

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
February 7, 2022
at 5:00 PM *

To watch this meeting live click or copy the link: <https://tinyurl.com/SPU-YouTube-Live>

1. **Call to Order** at 5:00pm in the SPU Service Center, 255 Sarazin Street
 - 1a) Roll Call
2. **Communications**
3. **Consent Agenda**
 - C=> 3a) Approval of January 18, 2022 Minutes (GD)
 - C=> 3b) Approval of February 7, 2022 Agenda (KM)
 - C=> 3c) February 7, 2022 Warrant List (JM)
 - C=> 3d) MMPA January Meeting Update (GD)
 - C=> 3e) 2020 CIP Results and 2022 Plan Approved (SW)
 - C=> 3f) Res#2022-05 Resolutions of Appreciation to Robert Romansky (GD)
 - C=> 3g) Fraudulent Check Update (GD)
4. **Liaison Report** (JB)
5. **Public Comment Period.** The public comment period provides an opportunity for the public to address the Commission on items that are not on the agenda. Comments should **not** exceed five minutes. The SPU President may adjust that time limit based upon the number of persons seeking to comment. This comment period may not be used to make personal attacks, to air personality grievances, or for political endorsements or campaigns. The public comments are intended for informational purposes only; Commissioners will not enter into a dialogue with commenters, and questions from Commissioners will be for clarification only.
6. **General Manager Report**
 - 6a) General Manager Report – Verbal (GD)
 - 6b) MMPA 2021 Year End Review (GD)
7. **Reports: Water Items**
 - 7a) Water System Operations Report – Verbal (LS)
 - 7b) Normal Elevation Service District Water Treatment Plant Study (JA)
8. **Reports: Electric Items**
 - 8a) Electric System Operations Report – Verbal (BC)

9. **Reports: Human Resources**

10. **Reports: General**
 - 10a) Marketing/Customer Service Report – Verbal (SW)
 - 10b) Service Territory Agreement (GD) **

11. **Items for Future Agendas**

12. **Tentative Dates for Upcoming Meetings****
 - February 22, 2022 (Tuesday)
 - March 7, 2022
 - March 21, 2022

13. **Adjournment**

** A portion of this meeting may be closed under Minnesota Statutes, Section 13D.05, subd. 3(c)(3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property.

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
JANUARY 18, 2022
Regular Meeting

1. Call to Order. President Mocol called the January 18, 2022 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. Commissioner Krieg participated via interactive technology due to health issues.
2. Approval of Consent Agenda. Vice President Fox moved approval of the Consent Agenda: (3a) January 3, 2022 Minutes; (3b) January 18, 2022 Agenda; (3c) January 4, Warrant List, Account Credit Request/Deposit Refunds; (3d) January 18, 2022 Warrant List; (3e) Res#2022-04 Resolution Allowing the Use of Facsimile Signature for Check Signing; (3f) Monthly Water Dashboard – Month of December 2021; (3g) Pumphouse 23 Proposal Design, Bidding, and Construction Management Service Agreement; (3h) Tank 8 Change Order 1. 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 consider the Maras/Hansen Reconstruction Project at its meeting tonight.
4. Public Comment Period. No public comments were offered.
5. General Manager Report. Greg Drent, General Manager, noted discussions with the School Board Facilities Committee about a potential water treatment plant site at Sun Path. He described efforts to connect with the Scott County fiber system as well as progress with the AMI project. Mr. Drent noted that three SPU apprentices will be graduating to journeymen; they will be recognized at the MMUA Technical and Operations Conference. Mr. Drent also provided an update as to distancing staff and adjusting operations in light of the recent COVID increase, including plans to close the SPU lobby and use the drive-up window.
6. Water Report. Lon Schemel, Water Superintendent, noted that in response to COVID, staff is distancing and not entering homes. He stated that Tank 8 is being filled and disinfected. Mr. Schemel also noted that a Request for Statement of Qualifications was sent to ten engineering firms. He explained that responses are due by January 27, 2022, that SPU plans to select up to three firms, and that the Commission will consider options at an upcoming meeting.
7. Minnesota Department of Health PFAS Presentation. Mr. Schemel introduced Todd Johnson, District Engineer Supervisor, and Jessie Kolar, District Engineer, from the Minnesota Department of Health. Mr. Johnson provided information on PFAS contaminants, noting that they are not currently regulated but that a federal review is underway. He described the partial sampling

in Shakopee in 2014 and 2015, with no PFAS compounds detected. Mr. Johnson also described the 2021 testing in Shakopee of all wells. He explained the results of no “exceedance” levels found under the Department’s health-based guidance and that the water is considered safe to drink. Mr. Johnson explained that the Department next plans to sample water in Shakopee in December 2024 and June 2025. He noted that communities may also perform their own sampling, with the Department’s assistance, if desired.

8. Electric Report. Mr. Drent reported two outages since the last Commission meeting. He also provided an update on current projects, including underground primary install, splicing, and terminating Circuit 8 & 10 at Levee Drive; boring at Valley Crest; shutdown at River Bluff Apartments; temporary service to Triple Crown; and MVTA bus shelters.

9. West Shakopee Substation Power Transformer Bid Results/Awards. Joseph Adams, Director of Planning and Engineer, provided a project update. Kevin Favero, Senior Project Manager, Leidos Engineering, LLC, presented the transformer bids. Mr. Favero noted that Virginia Transformer Corporation was the lowest responsive bidder, satisfying the January 2023 delivery schedule to meet SPU’s summer 2023 peak load, and including the required bid bond. Mr. Favero recommended proceeding with Virginia Transformer’s bid in the amount of \$936,212, subject to final negotiations of the noted exceptions/clarifications. Commissioner Brennan moved to approve the Virginia Transformer bid of \$936,212 and to authorize staff to negotiate acceptable terms in the final contract. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

10. Customer Service/Marketing Update. Sharon Walsh, Director of Key Accounts/Marketing/Special Projects, noted that she is waiting for State approval of the Conservation Improvement Program, and will present it at a future meeting. She reported that SPU will act as the “powered by” sponsor for the 2022 Rhythm on the Rails program. She provided an update on the NICS billing and software process. Ms. Walsh has received the mockups of the electric vehicle wraps and decals. Ms. Walsh also noted that she is completing a Key Account Certification program through American Public Power Association.

11. Residential Customer Deposit Assistance – CAP Agency. Kelley Willemssen, Director of Finance and Administration, described a proposal for SPU to work with the CAP Agency to assist with residential customer deposits for low income or homeless persons. Under this proposal, SPU would provide \$2,000 as a grant to the CAP Agency to administer. Commissioner Brennan moved to approve SPU staff continuing to work with the CAP Agency on a grant of up to \$2,000 to assist customers with deposits for SPU utility service. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

12. November 2021 Financial Report. Ms. Willemssen presented the November 2021 financial report and summarized the water and electric financials. She noted that SPU’s

Investment Advisor, PFM, is preparing a presentation concerning SPU investments, likely at the February 22, 2022 Commission meeting.

13. 2022 Goals. Mr. Drent presented a summary of the 2021 goals as well as the proposed goals for 2022. The Commission discussed the goals and the strategy of designating a lead staff person for each goal. Commissioner Letourneau suggested a progress report/review in six months. Commissioner Letourneau moved to approve the 2022 goals as presented, with requested updates. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

14. Adjourn. Motion by Vice President Fox, seconded by Commissioner Letourneau, to adjourn to the Monday, February 7, 2022 meeting. Ayes: Mocol, Fox, Brennan, Krieg, and Letourneau. Nays: None. Motion carried.

Greg Drent, Commission Secretary

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SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

February 7, 2022

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

SURVALENT	\$79,589.00
ADVANTAGE COLLECTION PROFESSIONALS	\$22.86
ALLSTREAM BUSINESS US, INC	\$2,441.23
ALTEC INDUSTRIES, INC	\$561.14
AMARIL UNIFORM CO.	\$462.30
ANDREA AMANDA RAMNAUTH	\$4,362.84
APPLE FORD OF SHAKOPEE	\$78.09
ARROW ACE HARDWARE	\$16.63
B & B TRANSFORMER INC	\$48,107.00
BARNUM GATE SERVICES INC	\$2,620.15
BERGERSON-CASWELL INC	\$400.00
BERNDTSON, ROBERT	\$170.41
BEST BUY FOR BUSINESS	\$265.12
BORDER STATES ELECTRIC SUPPLY INC	\$5,415.39
CARLSON, BRADLEY	\$538.04
CEMSTONE PRODUCTS CO.	\$513.12
CENTERPOINT ENERGY	\$4,043.79
CITY OF PRIOR LAKE	\$3,760.50
COMCAST CABLE COMMUNICATIONS, INC.	\$2.25
CONCRETE CUTTING & CORING INC	\$2,469.71
CORE & MAIN LP	\$190.80
CUSTOMER CONTACT SERVICES	\$356.88
DAILY PRINTING, INC.	\$3,350.00
DEALER AUTOMOTIVE SERVICES, INC.	\$330.75
DELTA DENTAL PLAN OF MN	\$4,920.21
DEPUTY REGISTRAR # 135	\$7,038.69
EMERGENCY AUTOMOTIVE TECHNOLOGIES IN	\$369.31
ENRIGHT, MIKE	\$39.96
ESRI Environmental Systems Research	\$80,531.25
FERGUSON US HOLDINGS, INC.	\$1,890.47
FRONTIER ENERGY, INC.	\$3,468.01
FURTHER	\$10,068.48
GOPHER STATE ONE-CALL	\$50.00
GRAINGER	\$679.19
HACH COMPANY	\$479.95
HAWKINS INC	\$20,258.39
HD SUPPLY FACILITIES MAINTENANCE LTD	\$84.38
HEALTHPARTNERS	\$74,698.15
HENNEN'S AUTO SERVICE, INC.	\$26.58
Integrity Locksmith	\$507.28
IMPACT MAILING OF MINNESOTA, INC.	\$17,111.14
INDELCO PLASTICS CORP	\$1,062.63
INNOVATIVE OFFICE SOLUTIONS LLC	\$2,278.86
JT SERVICES	\$84,834.48
KAHLE, MATTHEW	\$17.10
LOCATORS & SUPPLIES INC	\$28.82
LOFFLER COMPANIES INC.	\$1,396.67
MASTER MECHANICAL INC	\$352.50
MATHESON TRI-GAS, INC	\$92.14
MCGRANN SHEA CARNIVAL	\$9,476.25
MID AMERICA METER INC	\$2,685.00
MIDWEST SAFETY COUNSELORS, INC.	\$1,127.38
MINN VALLEY TESTING LABS INC	\$430.00
MINNESOTA EQUIPMENT INC.	\$231.87
MINNESOTA LIFE	\$1,400.65
MMUA	\$45,221.88
MN DNR WATERS - OMB	\$36,631.15
MOBILE HEALTH SERVICES LLC	\$650.00
NAPA AUTO PARTS	\$40.84
NEVILLE, GERRY	\$107.66

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

February 7, 2022

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby
authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities
Commission:

NICKOLAY, CINDY	\$157.91
NORTHERN STATES POWER CO.	\$4,230.88
OLSEN CHAIN & CABLE, INC.	\$353.39
PAYMENTUS CORPORATION	\$26,994.30
PLUNKETT'S PEST CONTROL, INC.	\$135.79
RACHEL CONTRACTING, INC.	\$206.00
RDO EQUIPMENT CO.	\$100.00
SCHUETT, CODY	\$33.00
SCOTT COUNTY RECORDERS OFFICE	\$46.00
SDA INC.	\$2,629.68
SHAKOPEE CHAMBER OF COMMERCE	\$6,500.00
SHERWIN WILLIAMS	\$277.36
SHORT ELLIOTT HENDRICKSON INC	\$30,409.17
SOUTHWEST NEWS MEDIA DBA DIV. OF RED	\$371.49
TRIPLETT, GREG	\$93.02
TWIN CITY GARAGE DOOR CO.	\$325.00
UPS STORE # 4009	\$54.60
VERIZON CONNECT NWF INC.	\$337.91
VESSCO, INC	\$27,989.20
VIC'S CRANE SERVICE INC	\$3,937.50
VON BANK, JAMIE	\$166.28
WESCO DISTRIBUTION INC	\$36,936.75

\$712,640.55


Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

February 7, 2022

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

60807 SURVALENT	\$79,589.00 3 YEARS PLATINUM SUPPORT
60814 ADVANTAGE COLLECTION PROFESSIONALS	\$22.86 Commission on collections
60815 ALLSTREAM BUSINESS US, INC	\$2,441.23 Jan. shak. sub and pike lake, T1 line
60816 ALTEC INDUSTRIES, INC	\$561.14 Harness Landyards
60817 AMARIL UNIFORM CO.	\$462.30 Clothing for M.M. & B.S. in Water dept.
60818 ANDREA AMANDA RAMNAUTH	\$4,362.84 FEBRUARY CLEANING SERVICES
60819 APPLE FORD OF SHAKOPEE	\$78.09 VEHICLE CHECK UP#630 WATER DEPT
60820 ARROW ACE HARDWARE	\$16.63 Bolts & builders and Landscape Adhesive
60821 B & B TRANSFORMER INC	\$48,107.00 Transformers - repairs
60822 BARNUM GATE SERVICES INC	\$2,620.15 Repair of south drive thru gate
60823 BERGERSON-CASWELL INC	\$400.00 Trouble shoot pump #13 failing
60824 BERNDTSON, ROBERT	\$170.41 Mileage reimbursement
60825 BEST BUY FOR BUSINESS	\$265.12 APC back-ups for Water dept.
60826 BORDER STATES ELECTRIC SUPPLY INC	\$5,415.39 PAD TRANSFORMER REPLACEMENT
60827 CARLSON, BRADLEY	\$538.04 REIMB MEALS MMUA T&O CONF ST CLOUE
60828 CEMSTONE PRODUCTS CO.	\$513.12 concrete curing blankets
60829 CENTERPOINT ENERGY	\$4,043.79 10TH AVE 12/7/21-1/6/22 GAS USAGE
60830 CITY OF PRIOR LAKE	\$3,760.50 4TH QTR 2021 FRANCHISE FEE
60831 COMCAST CABLE COMMUNICATIONS, INC.	\$2.25 Cable bill for lunchrooms
60832 CONCRETE CUTTING & CORING INC	\$2,469.71 Pull Starter Rope, reel, chainsaw, wedge
60833 CORE & MAIN LP	\$190.80 Meters
60834 CUSTOMER CONTACT SERVICES	\$356.88 12/14/21-1/10/22 SERVICE
60835 DAILY PRINTING, INC.	\$3,350.00 SPU January 2022 Rate Insert 16,000
60836 DEALER AUTOMOTIVE SERVICES, INC.	\$330.75 2014 FORD F150 REPAIR ELECTRIC
60837 DELTA DENTAL PLAN OF MN	\$4,920.21 Jan. Dental Premiums
60838 DEPUTY REGISTRAR # 135	\$7,038.69 Reg./Title for new #616 - WO#2469
	\$6172.44 & Reg. renewal for trucks and
60839 EMERGENCY AUTOMOTIVE TECHNOLOGIES IN	\$369.31 Lightbar - WO#2458
60840 ENRIGHT, MIKE	\$39.96 School reimb.
60841 ESRI Environmental Systems Research	\$80,531.25 ENTERPRISE AGREEMENT FEE SOFTWARE
60842 FERGUSON US HOLDINGS, INC.	\$1,890.47 WO#2451 - Meter, meter horns
60843 FRONTIER ENERGY, INC.	\$3,468.01 Prof. services for Dec.
60844 FURTHER	\$10,068.48 Jan. Admins. Fees, claim reimb. For dental & dependent care
60845 GOPHER STATE ONE-CALL	\$50.00 2022 Annual Facility Op. fee
60846 GRAINGER	\$679.19 Safety Fence, Ball valve hex, bushing, modular plug
60847 HACH COMPANY	\$479.95 DPD Free Chlorine Reagent Powder Pillows
60848 HAWKINS INC	\$20,258.39 WO#2460 - fluoride scale dispalys
60849 HD SUPPLY FACILITIES MAINTENANCE LTD	\$84.38 Hach AccuVac Snapper
60850 HEALTHPARTNERS	\$74,698.15 January Health Ins. Premiums
60851 HENNEN'S AUTO SERVICE, INC.	\$26.58 Tire repair, cat trailer, nail in tire
60852 Integrity Locksmith	\$507.28 Solenoids for Electronic doors
60853 IMPACT MAILING OF MINNESOTA, INC.	\$17,111.14 COLLECTION LETTERS & Statements for Dec
60854 INDELCO PLASTICS CORP	\$1,062.63 Connectors, tubing, bushing, ball valve, spears
60855 INNOVATIVE OFFICE SOLUTIONS LLC	\$2,278.86 Office Supplies
60856 JT SERVICES	\$84,834.48 Lamps - inventory, Poles & breakaways, tape
60857 KAHLE, MATTHEW	\$17.10 Reimb. for meals for school
60858 LOCATORS & SUPPLIES INC	\$28.82 Deerskin Mechanics Glove.
60859 LOFFLER COMPANIES INC.	\$1,396.67 CANON CONTRACT AGREEMENT
60860 MASTER MECHANICAL INC	\$352.50 BOILER PUMP REPAIR
60861 MATHESON TRI-GAS, INC	\$92.14 Haz. Mat chg
60862 MCGRANN SHEA CARNIVAL	\$9,476.25 Municipal & Reg. Matters - \$7766.25 thru Dec., \$1615.00-WO#2377 West Sub, #95.00 - WO#2545-Land Exchange agreement
60863 MID AMERICA METER INC	\$2,685.00 Water dept. shop supplies, Test turbine meter
60864 MIDWEST SAFETY COUNSELORS, INC.	\$1,127.38 Hi Vis Winter gloves Large
60865 MINN VALLEY TESTING LABS INC	\$430.00 CLORIFORM
60866 MINNESOTA EQUIPMENT INC.	\$231.87 MOTOR FOR SNOWBLOWER
60867 MINNESOTA LIFE	\$1,400.65 January Life Ins. premiums

