

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
June 20, 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 June 6, 2022 Minutes (GD)
 - C=> 3b) Approval of June 20, 2022 Agenda (KM)
 - C=> 3c) June 6, 2022 Warrant List
Account Credit Request/Deposit Refunds (KW)
 - C=> 3d) June 20, 2022 Warrant List (KW)
 - C=> 3e) Water Dashboard (LS)
 - C=> 3f) Capitalization Policy (KW)
 - C=> 3g) EPA PFAS Announcement (LS)

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)

7. **Reports: Water Items**
 - 7a) Water System Operations Report – Verbal (LS)

8. **Reports: Electric Items**
 - 8a) Electric System Operations Report – Verbal (BC)
 - 8b) SPU Electric System Review (JA)

9. **Reports: Human Resources**

10. **Reports: General**
 - 10a) Marketing/Key Accounts Report – Verbal (SW)
 - 10b) May Financials & Accounts Receivable Aging – Collection Update (KW)

11. **Items for Future Agendas**

12. **Tentative Dates for Upcoming Meetings**
 - July 5, 2022 – Cancelled
 - July 18, 2022
 - August 1, 2022
 - August 15, 2022

13. **Adjournment**

**** PLEASE NOTE** that immediately following the June 20, 2022 regular meeting, the Commission will hold an informational work session concerning SPU fees and charges. Members of the public are welcome to attend at the SPU Service Center.

The Coalition for a Secure Energy Future will hold an event on June 22, 2022 from 12-1 p.m. at the SPU Service Center honoring Senator Pratt with the 2022 Energy Champion Award. A quorum of Commissioners may be present.

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
June 6, 2022
Regular Meeting

1. Call to Order. President Mocol called the June 6, 2022, meeting of the Shakopee Public Utilities Commission to order at 5:00 PM. President Mocol, Vice President Krieg, Commissioner Brennan, Commissioner Fox, and Commissioner Letourneau were present.
2. Approval of Consent Agenda. Commissioner Brennan asked that item (3f) be pulled for discussion. Commissioner Brennan moved approval of all other items on the consent agenda: (3a) May 16, 2022 Minutes; (3b) June 6, 2022, Agenda; (3c) June 6, 2022 Warrant List; (3d) MMPA May Meeting Update; (3e) Final Vision-Mission-Values Statement; (3g) Res#2022-14 Resolution Setting the Amount of the Trunk Water Charges, Approving of its Collection and Authorizing Water Services to Certain Property Described as Valley Crest 2nd Addition; (3h) Res#2022-15 Resolution Setting the Amount of the Trunk Water Charges, Approving of its Collection and Authorizing Water Services to Certain Property Described as Summerland 2nd Addition; (3i) Res#2022-16 Resolution approving of the Estimated Cost of Pipe Oversizing on the Watermain Project: Summerland Place 2nd Addition; (3j) NISC Project Update. Commissioner Letourneau seconded the motion. Ayes: Mocol, Krieg, Brennan, and Letourneau. Nays: None. Motion carried. As for item 3(f), Well 23 Domestic Material Memo, Commissioner Brennan thanked SPU staff and Traut Companies for working to resolve the issue. Commissioner Letourneau moved approval of item (3f); Vice President Krieg seconded the motion. Ayes: Mocol, Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.
3. Liaison Report. Commissioner Brennan noted that the Big Taste of Fun (formerly Taste of Shakopee) is Saturday, June 18, 2022, and the Picnic with the Police is Wednesday, June 8, 2022.
4. Public Comment Period. No public comments were offered.
5. General Manager Report. Greg Drent, General Manager, highlighted some pending projects, including working with the SPU Investment Advisor as to investment maturities and project cash flow needs; emergency response discussions with the Shakopee police; Canterbury irrigation system; and the SPU/MVEC joint filing with the MPUC to update the official electric service territory map. Mr. Drent noted that there will be no Commission meeting on July 5th and that there will be a work session after the June 20th meeting regarding SPU fees and charges.
6. Clean Energy Choice – A Sustainable Energy Solution. Mr. Drent and Sharon Walsh, Director of Key Accounts/Marketing/Special Projects, discussed a presentation prepared for SPU

business customers. They explained that the goal is to assist customers with their sustainability goals and to inform them about the economical option in SPU's Clean Energy Choice program.

