

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
DECEMBER 6, 2021
Regular Meeting

1. Call to Order. President Mocol called the December 6, 2021 meeting of the Shakopee Public Utilities Commission to order at 5:00 PM. President Mocol, Vice President Fox, Commissioner Brennan, Commissioner Krieg, and Commissioner Letourneau were present.

2. Approval of Consent Agenda. Commissioner Brennan asked to pull items (3i) and (3k) from the Consent Agenda. Vice President Fox moved approval all other items on the Consent Agenda: (3a) November 15, 2021 Minutes; (3b) December 6, 2021 Agenda; (3c) December 6, 2021 Warrant List; (3d) MMPA November Meeting Update; (3e) Res#2021-25 – A Resolution of Appreciation to Roger Hennen; (3f) Res#2021-26 – A Resolution of Appreciation to Chuck Vest; (3g) Res#2021-27 – Adjusting Fees Applied Under the Water Capacity Charges; (3h) Res#2021-28 – Adjusting Fees Under the Trunk Water Charges; (3i) Purchasing Policy Changes; (3j) Res#2021-32 Resolution Regulating Wage Ranges; and (3m) Bids Notice for West Shakopee Substation Transformer. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

For item (3i), Commissioner Brennan asked why the hydrant fee increased from \$25 to \$100. She proposed that the fee should change to \$50. Commissioner Brennan moved to approve item (3i) Res#2021-33 Resolution Adopting Fees and Charges for 2022, as modified with hydrant fees of \$50. Commissioner Krieg seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried. As to item (3k), Commissioner Brennan requested an annual audit for the credit card policy by the SPU Auditors. Commissioner Brennan moved to approve item (3k) SPU Credit Card Policy, including the audit requirement. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

3. Liaison Report. Commissioner Brennan noted that the City Council will hold a public hearing on the City's budget and tax levy on December 7, 2021.

4. Public Comment Period. No public comments were offered.

5. General Manager Report. Greg Drent, General Manager, provided an update on current projects, including the PILOT proposed agreement, electric service territory discussions with MVEC, billing software, rate design, and SPU staff meeting with City staff about 2022 projects. In terms of supplies and lead times, Mr. Drent noted that staff has been reviewing these issues and increasing orders on materials to allow for longer lead times. Mr. Drent noted that he is discussing with Mr. Reynolds a potential joint Commission/City Council meeting in the first quarter of 2022.

6. Water Report. Lon Schemel, Water Superintendent, noted that there is a delay at Tank #8 due to concrete issues, and that substantial completion is expected by the third or fourth week in February. Mr. Schemel reported that the PFAS testing results from the Minnesota Department of Health indicate that SPU is well below any health-based value in all of the wells. He noted that the results will be posted on the SPU website, and that the Department of Health has been asked to attend a Commission meeting in January to discuss these issues. Mr. Schemel also noted that the well houses have been winterized and that the department is working on winter projects.

Cty Rd. 83 Bids and Agreement Amendment. Joseph Adams, Director of Planning and Engineering, presented the proposed First Amendment to the Construction Cooperative Agreement between SPU and Scott County. He noted that the County Attorney's Office is in the process of reviewing this document, but in the interest of time, the County Board approved it subject to legal review. Mr. Adams recommended a similar approval process for the Commission. He also noted that bid responses are approximately 19% below the engineer's estimate for the project. Commissioner Brennan moved to approve and authorize execution of the First Amendment, subject to attorney review, in a form substantially consistent with the terms in the draft presented. Commissioner Krieg seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

7. Electric Report. Brad Carlson, Electric Superintendent, reported seven outages (four animal-related) since the last Commission meeting. He also provided an update on current projects, including Windemere 4th second phase, repairs to the overhead line on Blue Lake 22, and Summerland Addition underground work.

8. Customer Service/Marketing Update. Sharon Walsh, Marketing/Customer Relations Director, reported that the Holiday Fest was a success; she estimated that SPU staff interacted with 3,000 customers. She presented pictures of the SPU gingerbread house float. Ms. Walsh noted that for 2022, she is working on a year-in-review report to customers. She is also exploring options to allow customers to assist other customers with utility bills, such as rounding up.

9. Final Rate Study. Dave Berg, Dave Berg Consulting, LLC, presented the final report for the Water and Electric Cost of Service and Rate Design Study. For electric rates, Mr. Berg's recommendations included a 1% increase each year for 2022-2025, establishing a large residential rate, and revising the power cost adjustment rate. For water rates, Mr. Berg recommended a 5% increase annually for 2022-2025. After discussion, Vice-President Fox moved approval of the final Electric Cost of Service and Rate Design Study and the final Water Cost of Service and Rate Design Study, as presented. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

10. 2022 – 2026 Capital Improvement Plan. Mr. Adams presented the final 2022 – 2026 Capital Improvement Plan. He explained that there were no changes to the preliminary plan

presented to the Commission. Commissioner Letourneau moved to accept the 2022 - 2026 Capital Improvement Plan. Commissioner Brennan seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

11. 2022 Capital Project and Equipment Plan. Mr. Adams presented the 2022 Administration, Electric, and Water Capital Projects. Vice President Fox moved to approve the 2022 Administration, Electric, and Water Capital Projects as presented. Commissioner Krieg seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

12. 2022 Final Budget Approval. Jean McGann, AEM, presented the 2022 SPU Final Budget, which incorporated the final rate study recommendations. Vice President Fox moved to approve the 2002 Final Budget as presented. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

13. Resolution #2021-29 A Resolution Establishing Electric Rates for Customer Served by Shakopee Public Utilities. Jean McGann, AEM, presented the Resolution. Commissioner Letourneau moved to approve Resolution 2021-29 A Resolution Establishing Electric Rates for Customer Served by Shakopee Public Utilities. Commissioner Brennan seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

14. Resolution #2021-30 A Resolution Establishing Water Rates in and for the City of Shakopee. Jean McGann, AEM, presented the Resolution. Commissioner Brennan moved to approve Resolution 2021-30 A Resolution Establishing Water Rates in and for the City of Shakopee. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

15. Res#2021-31 A Resolution Establishing the Power Cost Adjustment Charge, Setting the Power Cost Adjustment Base, and Other Terms. Jean McGann, AEM, presented the Resolution. Commissioner Krieg moved to approved Resolution 2021-31 A Resolution Establishing the Power Cost Adjustment Charge, Setting the Power Cost Adjustment Base, and Other Terms. Commissioner Letourneau seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

16. PILOT Agreement. Mr. Drent provided an update of the Transfer/Payment in Lieu of Taxes (PILOT) discussions and presented the proposed Agreement and Commission Resolution. He noted a difference in language between the two documents as to streetlights. The consensus was to use the language from the Agreement. Vice President Fox moved to approve Resolution 2021-35, as modified, authorizing certain payments from the Shakopee Public Utilities Commission to the City of Shakopee and the PILOT Agreement. Commissioner Letourneau

seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

17. Project Update (Electric and Water). Jean McGann, AEM, presented a current list of water and electric projects, including financial and completion status.

18. Electric Service Territory Discussions. Commissioner Letourneau moved, seconded by Vice President Fox, that the Commission go into closed session under Minnesota Statutes, Section 13D.05, subdivision 3(c) to develop or consider offers for the purchase of electric service territory rights and facilities of Minnesota Valley Electric Cooperative. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried. In open session, President Mocol noted that the Commissioners gave direction to staff to proceed in negotiations with MVEC representatives.

19. Adjourn. Motion by Vice President Fox, seconded by Commissioner Letourneau, to adjourn to the January 3, 2022 meeting. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.



Greg Drent, Commission Secretary