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

February 7, 2022

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby
authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities
Commission:

60868 MMUA	\$45,221.88 MMUA Registration for Martin, 2022 Elec. Utility Member Dues - \$34498.00, 1st Qtr. Safety Mgmt Program - \$7537.50, 1st Qtr. 4 yr. apprentice program - \$2286.38
60869 MN DNR WATERS - OMB	\$36,631.15 WATER USE 2021 PERMIT
60870 MOBILE HEALTH SERVICES LLC	\$650.00 ANNUAL HEARING TEST
60871 NAPA AUTO PARTS	\$40.84 OIL FILTER FOR CHIPPER
60872 NEVILLE, GERRY	\$107.66 Mileage reimbursement
60873 NICKOLAY, CINDY	\$157.91 Mileage reimbursement
60874 NORTHERN STATES POWER CO.	\$4,230.88 DECEMBER 2021 POWER BILL
60875 OLSEN CHAIN & CABLE, INC.	\$353.39 LONG REACH SHACKLE "
60876 PAYMENTUS CORPORATION	\$26,994.30 Trans. fees for Dec. 2021
60877 PLUNKETT'S PEST CONTROL, INC.	\$135.79 GEN PEST CONTROL
60878 RACHEL CONTRACTING, INC.	\$206.00 Refund Hydrant meter #70948678
60879 RDO EQUIPMENT CO.	\$100.00 knives sharpening - chipper knives
60880 SCHUETT, CODY	\$33.00 School reimb.
60881 SCOTT COUNTY RECORDERS OFFICE	\$46.00 Record Water Cap. Agreement Shak Apartme
60882 SDA INC.	\$2,629.68 WO#2434 - Close VA Shako Clinic
60883 SHAKOPEE CHAMBER OF COMMERCE	\$6,500.00 SPONSOR FOR RHYTHM ON THE RAILS
60884 SHERWIN WILLIAMS	\$277.36 Water dept. paint
60885 SHORT ELLIOTT HENDRICKSON INC	\$30,409.17 \$29097.66 - to various WO#2484,2360,2474,2492,2516,2517,2312,2 569,2557 - \$1311.51-WO#2467-Am. Water Infrastructure Act
60886 SOUTHWEST NEWS MEDIA DBA DIV. OF RED	\$371.49 DECEMBER LEGALS
60887 TRIPLETT, GREG	\$93.02 Mileage reimbursement
60888 TWIN CITY GARAGE DOOR CO.	\$325.00 Back side doors repair
60889 UPS STORE # 4009	\$54.60 Oil sample & Mac tools
60890 VERIZON CONNECT NWF INC.	\$337.91 Vehicle service for Dec. for Water, Eng. & Elec. Dept.
60891 VESSCO, INC	\$27,989.20 WO# 2460 - CHLORINATOR
60892 VIC'S CRANE SERVICE INC	\$3,937.50 WO#2239 - lift and set Underground Vault
60893 VON BANK, JAMIE	\$166.28 Reimb. meals for School/training
60894 WESCO DISTRIBUTION INC	\$36,936.75 Trans current, fuses, wire, cable, splicing kit, grounding trans lug, elbows, insulated cutter, tree trimming kit, tran current bar
	\$712,640.55

Presented for approval by: Director of Finance & Administration


Approved by General Manager

Approved by Commission President



PO Box 470 • 255 Sarazin Street
Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

To: SPU Commissioners

From: Greg Drent, General Manager 

Date: February 6, 2022

Subject: MMPA January Meeting Update

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on January 25, 2022, at Chaska City Hall in Chaska, Minnesota and via videoconference.

The Board reviewed the Agency's financial and operating performance for December 2021.

The Board discussed COVID-19 and its effects on supply chains and labor markets.

Management reviewed 2021 performance.

The Board engaged in a long-term planning session on approaches for meeting renewable goals.

The Board discussed the status of the renewable projects the Agency is pursuing.



There was an increase of 48 customers participating in MMPA's residential Clean Energy Choice program from November to December. Customer penetration of the program for residential customers remains at 3.8%.

Thanks



PO Box 470 • 255 Sarazin Street
Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

February 2, 2022

TO: Greg Drent, General Manager 
FROM: Sharon Walsh, Director of Marketing, Key Accounts and Special Projects 
SUBJECT: 2020 CIP Results and 2022 Plan Approval

Overview

Attached is the Draft Compliance Letter* issued by the MN Commerce Department. This letter provides 2020 CIP results and awards initial approval of the 2022 Conservation Plan.

In 2020 SPU exceeded the state savings goal of 1.5% by achieving a total energy savings of 1.72%. This is driven by residential, C&I, load management and behavioral science conservation efforts. We are fortunate to have a significant commercial/industrial (C&I) base that contributes to a large portion of the kWh savings, as do the Opower residential home energy reports (aka "smiley face" reports).

SPU passed in every measurable category, with the exception of Total Spend. We were under plan by .26%. I believe COVID influenced these numbers as people could not enter businesses and projects were delayed or cancelled. Remaining program funding rolled into the 2021 program year.

The plan for 2022 has also been submitted for approval. The overall program looks very similar to previous years, with minor rebate value adjustments and the introduction of a tiered rebate within the C&I category. This will allow very large projects to be rebated without depleting our funding and requiring an early close of the program. Pending receipt of the Final Compliance Letter, SPU's online 2022 program will be launched the week of February 7th.

**Due to staffing shortages at the MN DOC the final approval and filing of the regulatory letter has not been completed. The attached is considered a draft version, but through discussions with the State this will be approved as submitted. The Final Compliance Letter will be provided to the Commission at a later date.*

Action Requested

No action is required.

Sharon Walsh
Shakopee Public Utilities
PO Box 470
Shakopee, MN 55379-0470

RE: Electric Conservation Improvement Program (CIP) 2020 Results and 2022 Plan

Dear Sharon Walsh:

Thank you very much for Shakopee Public Utilities' (Shakopee) efforts to report 2020 Conservation Improvement Program (CIP) results and a 2022 CIP plan in ReportingESP. My Staff at the Minnesota Department of Commerce, Division of Energy Resources (Department) have finished reviewing this information.

2020 CIP RESULTS

The CIP accomplishments for Shakopee for 2020 are summarized in the graphs and tables below. The statutory energy savings goal and spending amounts are outlined in Table 1.

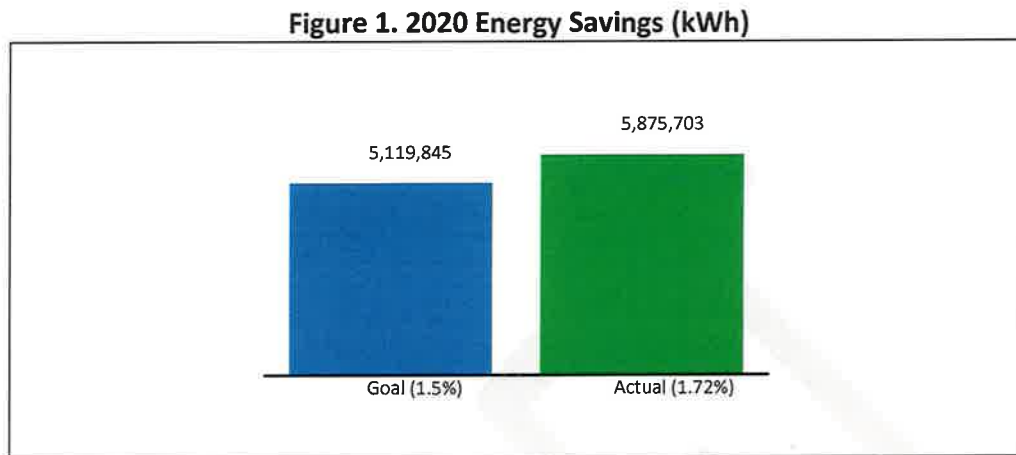
Table 1. Minnesota Utility Energy Savings Goal and Spending Amounts

Metric	Amount	Baseline Year(s)	Citation
Energy Savings (kWh)	1.5% of average weather-normalized retail sales at the generator, less sales to CIP exempt customers	2016-2018	Minn. Stat. § 216B.241 subd. 1c(b)
Total Spending (\$)	1.5% of retail gross operating revenue, less revenues from exempt customers	2018	Minn. Stat. § 216B.241 subd. 1b
Low-Income Spending (\$)	0.2% of average residential gross operating revenue	2016-2018	Minn. Stat. § 216B.241 subd. 1(l) Minn. Stat. § 216B.241 subd. 7(a)

Additionally, my Staff have provided an [appendix](#) at the end of this letter summarizing these and additional components of the CIP statute.

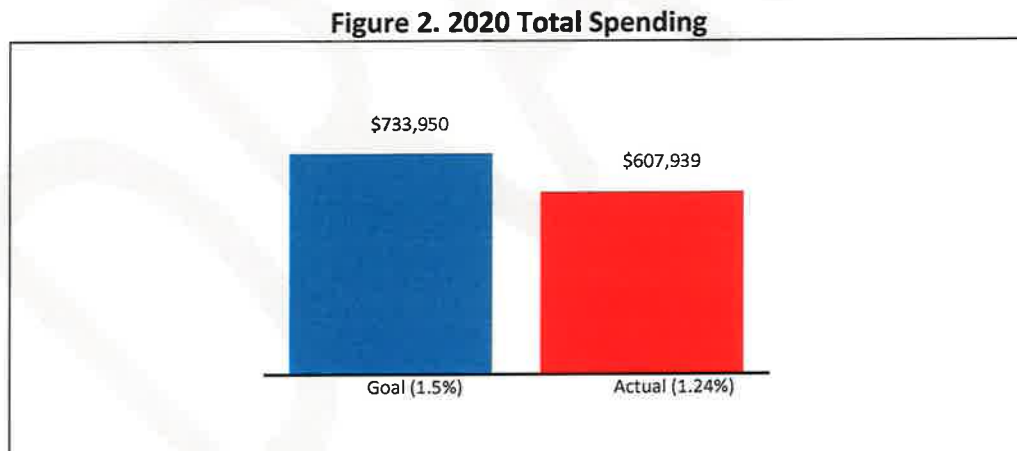
2020 Energy Savings Results

Figure 1 shows Shakopee's CIP energy savings for 2020.



2020 Total Spending Results

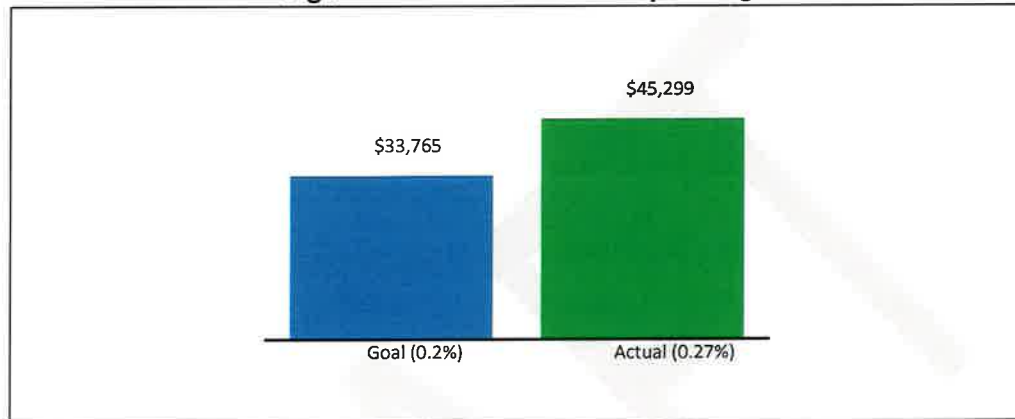
Figure 2 shows Shakopee's CIP spending for 2020.



2020 Low-Income Spending Results

While Department policy currently allows cooperatives and municipalities to count a portion of general residential spending as spending on low-income customers, the Department strongly encourages all utilities to meet their low-income spending amounts through programs that directly serve the needs of low-income persons. Figure 3 shows Shakopee's low-income CIP spending for 2020.

Figure 3. 2020 Low-Income Spending



2020 Spending Caps on Optional Investments

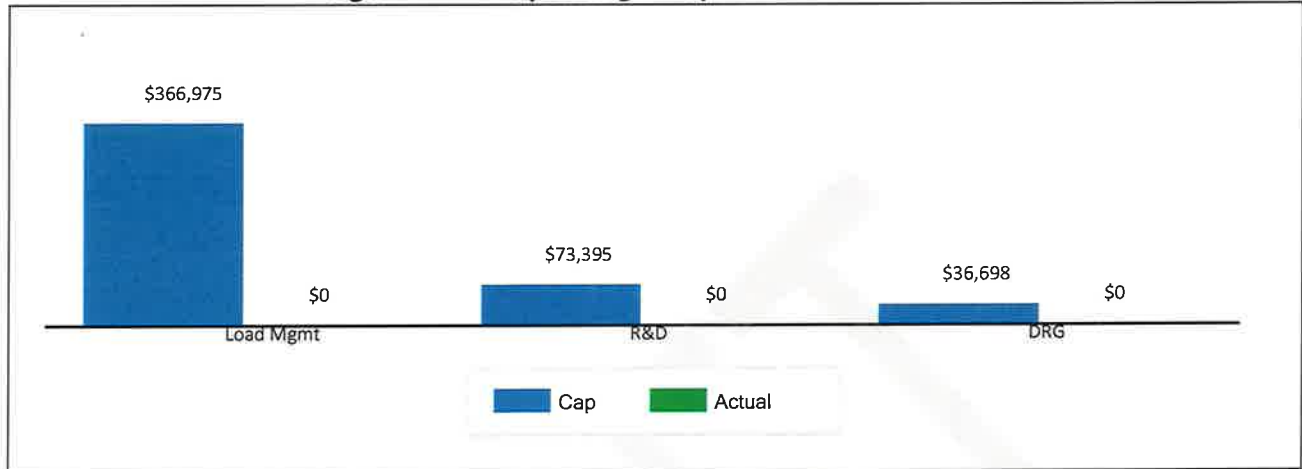
In addition to the energy savings goal, and the total and low-income spending amounts, there are some caps on spending amounts for certain optional investments. These spending caps are listed in Table 2.