7. Water Report. Lon Schemel, Water Superintendent, presented a water flushing map to show the progress since the last Commission meeting. Mr. Schemel also provided an update on the testing of copper and lead, which occurs every three years; for the 30 samples collected, the results should be available in early winter. He noted that the EPA requires a complete service line inventory by October 2024. Mr. Schemel reported that the last reservoir mixer was installed at Tank 2. He also reported that Tank 8 is now refilling daily, and that the Windermere booster station is running about four hours per day to fill the tank.

8. Electric Report. Brad Carlson, Electric Superintendent, reported three outages since the last meeting. He explained that a contractor hit an underground line at Co Rd 42/Pike Lake, resulting in 1085 customers out for 62 minutes. In terms of projects, Mr. Carlson noted the completion of undergrounding at County Rd. 83 & Valley Industrial South; pulling wire for three SPU electric feeder circuits (8-9-10) in the new duct system; Gorman Street street lighting upgrade for the City; and Stagecoach & Hansen Ave undergrounding was completed. Mr. Carlson reported that the Electric Department helped the City upgrade the electric service point at Lions Park and energized a new EV charging station at City Hall. He noted that SPU and MVEC are continuing the inventory of facilities for the transfer of service territory.

9. MMPA Load Shedding Policy. Mr. Drent explained that load shedding is required when there is significant stress on the MISO grid, risking transmission failure. He noted that MISO has described "elevated" risks of load shedding this summer. As the largest member of MMPA, SPU would be required to shed 5MW. He noted that if load shedding is required, it could last for up to four hours, with SPU likely starting with residential load and attempting to rotate the customers affected for one-hour periods. SPU is preparing customer communications in advance; if load shedding is required, utilities typically must act within 15 minutes.

10. West Shakopee Substation Construction Contract Bid Award. Joseph Adams, Director of Planning and Engineering, explained that construction and site work bids for the West Shakopee Substation project were opened on May 31st. Kevin Favero, Senior Project Manager, Leidos Engineering, LLC, explained that National Conductor Constructors had the lowest bid at \$2,043,785. Mr. Favero also noted his review of references and recommended awarding the contract to NCC. Commissioner Letourneau moved to approve awarding the construction and site work contract to National Conductor Constructors in the amount of \$2,043,785. Commissioner Fox seconded the motion. Ayes: Mocol, Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

11. Marketing/Customer Service Report. Ms. Walsh noted that AMI bids will be opened on June 20th. She reported that the adopt-a-park cleanup, school tour, and truck event all went well. Ms. Walsh explained that she is drafting the 2021 Annual Review, and that the SPU/MVEC joint

letter to customers affected by the service territory transfer will be sent this week. She noted that SPU will attend three Rhythm on the Rails events, focusing on electric vehicles, conservation, and sustainability.

12. Future Agenda Items. Commissioner Fox suggested reordering the agenda to have guests present earlier in the meeting.

13. Adjourn. Motion by Commissioner Fox, seconded by Commissioner Letourneau, to adjourn to the June 20, 2022, meeting. Ayes: Mocol, Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

Greg Drent, Commission Secretary

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
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SHAKOPEE PUBLIC UTILITIES COMMISSION

Warrant List
Account Credit Request/Deposit Refunds
June 6, 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:

