Expenses	<u>21,334,321</u>	<u>21,893,132</u>	<u>558,811</u>	<u>2.6%</u>
Depreciation	1,228,023	1,308,624	80,601	6.2%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 22,562,344</u>	<u>23,201,756</u>	<u>639,412</u>	<u>2.8%</u>
<b>OPERATING INCOME</b>	<u>\$ 2,792,443</u>	<u>944,060</u>	<u>1,848,383</u>	<u>195.8%</u>

**SHAKOPEE PUBLIC UTILITIES  
WATER OPERATING REVENUE AND EXPENSE**

	YTD Actual July 2016	YTD Budget July 2016	YTD Actual v. Budget Better/(Worse)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 2,456,774	2,255,037	201,738	8.9%
Forfeited Discounts	8,436	9,867	(1,431)	-14.5%
Uncollectible accounts	1	-	1	-
Total Operating Revenues	<u>2,465,211</u>	<u>2,264,904</u>	<u>200,307</u>	<u>8.8%</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	250,981	293,644	42,663	14.5%
Pumping and distribution maintenance	165,177	253,419	88,241	34.8%
Power for pumping	153,085	158,403	5,318	3.4%
Maintenance of general plant	16,396	13,930	(2,466)	-17.7%
Total Operation and Maintenance	<u>585,639</u>	<u>719,395</u>	<u>133,757</u>	<u>18.6%</u>
Customer Accounts				
Meter Reading	50,100	40,520	(9,579)	-23.6%
Customer records and collection	80,420	85,112	4,692	5.5%
Energy conservation	-	-	-	-
Total Customer Accounts	<u>130,520</u>	<u>125,633</u>	<u>(4,887)</u>	<u>-3.9%</u>
Administrative and General				
Administrative and general salaries	196,232	220,351	24,119	10.9%
Office supplies and expense	32,112	44,738	12,626	28.2%
Outside services employed	35,884	90,633	54,749	60.4%
Insurance	32,658	32,801	142	0.4%
Employee Benefits	332,334	424,863	92,530	21.8%
Miscellaneous general	134,733	137,271	2,538	1.8%
Total Administrative and General	<u>763,953</u>	<u>950,657</u>	<u>186,704</u>	<u>19.6%</u>
Total Operation, Customer, & Admin Expenses	<u>1,480,111</u>	<u>1,795,685</u>	<u>315,574</u>	<u>17.6%</u>
Depreciation	778,188	816,585	38,396	4.7%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>\$ 2,258,300</u>	<u>2,612,270</u>	<u>353,970</u>	<u>13.6%</u>
<b>OPERATING INCOME</b>	<u>\$ 206,911</u>	<u>(347,366)</u>	<u>554,278</u>	<u>159.6%</u>