Table 2. CIP Spending Caps on Optional Investments

Optional Investment	Spending Cap	Citation
Load Management Programs	Up to 50% of minimum spending	Minn. Stat. § 216B.241 subd. 1(k) Minn. Stat. § 216B.241 subd. 1b(e)
R&D Activities	10% of minimum spending	Minn. Stat. § 216B.241 subd. 2(c)
Distributed and Renewable Generation (DRG) Programs	5% of minimum spending	Minn. Stat. § 216B.2411 subd. 1

Figure 4 shows Shakopee's spending on load management, research and development, and distributed and renewable generation investments.

Figure 4. 2020 Spending on Optional Investments



2020 Summary of Results

Table 3 provides a summary of Shakopee's accomplishments concerning the components of the CIP statute.

Table 3. Summary of 2020 Results Compliance

Metric	Passed
Energy Savings (kWh)	Yes
Total Spending (\$)	No
Low-Income Spending (\$)	Yes
R&D Spending Cap (\$)	Yes
Distributed and Renewable Generation Spending Cap (\$)	Yes
Load Management Spending (\$)	Yes

2022 PLAN REVIEW

The CIP plan for 2022 presented by Shakopee is summarized in the graphs and tables below.

2022 Energy Savings Goal

Figure 5 shows Shakopee's planned CIP energy savings for 2022.

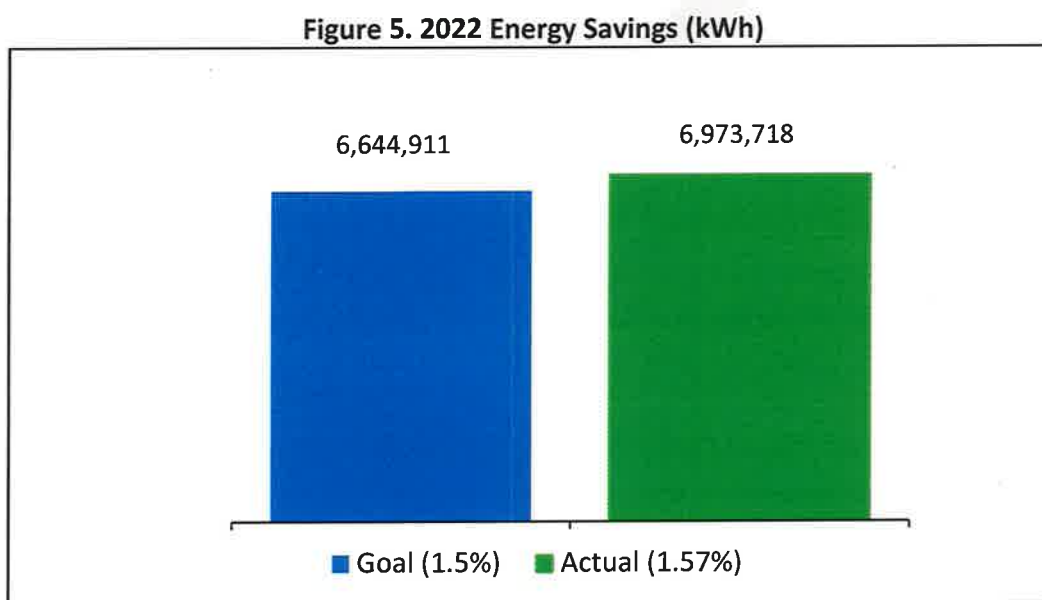


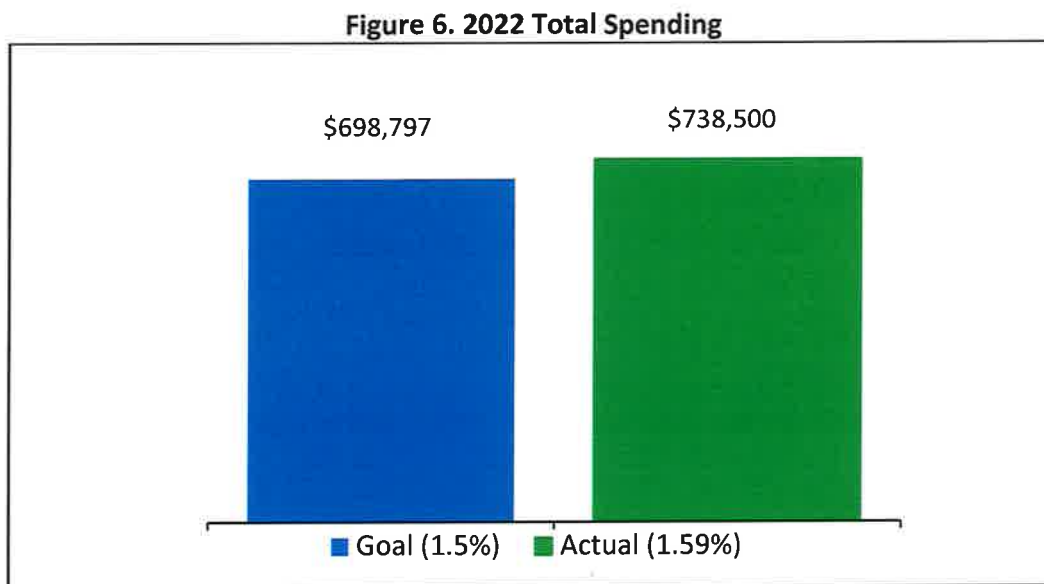
Figure 5 reflects 625,000 kWh that Shakopee plans to achieve from Electric Utility Infrastructure (EUI) projects. Note, spending from EUI projects may not be applied towards CIP spending. The table below outlines the guidelines for including EUI projects in a utility's CIP portfolio. Spending from EUI projects may not be applied towards CIP spending.

Table 4. CIP EUI Guidelines

Definition	Project must result in energy efficiencies greater than what would occur through normal maintenance activity	Minn. Stat. §216B.241 subd. 1c (d)
Energy Savings	Energy savings may be claimed when 1% of the energy savings goal has been met from conservation programs	Minn. Stat. §216B.241 subd. 1c (d)
Spending	Spending may not be claimed because EUI projects are excluded from energy conservation spending by the statutory definition	Minn. Stat. §216B.241 subd. 1b (b) Minn. Stat. §216B.241 subd. 1(e)

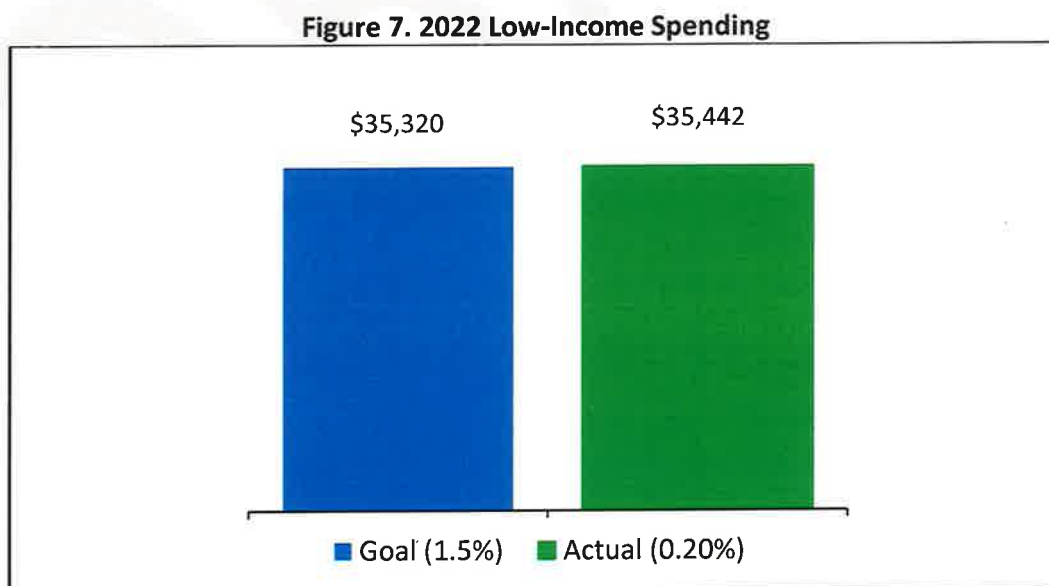
2022 Total Spending Amount

Figure 6 shows Shakopee's planned CIP spending for 2022.



2022 Low-Income Spending Amounts

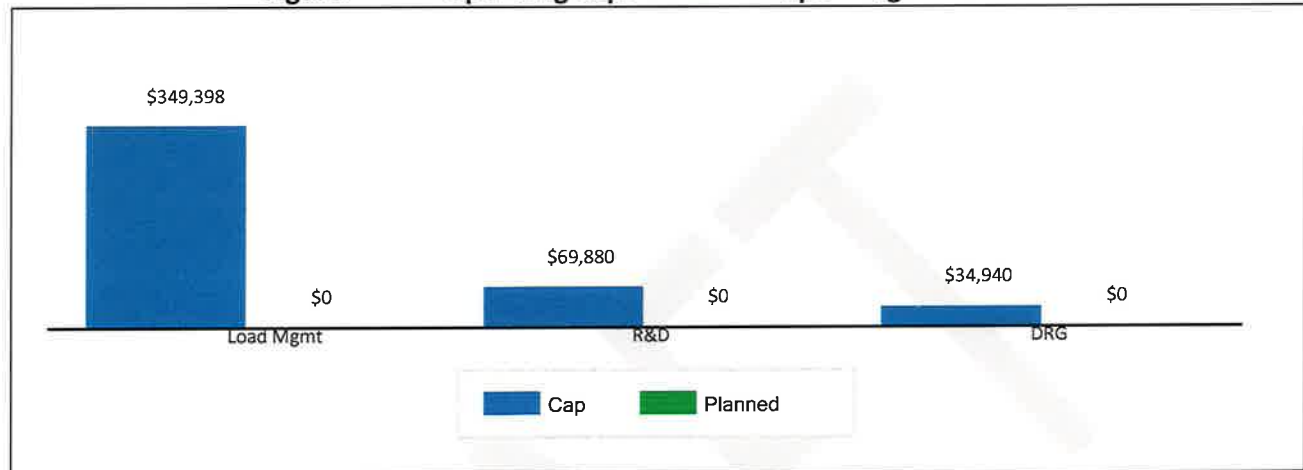
Figure 7 shows Shakopee's planned low-income CIP spending for 2022.



2022 Spending Caps on Optional Investments

Figure 8 shows Shakopee's planned spending on load management, research and development, and distributed and renewable generation investments.

Figure 8. 2022 Spending Caps v. Planned Spending Amounts



2022 Summary of Plan

Table 5 provides a summary of Shakopee's plan concerning the components of the CIP statute.

Table 5. Summary of 2022 Plan Compliance

Metric	Passed
Energy Savings (kWh)	Yes
Total Spending (\$)	Yes
Low-Income Spending (\$)	Yes
R&D Spending Cap (\$)	Yes
Distributed and Renewable Generation Spending Cap (\$)	Yes
Load Management Spending (\$)	Yes

Green Building Standards

Each utility and association must offer one or more programs that meet the following provisions to support green building standards.

Facilitate professional engineering verification to qualify a building for green building certification	§ 216B.241 subd. 1f(c)
Support goals consistent with Sustainable Buildings 2030 (SB 2030) performance standards	§ 216B.241 subd. 9(e)

My Staff recommend that utilities offer a subsidy for design assistance and/or certification expenses on a case by case basis within their commercial and industrial program(s).

FUTURE REPORTING

The next scheduled report will be on June 1, 2022, when Shakopee will need to report expenditures and energy savings for 2021, budgets and energy savings goals for 2023, and updated program designs for 2023.

DECISION

With this letter, I accept Shakopee's reporting of results for the 2020 CIP program year, noting that Shakopee did not meet all the components of the statutes, and approve Shakopee's CIP plan for 2022. Thank you for Shakopee's continued contributions to Minnesota's energy efficiency and conservation goals. Please contact Anthony Fryer at anthony.fryer@state.mn.us or 651-539-1858 or Laura Silver at laura.silver@state.mn.us or 651-539-1873 with any questions or concerns.

Sincerely,

Commissioner
Minnesota Department of Commerce

SUMMARY OF CIP FOR ELECTRIC UTILITIES¹

Minnesota Statutes § 216B.241 apply to municipal electric utilities that provide electric service to more than 1,000 retail customers and to cooperative electric associations that provide retail service to more than 5,000 members.

Energy Savings

- *Minimum Annual Energy Savings Goals:* Minnesota Statutes § 216B.241 subd. 1c(b) requires each non-exempt utility and association to have an annual energy savings goal equal to 1.5 percent of gross annual retail sales. The energy savings goal should be calculated using the most recent 3-year weather-normalized average. Please refer to the [summary table in the section below](#) for the 3-year average used to calculate the savings requirement.
- *Electric Utility Infrastructure (EUI) Projects:* Minnesota Statutes § 216B.241 subd. 1c(d) allows a utility or association to claim energy savings resulting from EUI projects on top of a minimum energy savings goal of 1 percent from energy conservation improvements, provided the EUI projects result in energy efficiencies greater than what would occur through normal maintenance activity. For further information, please review the Department's Decision filed on February 20, 2018 in docket 17-856 in the matter of [Claiming Energy Savings through Electric Utility Infrastructure Improvements and the Carry Forward Provision](#) and the Department's Decision filed on October 22, 2018 in docket 18-543 in the matter of [Determining Normal Maintenance Activities and CIP Review Process for Electric Utility Infrastructure Projects](#).
- *Carry Forward Provision:* Minnesota Statutes § 216B.241 Subd. 1c(b) allows a utility or association to elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from EUI projects may be carried forward for five years. For further information, please review the Department's Decision filed on

¹ The statutes are available at the website for the Office of the Revisor of Statutes:
<https://www.revisor.mn.gov/statutes/?id=216B.241>.

February 20, 2018 in docket 17-856 in the matter of [Claiming Energy Savings through Electric Utility Infrastructure Improvements and the Carry Forward Provision](#).

CIP Spending

- *Minimum Spending:* Minnesota Statutes § 216B.241 subd. 1b requires each non-exempt cooperative electric association and municipal utility to invest a minimum of 1.5 percent of its Minnesota gross operating revenues (GOR), excluding revenue from any CIP-exempt customers, on CIP. Please refer to the [summary table in the section below](#) for the baseline year used to calculate the spending requirement.
- *Low-Income Spending:* Minnesota Statutes § 216B.241 subd. 7(a) and (c) require each non-exempt electric utility and natural gas municipal utility to invest a minimum of 0.2 percent of its residential Minnesota GOR on CIP programs that directly serve the needs of low-income persons, including renters. Please refer to the [summary table in the section below](#) for the baseline years used to calculate the low-income spending requirement.²
- *Electric Utility Infrastructure (EUI) Projects:* Minnesota Statutes § 216B.241 subd. 1(e) does not allow spending on EUI projects to count towards the CIP spending requirement.

Spending Caps on Optional Investments

- *Research and Development (R&D) Spending Cap:* Minnesota Statutes § 216B.241 subd. 2(c) allows each utility and association to spend up to 10 percent of a utility's minimum spending requirement on R&D projects.
- *Distributed and Renewable Generation (DRG) Cap:* Minnesota Statutes § 216B.241 subd. 1 allows each utility and association to spend up to 5 percent of a utility's minimum spending requirement on DRG.³

² While Department policy currently allows cooperatives and municipalities to count a portion of general residential spending as low-income, the Department strongly encourages all utilities to meet their low-income spending requirements through programs that directly serve the needs of low-income persons, including renters.

³ Utilities may not use green pricing programs to achieve CIP requirements.

- *Load-Management Activities:* Minnesota Statutes § 216B.241 subd. 1b(e) allows each utility and association to use load-management activities to achieve up to 50 percent of a utility's minimum spending requirement.

Green Building Standards

- *Green Building Standards:* Minnesota Statutes § 216B.241 subd. 1f(c) and § 216B.241 subd. 9(e) require that each non-exempt utility and association offer one or more programs that support green building certification of commercial buildings and that support goals consistent with Sustainable Buildings 2030 standards.

BASE YEARS FOR CIP CALCULATIONS

Specific base years are used to calculate the statutory minimum requirements for the energy savings, total spending, and low-income spending goals. The table below summarizes the base years to be used to calculate the minimum requirements for CIP results and plans reviewed in this letter.

Base Years for CIP Minimum Requirements Calculations

Filing Type	Minimum Energy Savings Rqmt 1.5% of:	Minimum Spending Rqmt 1.5% of:	Minimum Low-Income Spending Rqmt 0.2% of:
2020 Results	2016-2018 average retail sales	2018 gross operating revenues	2016-2018 residential gross operating revenues
2022 Plan	2018-2020 average retail sales	2020 gross operating revenues	2018-2020 average residential gross operating revenues

RESOLUTION #2022-05

**RESOLUTION OF APPRECIATION
TO ROBERT ROMANSKY**

WHEREAS, Mr. Robert Romansky joined Shakopee Public Utilities on April 3, 2015 and during his tenure of six years has worked in Information Technology and left as the IT Coordinator; and

WHEREAS, Mr. Romansky always strived for excellence in contributing to the efficient operation of Shakopee Public Utilities and has been extremely dependable and responsible in performing his duties; and

WHEREAS, Mr. Romansky retired from his position as IT Coordinator with Shakopee Public Utilities on December 31, 2021; and

NOW THEREFORE, BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION, that it does hereby express its sincere and deep appreciation to Mr. Romansky for his six years of dedicated service to Shakopee Public Utilities.

BE IT FURTHER RESOLVED that the Shakopee Public Utilities Commission extends its best wishes and congratulations to Mr. Robert Romansky.

Passed in regular session of the Shakopee Public Utilities Commission this Seventh day of February, 2022.

Commission President: Kathi Mocol

ATTEST:

Commission Secretary: Greg Drent



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Shakopee, Minnesota 55379
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www.shakopeeutilities.com

DATE: January 27, 2022
TO: Greg Drent, General Manager *GD*
FROM: Kelley Willemssen, Director of Finance & Administration *kw*
SUBJECT: Fraudulent Check Update

Overview

On January 20, 2022, American National Bank notified me that there was fraudulent check activity presented on our account. The checks presented were altered but pertinent information from our existing checks was still present. The checks were caught and there was no financial impact to SPU. A case with the Shakopee Police Department was opened, and the League of MN Cities was notified of the incident.

Safe guards are in place at the bank to catch fraudulent checks. We are also working with the bank to add an additional layer of security called Positive Pay protection. Positive Pay is an automated cash service that assists banks in detecting fraud by matching our issued checks with the checks presented for payment. The dollar amount, check number and account number must all match, or the check is flagged and sent back to the issuer for further review.

We will continue to monitor this matter very carefully and communicate updates on the case should there be any future changes.

No action required



Minnesota Municipal Power Agency

the power of your hometown

2021 Review

January 25, 2022

Outline

- Business Environment
- Strategy
- 2021 Operations
- 2021 Financial Results

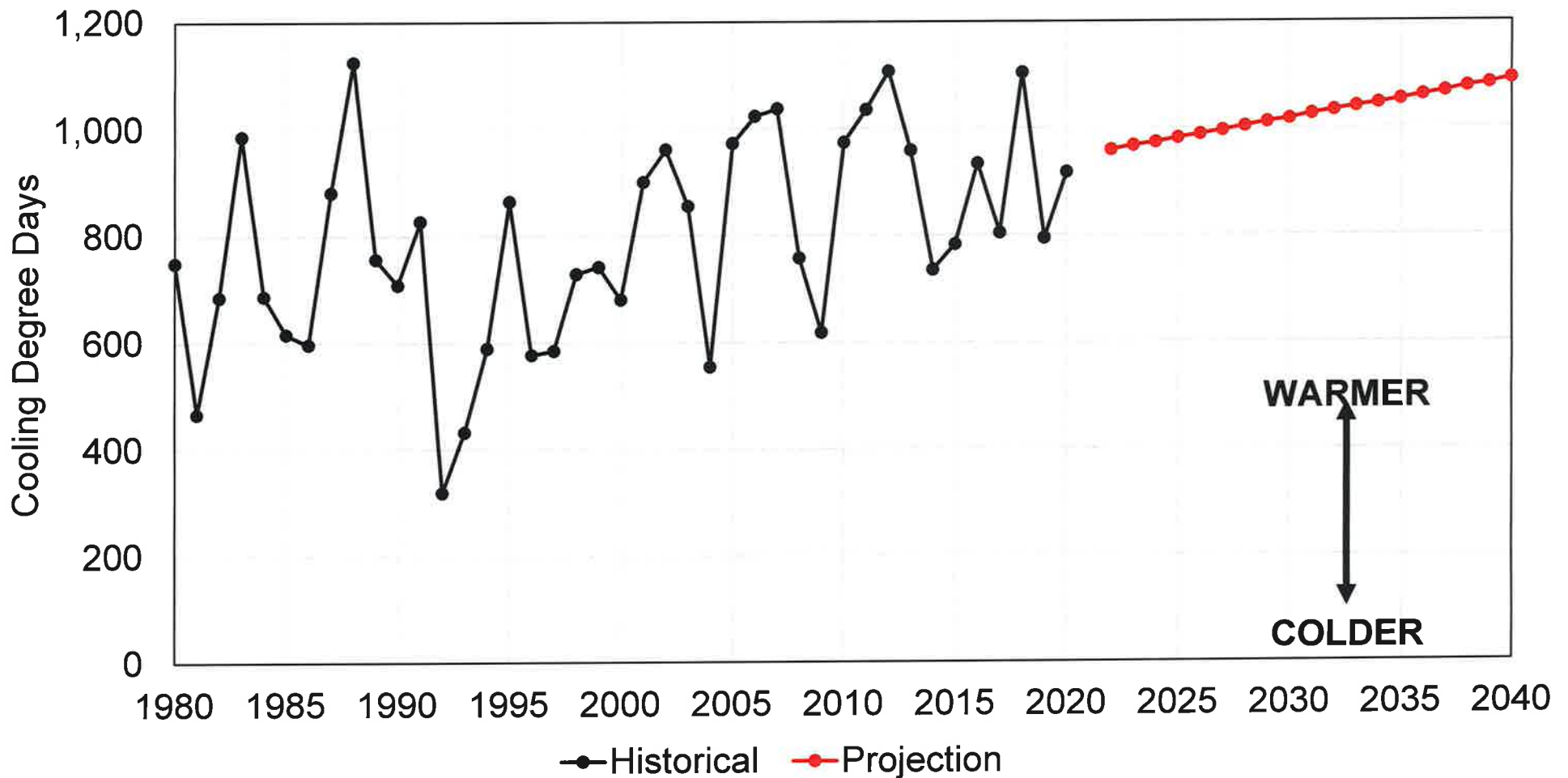


Business Environment

- Climate Is Changing
- COVID Disrupting Economy
- High Inflation
- High US Natural Gas Prices
- High World Natural Gas Prices

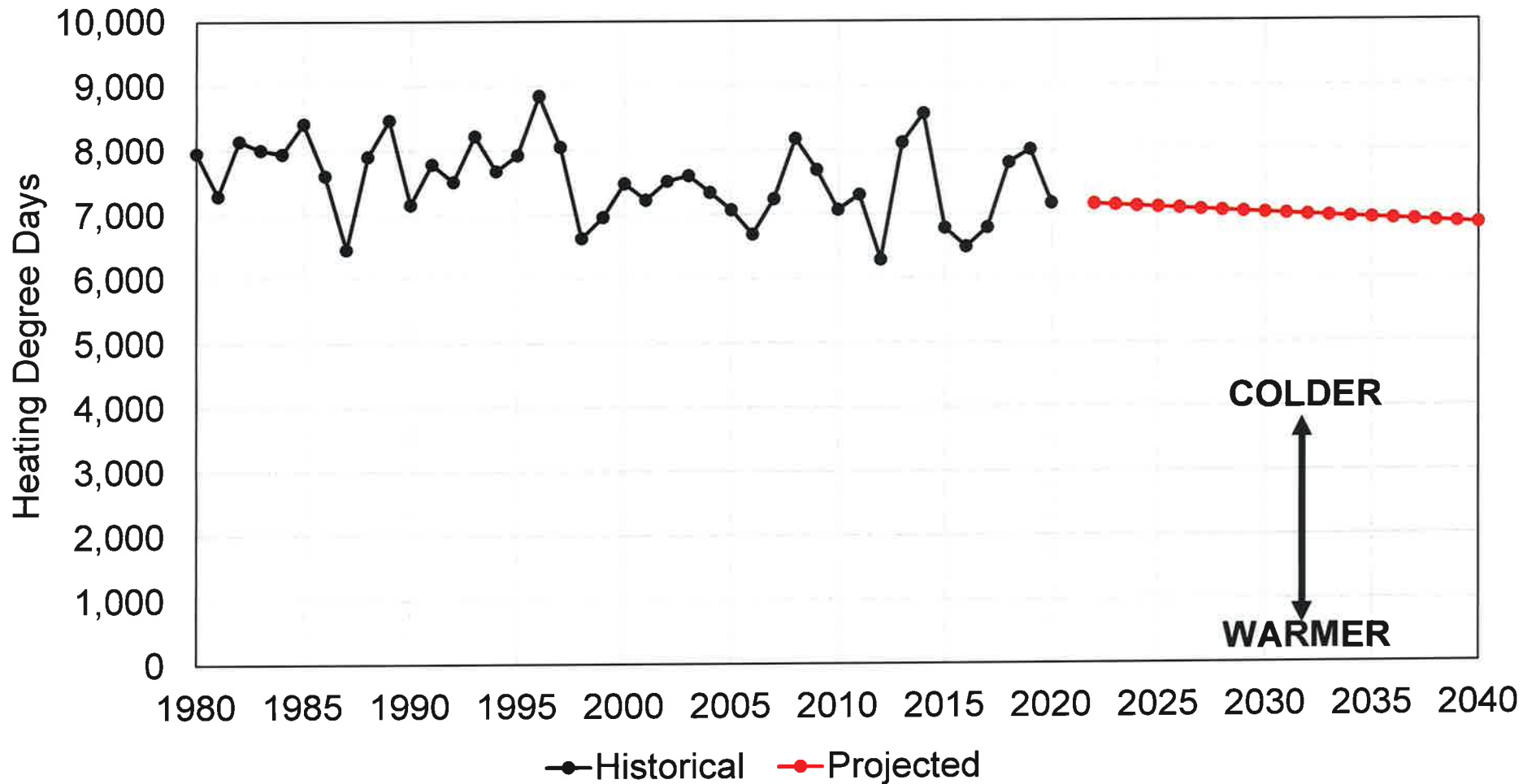


Summers Are Getting Hotter





Winters Are Getting Warmer





More Extreme Weather Events

- February Cold
- June Heat
 - Set Peak Demand Record
- December Tornado in Minnesota
 - First Time on Record



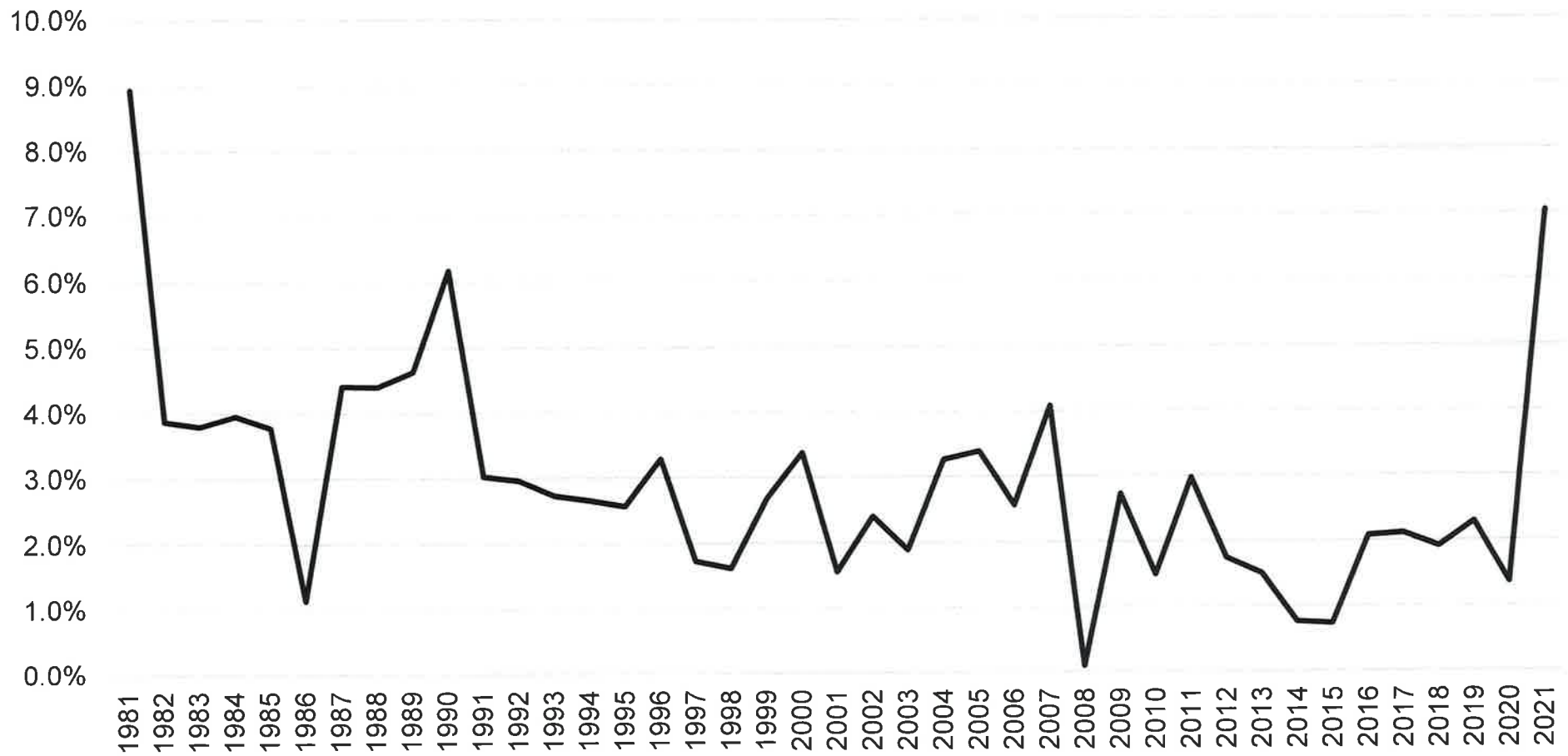
COVID Disrupting Economy

- Labor Markets
 - Quits Rate 14.4% Over Last Five Months
 - Unemployment Rate: 3.9%
- Supply Chain Challenges
- Management Challenges



Highest Inflation in 40 Years

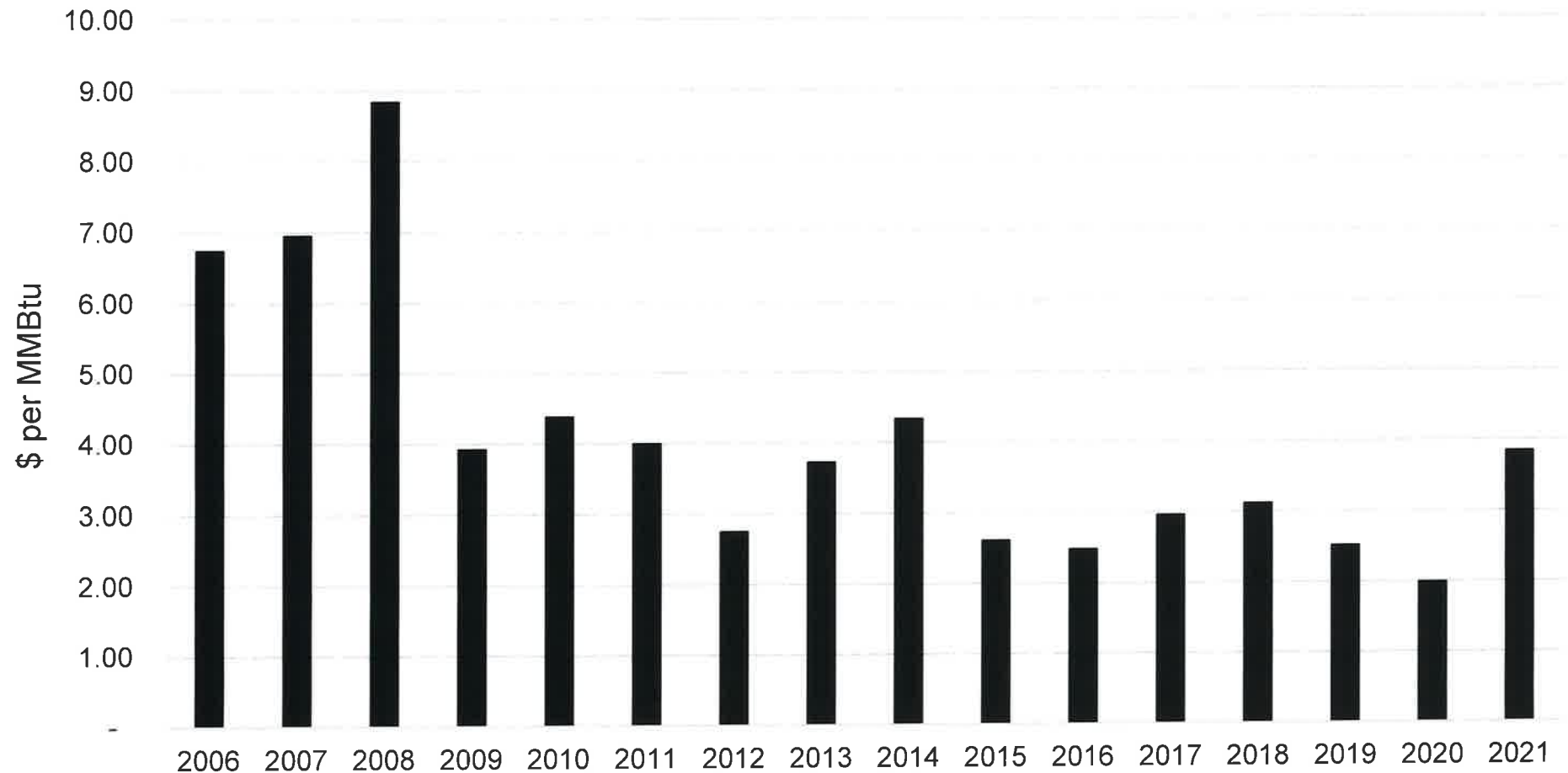
Annual Change in CPI-U





High Natural Gas Prices

Annual Henry Hub Average Spot Gas Price





Strategy

- Board Planning Activity
- Identified Need for Approach to 100% Renewable
 - Global Warming
 - Many Utilities Have Adopted 100% Goal
 - Some Customers Want It
 - Regulation

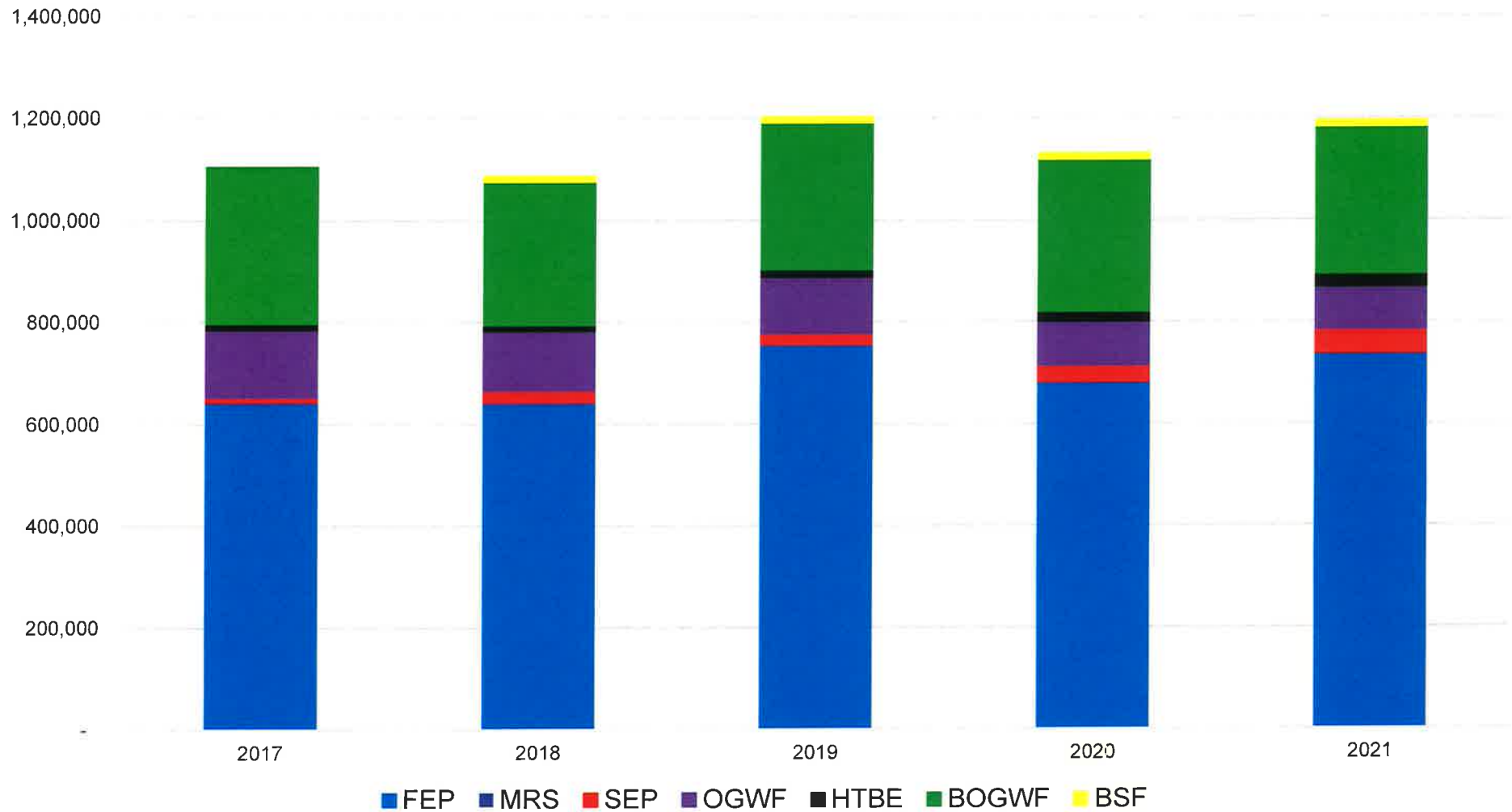


2021 Operations

- FEP Performance Similar to Prior Years
- Other Gas Resources Generated More
- Large Increase in HTBE Production
- OGWF Output Dropped
 - Because of Low LMPs



Total MMMPA Generation



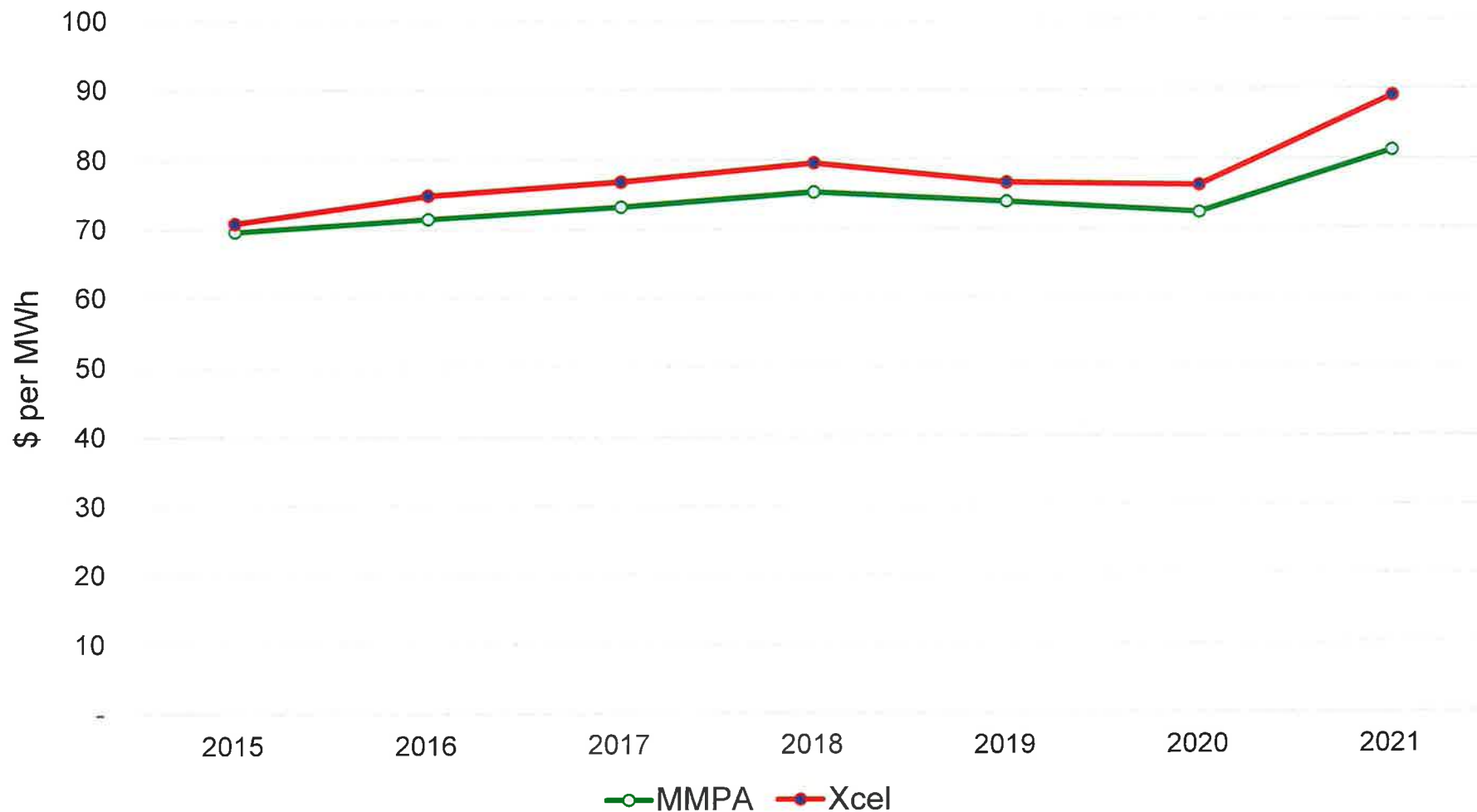


2021 Financial Results

- Rates Below Xcel
- Net Income Is Good
- Cash Is Sufficient
- Coverage Is Very Good

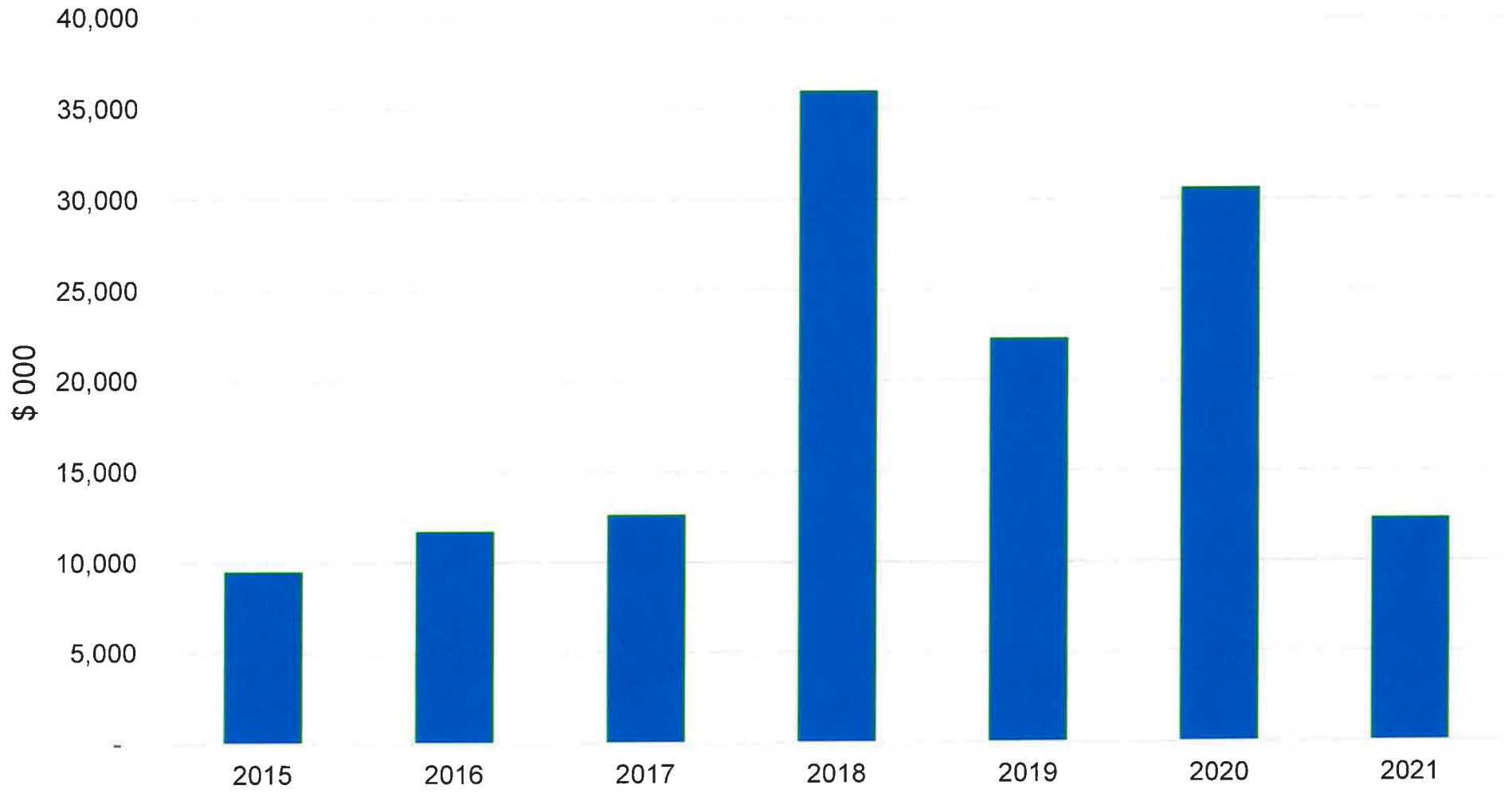


MMPA-Xcel Rate Comparison



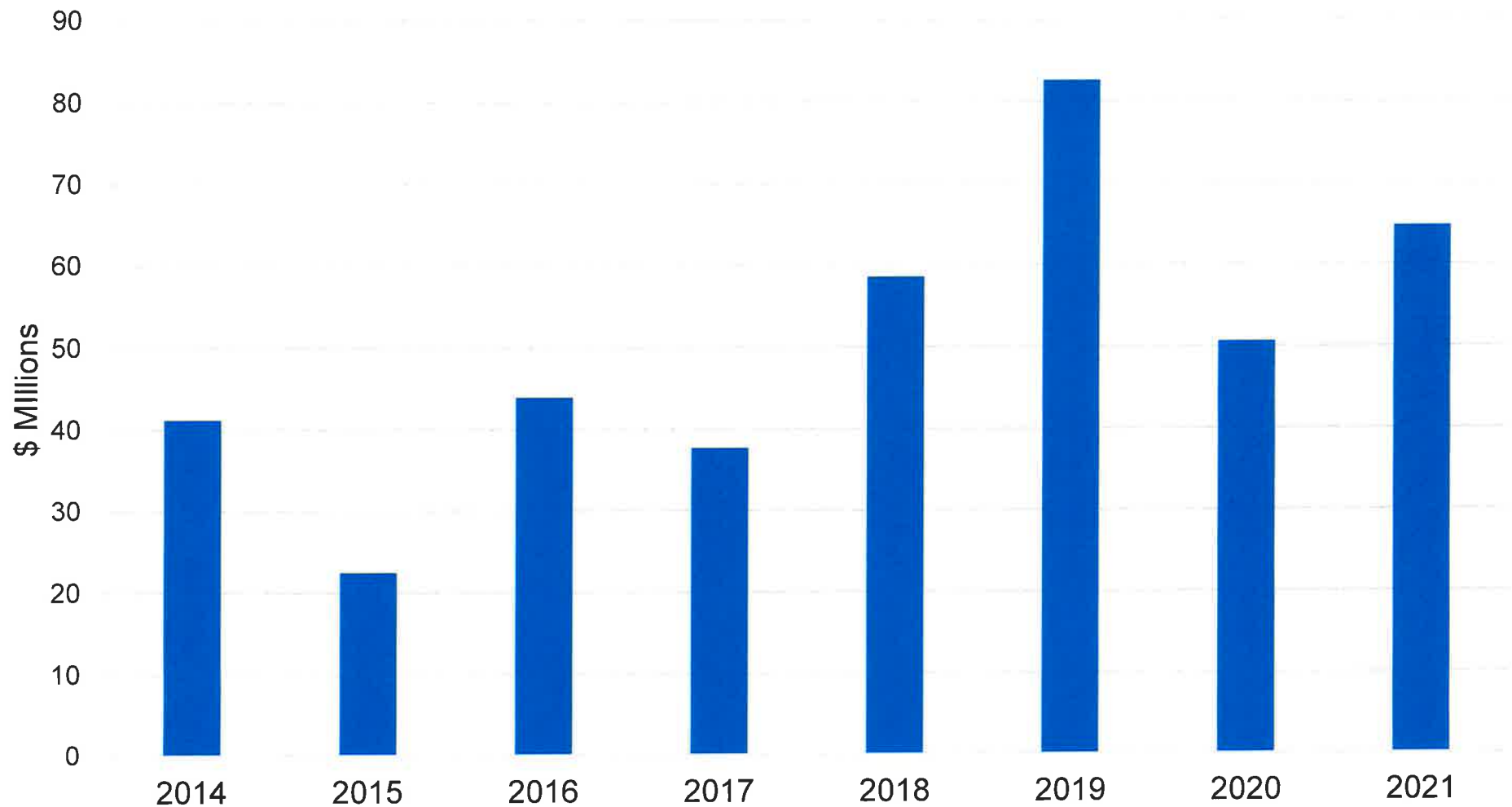


Net Income (\$ 000)



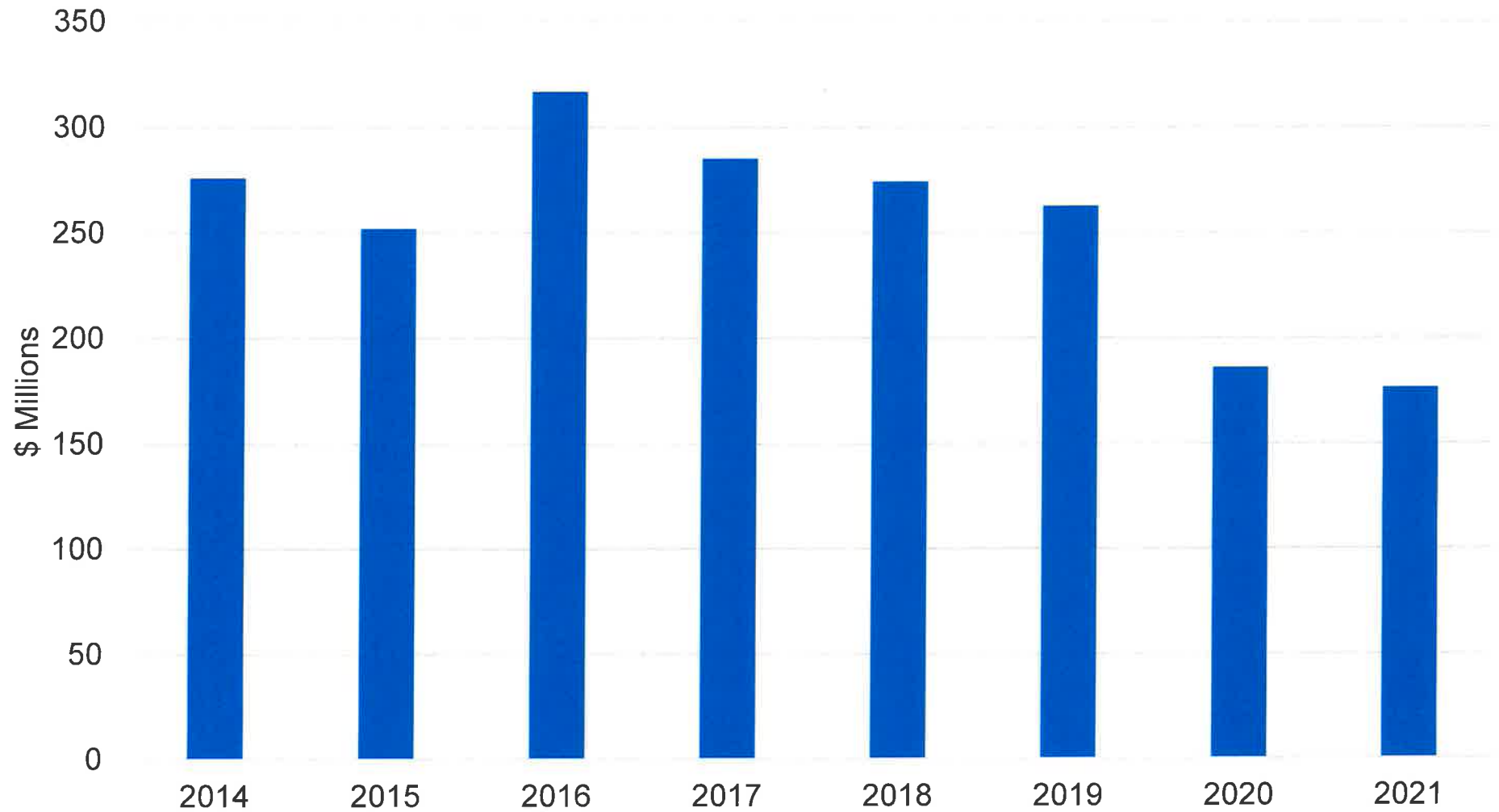


Year-End Unrestricted Cash



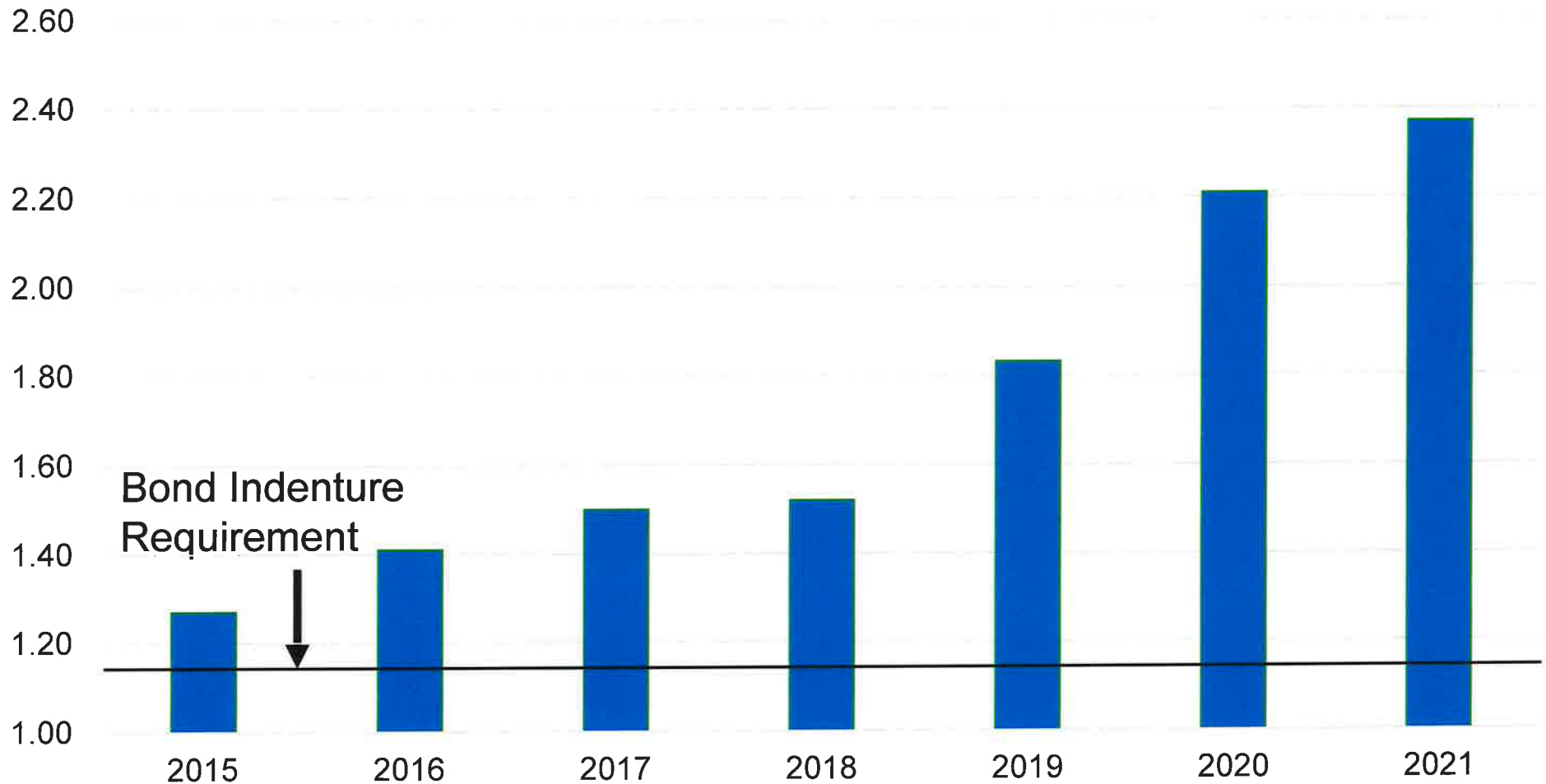


Year-End Debt Outstanding





Debt Service Coverage





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www.shakopeeutilities.com

TO: Greg Drent, General Manager *GD*
FROM: Joseph D. Adams, Planning & Engineering Director *J Adams*
SUBJECT: Normal Elevation Service (NES) District Water Treatment Facility Study
DATE: February 3, 2022

ISSUE

Staff desires to update the Commission on the latest discussions with ISD No. 720 regarding the area adjacent to PH #15 and the possibility of acquiring additional land area needed to construct a future water treatment plant for the NES district water supply.

BACKGROUND

Per Commission direction to pursue the “hybrid” option for future water treatment, staff first reached out to Community Development Director Michael Kerski who then arranged a meeting with the Shakopee School Superintendent Dr. Mike Redmond for all three parties to discuss the possibility of SPU acquiring land from Shakopee Schools to attach to SPU’s PH #15 parcel that is located next to Sunpath Elementary and the city’s 17th Avenue Sports Complex for a future water treatment plant. Both Dr. Redmond and Mr. Kerski expressed their opinion that it was an idea worth considering and exploring further. Staff was then invited to present the idea to the School Facilities Committee at their January meeting.

DISCUSSION

The first attached map outlines the options discussed. The consensus of the Schools’ Facilities Committee was encouraging in that they pledged to work with us for the community benefit and asked that we evaluate ways to minimize the effects on their own facilities by limiting the area we need to the east half of the open space between 17th Avenue and the interior trail extending west from the parking lot in the 17th Avenue Sports Complex.

Staff has requested the Commission’s water planning consultant, SEH, Inc. to define the outline of a treatment facility that would be sized to treat for multiple elements, i.e. nitrate, iron, manganese and PFAS for the entire water supply for the NES district at full development consistent with the direction to pursue the “hybrid” treatment plant options presented in their previous report.

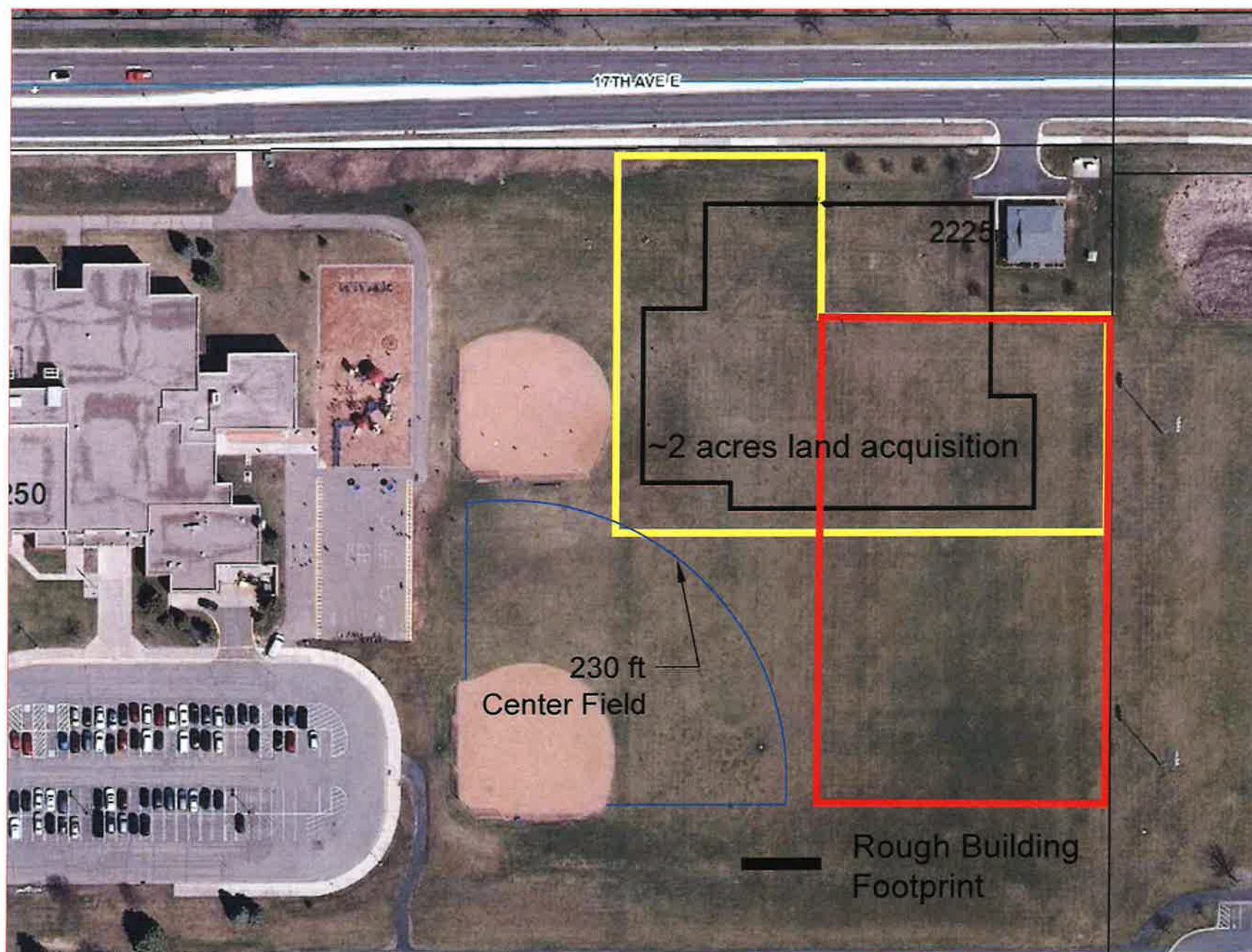


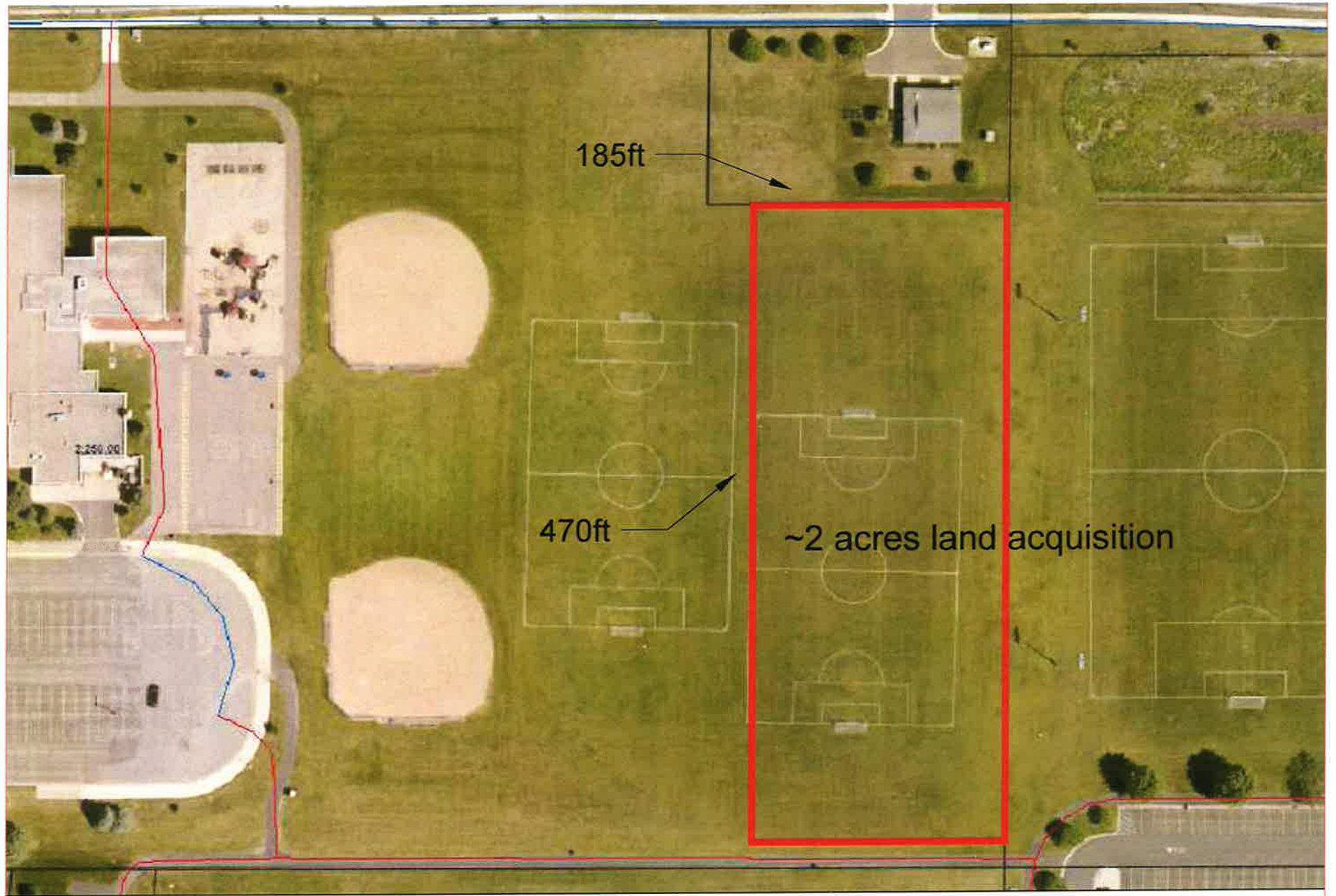
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SEH will take into account all of the regulatory requirements by the various authorities i.e. City of Shakopee, Scott County, MNDH, DNR, etc. to ensure that the plant is both feasible and will fit within a to be defined area keeping in mind the School's desires. The next logical step once the site's dimension's and area are determined would be to have a professional appraisal performed to arrive at a fair valuation that both parties may consider with the intention of entering into a purchase agreement.

REQUESTED ACTION

This is an information item at this point and no action is requested. Staff will continue to report back to the Commission when more information is available.





185ft

470ft

~2 acres land acquisition



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www.shakopeeutilities.com

DATE: February 3, 2022
TO: SPU Commissioners
FROM: Greg Drent, General Manager *GD*
Subject: Service Territory Agreement

Background:

SPU has been in discussions with MVEC regarding electric service territory on the west end of Shakopee for over two years. SPU commission has had several closed meetings during the negotiations. MVEC board of directors has agreed to the terms in the attached territory agreement.

This is the first step in the territory acquisition. If the SPU commission approves the document, we will then work with the SPU attorney and MVEC to file the document with MPUC. The process of filing and getting a ruling usually takes a couple of months. When the process is complete, the MPUC will adjust territory boundaries.

Over the next couple of months, SPU and MVEC will be working together on community outreach to inform customers of the changes. SPU and MVEC will also be meeting with Prior Lake to discuss the changes to service territory.

Brad Carlson will be the project manager on integrating these new customers into SPU system.

Action:

Approve electric service territory agreement with MVEC

ELECTRIC SERVICE TERRITORY AGREEMENT

This agreement ("Agreement") is made and entered into effective the ____ day of _____, 2022 (the "Effective Date"), by and between the Shakopee Public Utilities Commission, a municipal utility duly organized and existing under the laws of the State of Minnesota ("SPU") and Minnesota Valley Electric Cooperative, a rural electric cooperative duly organized and existing under the laws of the State of Minnesota (the "Cooperative"), individually referred to as a "Party" and or collectively as the "Parties."

WHEREAS, the laws of the State of Minnesota, namely Minnesota Statutes §§ 216B.37-216B.47, provide the terms and conditions under which SPU may extend retail electric service throughout the corporate limits of the city, as well as authorize and permit electric utilities to define and revise their electric service territories by their written consent and agreement.

WHEREAS, the City of Shakopee (the "City") has entered a Joint Resolution for Orderly Annexation with Jackson Township, which authorizes annexations into the City limits (the "Annexation Agreement"). Some portions of Jackson Township fall within the assigned electric service territory of the Cooperative. The Parties wish to plan for an orderly transition of assigned electric service territory to SPU in conjunction with the annexation process. In addition, the Parties wish to transfer certain areas currently within SPU's assigned electric service territory to the Cooperative.

WHEREAS, the Parties have negotiated a mutual agreement and wish to avoid litigation regarding compensation for such reciprocal electric service territory transfer, and acknowledge that this mutual agreement will not necessarily reflect the position of the Parties as to the appropriate application of the law determining rights and obligations of the Parties or compensation and service territory matters, and shall not be offered by

either SPU or the Cooperative as evidence in any other proceeding related to service territory matters.

WHEREAS, by entering this Agreement, the Parties desire to continue the successful cooperative relationship between the utilities, to conduct prudent utility planning and practices, to focus on areas of mutual interest, and to better serve and benefit the Parties' customers and the region in general.

NOW, THEREFORE in consideration of the premises and of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

Article I: Transfer of Electric Service Territory Rights

1.1 Attached as Exhibit A-1 and incorporated by reference is a map of the mutual service territory transfers covered by this Agreement. The areas shaded in green on Exhibit A-1 shall transfer to SPU's assigned service territory (the "SPU 2022 Transfer Area"). The area shaded in red on Exhibit A-1, that portion of the City of Prior Lake that is south of County Road 42 and east of Pike Lake Trail, currently in SPU's assigned service territory, shall transfer to the Cooperative's assigned service territory (the "MVEC 2022 Transfer Area").

1.3 For the MVEC 2022 Transfer Area, the exclusive right and obligation to provide electric service shall automatically transfer to the Cooperative on a date mutually agreed upon by the Parties, which the Parties anticipate occurring in the fourth quarter of 2022. For the SPU 2022 Transfer Area, the exclusive right and obligation to provide electric service shall automatically transfer to SPU on a date mutually agreed upon by the Parties, which the Parties anticipate occurring in the fourth quarter of 2022. The City will continue to extend its corporate boundaries to include Jackson Township, according to

the Annexation Agreement (each annexed area a “Future Annexation”). Attached as Exhibit A-2 and incorporated by reference is a map that depicts in blue the Future Annexations. SPU will provide the Cooperative with annual updates of the status of Future Annexations. For the avoidance of doubt, all areas of Jackson Township within the Cooperative’s assigned service territory are included within the SPU 2022 Transfer Area, and the Cooperative hereby provides written consent to the transfer of these areas to SPU. Collectively, the date of the transfers of the MVEC 2022 Transfer Area and the SPU 2022 Transfer Area described in this Section 1.3 are referred to as the “Transfer Date.”

1.4 To avoid duplication of facilities and to accommodate affected customers, the Parties may mutually agree in writing to a service-by-exception or other arrangement.

1.5 The Parties shall fully cooperate in arranging the transfer of service to be as convenient and seamless as possible for the affected customers, in providing notice and information to customers, and in responding to any customer questions or concerns. The Parties will cooperate in planning, including, but not limited to, allowing SPU to install facilities needed for a Future Annexation.

1.6 Except as specifically set forth in this Agreement, from and after the date of this Agreement, the rights and obligations of the Parties to provide electric service, to revise and change electric service boundaries, and to pay or receive compensation for damages arising from such changes shall be governed by applicable law, including Minnesota Statutes Sections 216B.37 – 216B.47 as presently in effect or as amended in the future, or if repealed, as provided in such other statute or law which governs electric service territories.

Article II: Payments

In consideration of the covenants, releases, and representations made by the respective Parties herein, the Parties agree to make certain payments, according to the terms of this Article II.

2.1 Facilities Transferred to SPU. For the SPU 2022 Transfer Area, the Cooperative shall transfer to SPU certain electric distribution facilities, as initially described in greater detail on Exhibit B (the "SPU Transfer Facilities"). SPU will visually inspect or cause to be inspected the SPU Transfer Facilities for PCB-free certification or labeling and shall provide to the Cooperative a listing of any facilities that SPU cannot certify as PCB-free. Exhibit B will be supplemented to add the original cost, less depreciation, of facilities installed within the SPU 2022 Transfer Area, in the ordinary and customary course of the Cooperative's business, after the Effective Date and before the Transfer Date, all in accordance with prudent utility planning and reliable customer service and avoiding unnecessary duplication of facilities. The Cooperative has in good faith estimated the original cost, less depreciation, of the SPU Transfer Facilities through the Effective Date, to be \$800,000. The Cooperative shall provide a statement to SPU of the SPU Transfer Facilities as of the Transfer Date, including a revised listing of SPU Transfer Facilities in Exhibit B, as appropriate, and SPU shall remit payment to the Cooperative within thirty (30) days after review and approval of the statement and any agreed upon revisions to Exhibit B.

2.2 Facilities Transferred to the Cooperative. For the MVEC 2022 Transfer Area, SPU shall transfer to the Cooperative certain electric distribution facilities, as initially described in greater detail on Exhibit C (the "MVEC Transfer Facilities"). The Cooperative will visually inspect or cause to be inspected the MVEC Transfer Facilities for PCB-free

certification or labeling and shall provide to SPU a listing of any facilities that the Cooperative cannot certify as PCB-free. Exhibit C will be supplemented to add the original cost, less depreciation, of facilities installed within the MVEC 2022 Transfer Area, in the ordinary and customary course of SPU's business, after the Effective Date and before the Transfer Date, all in accordance with prudent utility planning and reliable customer service and avoiding unnecessary duplication of facilities. SPU has in good faith estimated the original cost, less depreciation, of the MVEC Transfer Facilities through the Effective Date, to be \$500,000. SPU shall provide a statement to the Cooperative of the MVEC Transfer Facilities as of the Transfer Date, including a revised listing of MVEC Transfer Facilities in Exhibit C, as appropriate, and the Cooperative shall remit payment to SPU within thirty (30) days after review and approval of the statement and any agreed upon revisions to Exhibit C.

2.3 Transfer of Facilities. The Cooperative hereby sells, conveys, transfers, assigns, and sets over to SPU, its successors and assigns, all of the right, title, and interest in and to the facilities transferred under Section 2.1, including all easement, license, or right-of-way access agreement rights. SPU hereby accepts the assignment of all of the right, title and interest of the Cooperative in and to such facilities. SPU hereby sells, conveys, transfers, assigns, and sets over to the Cooperative, its successors and assigns, all of the right, title, and interest in and to the facilities transferred under Section 2.2, including all easement, license, or right-of-way access agreement rights. The Cooperative accepts the assignment of all of the right, title, and interest of SPU in and to such facilities. The Parties shall cooperate and sign any documents reasonably required to effectuate the transfer of facilities, including the transfer of easement, license, and right-of-way access agreement rights.

2.4 AS IS BASIS. Any and all facilities that one Party may acquire from the other Party under this Agreement shall be acquired on an AS IS basis and without warranty or representation relating to their condition, design, or compliance with NESC (National Electric Safety Code). The Party acquiring the facilities assumes all responsibility and liability for the transferred facilities, including their condition, maintenance, operation, and disposal. In the event that PCBs are potentially present in any facilities to be transferred, the Parties shall mutually agree upon how to address these facilities, including potential removal costs or decreased facility costs.

2.5 Cooperative Lender. The Parties agree that Cooperative indebtedness to the Rural Utilities Services or any other Cooperative lender or party (collectively "RUS") shall not prevent the Cooperative from performing under this Agreement. To the extent that approval of RUS may be necessary for completing the transfer of service rights or facilities under this Agreement, including release of any lien or interest in physical facilities to be transferred to SPU, the Cooperative shall promptly seek such approval, exercising all reasonable efforts and due diligence.

2.6 Integration Expenses. Recognizing the mutual transfer of service territory, each Party shall be responsible for its own integration expenses, if any, to continue to serve customers after the transfer of service territory under this Agreement.

2.7 Loss-of-Revenue Payments Inapplicable. The Parties acknowledge and agree that the respective transfers of assigned service territory described in Section 1.1, namely the SPU 2022 Transfer Area and the MVEC 2022 Transfer Area, constitutes just compensation as of the Transfer Date and that no loss-of-revenue payment is required for existing customers of the Cooperative or existing customers of SPU as of the Transfer Date. New or additional load in a Future Annexation is subject to Section 2.8. By way of

illustration, a farm house receiving service from the Cooperative as of the Transfer Date in a Future Annexation is not subject to loss-of-revenue payment. But acres owned by the farm house customer that may develop in the future with new or additional load outside of the farm house are subject to the loss-of-revenue payment under Section 2.8.

2.8 Loss-of-Revenue Payments Required. Subject to Sections 2.9 and 2.10, SPU shall annually pay the Cooperative an amount equal to the result of multiplying \$0.013 (13 mills/kWh) times each kilowatt hour of electric energy sold by SPU to each future customer to whom SPU provides retail electric service within the areas depicted in blue on Exhibit A-2. The loss-of-revenue payment period shall commence on the earlier of (a) the date that SPU installs the first permanent meter or point of service in a Future Annexation; or (b) sixteen (16) months after the date of a Future Annexation, and shall continue thereafter for a period of ten years. Section 2.11 details the process for payment of loss-of-revenues.

2.9 Municipal Facilities. The loss-of-revenue payments under Section 2.8 shall not apply to utilities owned or operated by SPU for providing utility services, including, but not limited to, streetlights, water treatment services, park or trail lighting, and lift stations.

2.10 Municipal Development. In the event that SPU or the City owns and develops property in a Future Annexation ("Municipal Development"), then the mill rate provision in Section 2.8 shall not apply. Instead, for the Municipal Development, SPU shall annually pay the Cooperative an amount equal to the result of multiplying one cent (\$0.01) times each kilowatt hour of electric energy sold by SPU in the Municipal Development, provided that SPU's payment shall not exceed the maximum of two hundred fifty thousand (250,000) kilowatt hours, or a maximum of \$2,500. Upon written

request, SPU will provide the Cooperative with SPU's financial statements, to confirm that the full costs of the Municipal Development are not passed on to property owners.

2.11 Payment Process. The calculation of any amount due under Section 2.8 shall be made for the period concluding on December 31st of each year under consideration and payment of the annual amount so determined will be made by SPU by March 1st of the following year. SPU's sales shall be calculated on the basis of its meter readings, as made in the ordinary course of its utility business. With its annual payment, SPU shall provide a written report to the Cooperative, certified as true and correct by the General Manager of SPU, summarizing for each area the kilowatt hours sold by SPU and the basis for the calculation of the compensation due the Cooperative.

2.11.2 SPU shall also provide the Cooperative copies of such additional supporting data as the Cooperative may reasonably request, including metering data that reflects kilowatt hours sold, but, pursuant to Minn. Stat. § 13.685, may not contain any data that could identify any customer (e.g., by name, address, phone, or social security number). Any dispute concerning amounts due under this Article 2 shall be governed by Article 7 of this Agreement.

2.12 The Parties acknowledge and agree that no other payments (including, but not limited to, other appropriate factors) shall be due for the transfer of service territory under the terms of this Agreement.

Article 3: Filings

3.1 Promptly after the execution of this Agreement, the Cooperative consents and authorizes, and SPU agrees, that SPU shall file the Parties' joint request, under Minn. Stat. § 216B.39, subd. 3, legally describing and depicting the SPU 2022 Transfer Area and MVEC 2022 Transfer Area and requesting that the Minnesota Public Utilities

Commission ("MPUC") modify the service territory boundary and recognize the service territory transfer. Notice and a copy thereof shall be provided by SPU to the Cooperative not less than ten (10) days before filing with the MPUC. If the service territory boundary modification procedure described in this Section materially changes in the law, the Parties will follow the process provided by law.

3.2 If the MPUC, the Department of Commerce, or any interested person raises any question or challenges any provision of the boundary adjustment, this Agreement, or the due performance thereof, the Parties shall each, at their own expense, exercise any and all lawful efforts reasonably necessary to respond to said questions and to assure the transfer of service territory. If for any reason the MPUC refuses to recognize any service territory transfer described in Article 1, the Party that received payment shall return any payments made by the other Party pursuant to Article 2, upon demand by the other Party.

Article 4: Representations and Warranties

4.1 SPU and the Cooperative hereby mutually represent and warrant, each to the other, as follows:

(a) Each is duly organized and existing in good standing under the laws of the State of Minnesota and each has all requisite power and authority to own, lease, and operate its electric service facilities;

(b) Each has the power and authority to execute, deliver, and carry out the terms and provisions of this Agreement and has taken all the necessary corporate action to authorize the execution, delivery, and performance of this Agreement;

(c) Neither Party knows of any claim that may be asserted against the other arising from facts and circumstances occurring prior to the date hereof and relating to the

provision of electric service to any area covered by this Agreement under the laws of the State of Minnesota governing exclusive electric service territories, including claims before the MPUC, except as are fully settled, satisfied, and released in this Agreement; and

(d) This Agreement constitutes a valid and binding obligation of each Party enforceable in accordance with its terms.

Article 5: Mutual Waiver and Release of Claims; Responsibility

5.1 The Parties do hereby each unconditionally release and waive any and all claims, known or unknown, which they may now have or have in the future arising from any action or omission of the Parties or any fact or circumstance first occurring prior to the date hereof, whether or not continuing in nature, which relate to or arise from the right of either Party to provide electric service to the areas depicted in Exhibit A-1, including any particular person, area, facility, or site by reason of the electric service territory laws of the State of Minnesota. Provided, however, the foregoing provisions of this Article 5 do not waive or release any claim that either Party may have for any breach of any covenant, or any misrepresentation contained in this Agreement.

5.2 Except for the indemnity provided in Section 2.4, each Party will be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof. Nothing in this Agreement limits or waives the rights or limits provided to SPU in Minnesota Statutes Chapter 466, and it is intended in this Agreement that unless explicitly provided otherwise, SPU shall have the maximum benefits and rights accorded to it under Chapter 466 and applicable law.

Article 6: Term and Scope of Agreement

6.1 The term of this Agreement shall be a period of ten (10) years from the latest Future Annexation covered by this Agreement.

6.2 This Agreement (including recitals and exhibits hereto) constitutes the entire Agreement and, with respect to the specific subject matter hereof, supersedes all prior agreements and understandings, oral and written, between the Parties hereto.

6.3 The Parties acknowledge that this Agreement is the result of arms-length negotiations between the Parties, each taking into consideration the costs and risks of litigation otherwise required to resolve the matters addressed in this Agreement. This Agreement does not reflect the position of either Party as to the appropriate application of the law determining electric service territory rights or compensation in such matters. For any electric service territory matter between the Parties not governed by this Agreement, the Agreement shall not act as precedent in the determination of compensation, if any be due.

Article 7: Alternative Dispute Resolution

7.1 In the event that a dispute arises between the Parties as to the interpretation or performance of this Agreement, then upon written request of either Party, representatives with settlement authority for each Party shall meet in person and confer in good faith to resolve the dispute. If the Parties are unable to resolve the dispute, they shall make every effort to settle the dispute through mediation utilizing a mutually agreed upon subject matter expert or other alternative dispute resolution methods mutually agreeable to the Parties. If the Parties are unable to resolve the dispute through these methods, either Party may commence an action in the district court for the county in which

the service territory is located. The Transfer Date is not affected by any dispute or action to determine compensation.

Article 8: General Terms and Conditions

8.1 Any notice permitted or required by this Agreement shall be made in writing by letter, electronic mail, personal service, facsimile, or other documentary form and shall be deemed given upon actual receipt by the Party to which such notice is given. The address for notice to each Party is as follows (as may be later changed by a Party by proper notice):

If to SPU:

Shakopee Public Utilities
Attn: General Manager
255 Sarazin St.
Shakopee, MN 55379

If to the Cooperative:

Minnesota Valley Electric Cooperative
Attn: General Manager
125 Minnesota Valley Electric Dr.
Jordan, MN 55352

8.2 This Agreement will inure to the benefit of the Parties hereto and shall be binding on them and their respective legal representatives, successors, and assigns. Provided, however, neither Party hereto may assign any of its rights herein to any person without the prior written consent of the other Party.

8.3 Each of the Parties acknowledges that the adjustment of electric service territory boundaries provided for herein is unique in that neither Party will have an adequate remedy at law if the other Party fails to perform any of its obligations hereunder. In such event, either Party shall have the right, in addition to any other rights it may have, to petition for and obtain specific performance of this Agreement in the district court for the county in which the service territory is located.

8.4 This Agreement may be amended only in writing, signed by each of the Parties.

8.5 The Parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either Party. Headings are for convenience and are not a part of this Agreement.

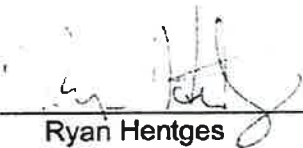
8.6 This Agreement may be executed in counterpart copies by the Parties and each counterpart, when taken together with the other, shall be deemed one and the same executed Agreement.

8.7 By executing this Agreement, the Parties acknowledge that they: (a) enter into this Agreement knowingly, voluntarily and freely; (b) have had an opportunity to consult an attorney before signing this Agreement; and (c) have not relied upon any representation or statement not set forth herein.

[The remainder of the page is intentionally left blank. The signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by an authorized representative as of the date first above written.

MINNESOTA VALLEY ELECTRIC COOPERATIVE

By _____
Ryan Hentges

Its _____ CEO _____

By _____

Its _____ Board President _____

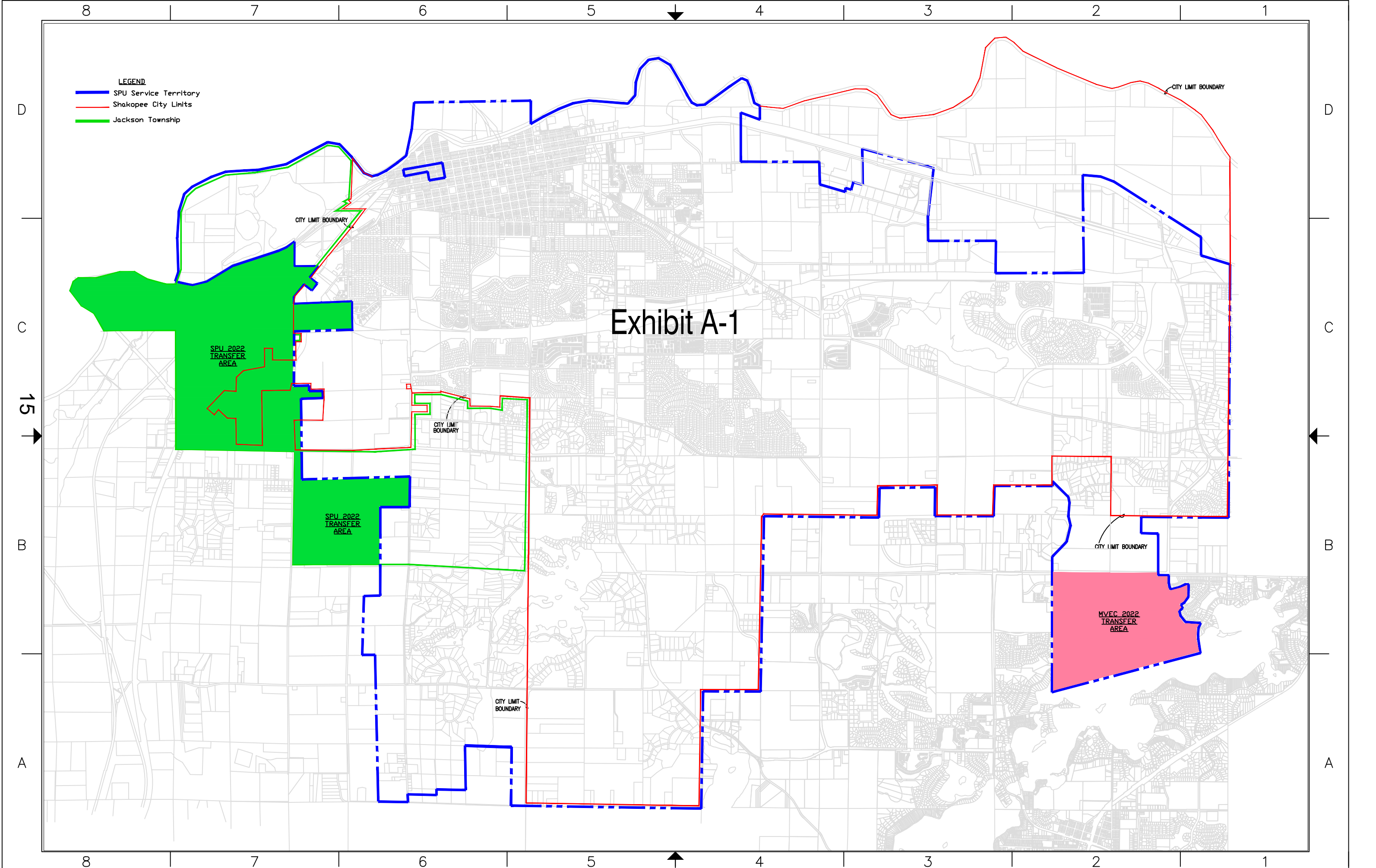
SHAKOPEE PUBLIC UTILITIES COMMISSION

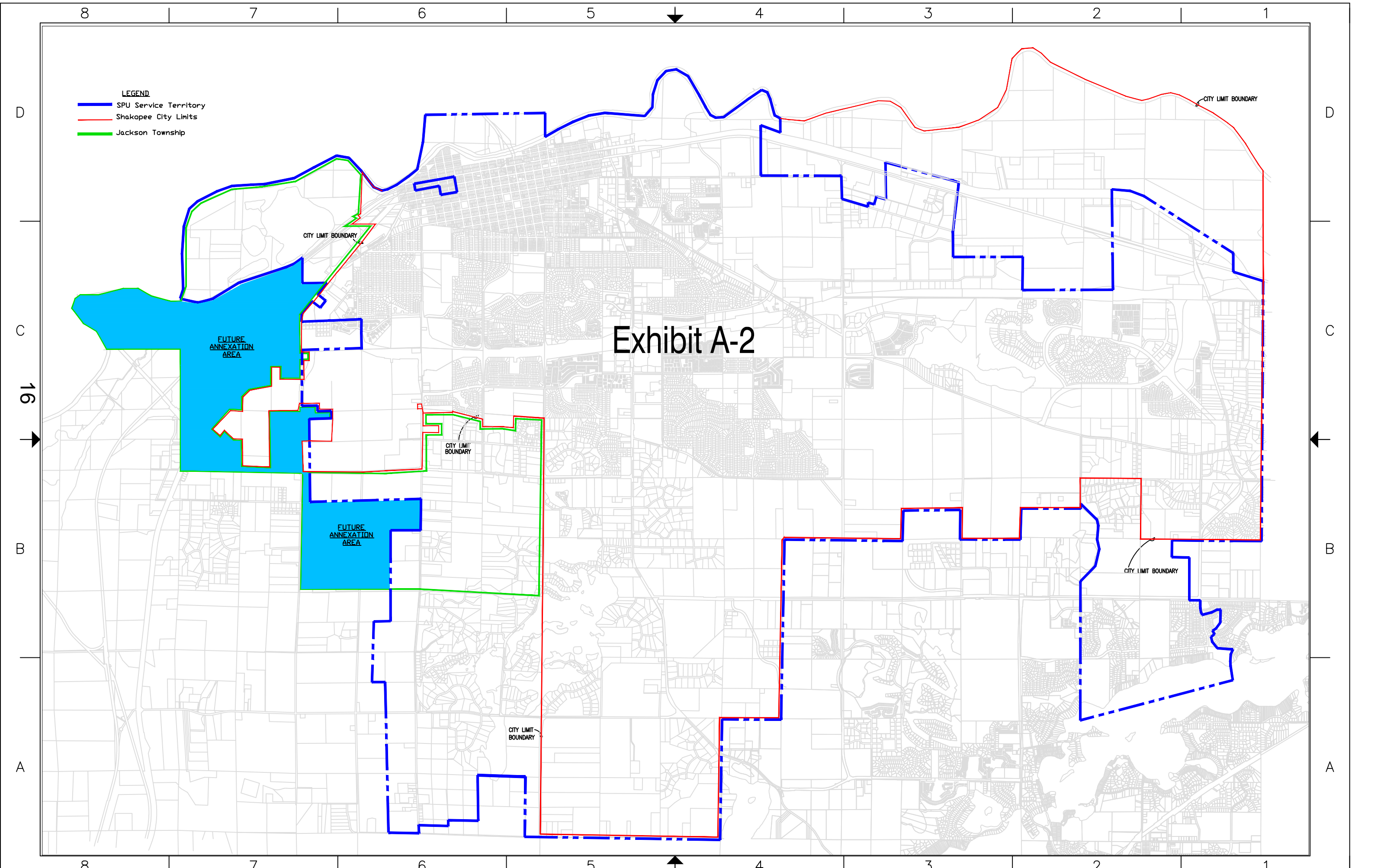
By _____
Kathi Mocol

Its _____
President

By _____
Greg Drent

Its _____
General Manager





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LEGEND

- SPU Service Territory
- Shakopee City Limits
- Jackson Township

CITY LIMIT BOUNDARY

CITY LIMIT BOUNDARY

CITY LIMIT BOUNDARY

CITY LIMIT BOUNDARY

CITY LIMIT BOUNDARY

FUTURE ANNEXATION AREA

FUTURE ANNEXATION AREA

Exhibit A-2

D

D

C

C

16

B

B

A

A

EXHIBIT B
SPU TRANSFER FACILITIES

EXHIBIT C
MVEC TRANSFER FACILITIES