61872 Michael T Lougan	\$2,500.00	Check on demand
62008 Bashir Ahmed	\$74.09	
62009 Alisia & Brian Alee	\$22.21	
62010 Edith Anchando	\$18.87	
62011 Avana Addison	\$20.35	
62012 Randy & Sara Bakker	\$13.44	
62013 Amy L Block	\$68.40	
62014 Brakemeier Properties Inc.	\$39.63	
62015 Brandl Anderson Homes Inc.	\$17.62	
62016 Crete Buesgens	\$19.23	
62017 Elena A Bursaw	\$73.72	
62018 Garrett Cameron	\$72.25	
62019 Juan Jose Castaneda	\$63.28	
62020 Scott R Chandradat	\$1.03	
62021 Sumon & Sanhita Chatterjee	\$18.92	
62022 City of Shakopee	\$57.24	
62023 Eileen Coyer	\$80.29	
62024 Emily E Daly	\$59.73	
62025 Xa Dang	\$39.91	
62026 Bernard DE Hoog	\$81.33	
62027 Michael Dropps	\$94.30	
62028 Rossana Espinoza	\$1.16	
62029 Patrice Flowers	\$24.93	
62030 Jamad Gaal	\$31.03	
62031 GCS Title	\$381.09	
62032 Terry & Heather Glassel	\$88.80	
62033 Hallie Gleixner	\$89.66	
62034 Cheri Greenhagen	\$189.05	
62035 Susan E Hart	\$24.65	
62036 Isaiah Heggem	\$12.37	
62037 Joseph M Heitzman	\$7.41	
62038 Chris Hektner	\$127.85	
62039 Alesandra Hernandez	\$27.65	
62040 Mike A Hiivala	\$7.53	
62041 Anna Horton & Eileen Anderson	\$41.61	
62042 Sebastian Howe	\$13.87	
62043 Mateya Hutton, Joshua Budin	\$29.02	
62044 Tyler & Sara Ihmels	\$1.98	
62045 Srinivas Kaki	\$11.86	
62046 Krishna Chaitanya Kancharla	\$79.66	
62047 Mathew Khamthanie	\$68.40	
62048 Lauren Kluz	\$100.30	
62049 Justin Korbel-Hughes	\$62.40	
62050 Christina Kotten	\$52.27	
62051 Stanley Kurisko	\$39.76	
62052 Igor Livarchuk	\$53.64	
62053 Florence Luzar	\$38.14	
62054 Julie Malay	\$74.86	
62055 Dominick Marschall	\$36.01	
62056 Apryl & Todd McDowell	\$57.47	
62057 Meredith Melton	\$33.39	
62058 Lindsey Moe	\$33.04	
62059 Bradley J Moreland	\$5.75	
62060 Michael Myster	\$1.48	

SHAKOPEE PUBLIC UTILITIES COMMISSION

Warrant List
Account Credit Request/Deposit Refunds
June 6, 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:

62061	Melanie Nelson	\$35.07
62062	Neyta Neou	\$70.70
62063	Abdimajid Nur	\$50.74
62064	Opendoor Labs Inc.	\$56.80
62065	Alexis Marie Orona	\$46.43
62066	Samuel Out	\$31.35
62067	Arianne Parker	\$66.58
62068	Bradley S & Amanda Patterson	\$45.04
62069	Benito Peral, Maria Victoria, Nunez Sanch	\$62.15
62070	David M Piepho	\$215.24
62071	Jamie Preusse	\$41.48
62072	Samantha Pringle, Ryan Davison	\$40.15
62073	Pulte Homes of MN 1009	\$140.06
62074	Nick Rahman	\$26.46
62075	Cynthia Ramsey	\$53.04
62076	George Reisdorff	\$19.23
62077	Joey Sahr	\$21.19
62078	Gerson Joaquin Sandres Sanchez	\$18.70
62079	Venera Y Serbina	\$125.73
62080	Mariya Shveykina	\$1.33
62081	Emma Sobaski	\$74.10
62082	Narayanan Sundaresen	\$85.00
62083	Caiden Swanke	\$1.48
62084	S5 Storage Solutions LLC	\$2,768.99
62085	Larissa Thimsen	\$13.14
62086	Michael Thingstad, Madison Binsfield	\$24.65
62087	Jennifer & Paul Tischleder	\$72.65
62088	Joshua & Jessica Wadsworth	\$30.38
62089	Andrew S Whipple	\$26.76
62090	Whispering Heights Apts LLC	\$13.98
62091	Teresa M Worth	\$26.38
62092	Dean J Zeiher	\$42.19
62093	Kenneth W Zellmann	\$27.04
62094	ZW LLC	\$82.99
		\$9,741.13


Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

June 20, 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:

AMARIL UNIFORM CO.	\$894.40
AMERICAN NATIONAL BANK	\$50.00
AMERICAN NATL BANK_ACH MASTERCARD	\$3,916.40
APPLE FORD OF SHAKOPEE	\$78.09
ARAMARK REFRESHMENT SERVICES INC	\$166.15
BERNDTSON, ROBERT	\$205.34
BEST BUY FOR BUSINESS	\$74.43
BIRDS LAWN CARE LLC	\$7,176.00
BOB'S LAWN & LANDSCAPING INC	\$272.73
BORDER STATES ELECTRIC SUPPLY INC	\$13,050.00
CDW LLC	\$1,972.05
CHOICE ELECTRIC INC	\$12,242.69
CITY OF SHAKOPEE	\$8,702.12
CITY OF SHAKOPEE	\$443,804.65
CLEMENS, KEITH	\$50.00
CM CONSTRUCTION COMPANY	\$25,441.09
COMCAST CABLE COMMUNICATIONS, INC.	\$2.25
DEL'S CONSTRUCTION COMPANY INC.	\$7,190.46
DORNBROOK, APRIL	\$500.00
DRENT, GREG	\$531.83
FERGUSON US HOLDINGS, INC.	\$1,998.15
FRONTIER ENERGY, INC.	\$4,515.45
FURTHER	\$414.50
GRAINGER	\$94.50
HARRIS MECHANICAL SERVICES LLC	\$77,301.00
HARRIS ST PAUL., INC	\$34,857.00
HAWKINS INC	\$11,128.70
HEALTHPARTNERS	\$80,886.08
HENNEN'S AUTO SERVICE, INC.	\$168.68
HUYNH, PHU	\$200.00
IMPACT MAILING OF MINNESOTA, INC.	\$1,083.83
INNOVATIVE OFFICE SOLUTIONS LLC	\$3,039.51
INTERSTATE ALL BATTERY CTR	\$54.76
INTERSTATE POWER SYSTEMS INC	\$1,816.20
IRBY TOOL & SAFETY	\$4,781.62
JOHN GREGORY JOHNSON	\$5,550.00
JT SERVICES	\$5,968.79
KENDELL DOORS & HARDWARE, INC.	\$5,504.68
L&S ELECTRIC INC.	\$33,276.39
LENZ, JEFFREY	\$500.00
LINK LUMBER	\$72.28
LOCATORS & SUPPLIES INC	\$1,336.64
MAYER, GORDON	\$500.00
MINN DEPT OF COMMERCE	\$9,731.80
MINN VALLEY TESTING LABS INC	\$223.00
MINNESOTA LIFE	\$1,289.54
MMPA c/o Avant Energy	\$3,276,778.55
MMUA	\$465.00
MN DEPT OF REVENUE ACH PAYMENTS	\$230,845.00
MW Bevins Co.	\$482.10
NAGEL COMPANIES LLC	\$4,812.50

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

June 20, 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:

NARDINI FIRE EQUIPMENT CO INC	\$528.74
NAVARRETE, GUSTAVO	\$200.00
NEVILLE, GERRY	\$191.88
NICKOLAY, CINDY	\$46.22
NORTHERN STATES POWER CO.	\$4,852.69
NORTHERN TOOL & EQUIPMENT CO.	\$101.22
ORR, CARL D	\$30.00
PAVLICEK, MIKE	\$500.00
PAYMENTUS CORPORATION	\$29,257.35
RESERVE ACCOUNT	\$2,000.00
RETINGER, SUZETTE	\$500.00
RICE-STROMGREN ARCHITECTS	\$593.75
ROWAN, KALIE	\$200.00
RUDI, MATTHEW	\$350.00
RW Beck Group, Inc, Leidos Eng. LLC	\$9,553.75
SCHEWE, BRIAN R	\$179.10
SCOTT COUNTY TREASURER	\$46.00
SHAKOPEE POST OFFICE	\$500.00
SHORT ELLIOTT HENDRICKSON INC	\$29,625.02
SMITH, CHRISTOPHER	\$500.00
SOUTHWEST NEWS MEDIA DBA DIV. OF RED	\$1,028.43
SRIVASTAVA, AVNISH	\$50.00
STAR ENERGY SERVICES	\$2,149.00
STOLCERS, SHERRIA	\$200.00
THIESEN, BRENT	\$1,000.00
TRIPLETT, GREG	\$172.00
TRIPLETT, ROB & MICHELLE	\$500.00
ULINE, INC.	\$2,462.54
VANDER WEIT, GEORGE	\$500.00
VESSCO, INC	\$3,880.98
WAGNER, CHAD	\$500.00
WESCO DISTRIBUTION INC	\$6,503.05
WILLENBRING, SARAH	\$500.00
WINTER, DENISE	\$500.00
WSB & ASSOCIATES, INC.	\$17,312.50
ZACK'S INC	\$429.09

\$4,443,440.24


Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

June 20, 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:

62102 AMARIL UNIFORM CO.	\$894.40 Clothing for JH - Water dept.
62103 AMERICAN NATIONAL BANK	\$50.00 Safety deposit box rental
62104 AMERICAN NATL BANK_ACH MASTERCARD	\$3,916.40 May Charges, June ach pull
62105 APPLE FORD OF SHAKOPEE	\$78.09 Water dept. Trk #649 Oil change
62106 ARAMARK REFRESHMENT SERVICES INC	\$166.15 Coffee for lunchrooms
62107 BERNDTSON, ROBERT	\$205.34 169 Miles reimb.
62108 BEST BUY FOR BUSINESS	\$74.43 Keyborad and mouse bundle
62109 BIRDS LAWN CARE LLC	\$7,176.00 April/May Lawn Care
62110 BOB'S LAWN & LANDSCAPING INC	\$272.73 Black Dirt.
62111 BORDER STATES ELECTRIC SUPPLY INC	\$13,050.00 Aluminum Strnd Cable, Elbows
62112 CDW LLC	\$1,972.05 Dell 27 monitors, extention & collar kit for S.N. work station
62113 CHOICE ELECTRIC INC	\$12,242.69 WO#2470 - \$7,132.00 front office, WO#2588 - \$4812.69- Pumphouse #2 pipe & wire scales, replace emergency ballasts in office area
62114 CITY OF SHAKOPEE	\$8,702.12 May fuel usage
62115 CITY OF SHAKOPEE	\$443,804.65 SW(\$335,214.00) & SD (\$108,590.65)
62116 CLEMENS, KEITH	\$50.00 2022 Res. Energy Star Appliance Rebate
62117 CM CONSTRUCTION COMPANY	\$25,441.09 WO#2470 - Restroom Remodeling
62118 COMCAST CABLE COMMUNICATIONS, INC.	\$2.25 Cable bill for lunchrooms
62119 DEL'S CONSTRUCTION COMPANY INC.	\$7,190.46 WO#2470 - Front office work
62120 DORNBROOK, APRIL	\$500.00 2022 Res. Cooling & Heating
62121 DRENT, GREG	\$531.83 Reimb. for APPA Conf. - Nashville
62122 FERGUSON US HOLDINGS, INC.	\$1,998.15 Water dept. brs tee thrd, stand pipe top screw on, CB repair
62123 FRONTIER ENERGY, INC.	\$4,515.45 May Prof. services
62124 FURTHER	\$414.50 Flex dependent care reimb. & June Adm. fee
62125 GRAINGER	\$94.50 ATOMIC WALL CLOCK
62126 HARRIS MECHANICAL SERVICES LLC	\$77,301.00 \$2,797.00 Replace the heat wheel power converter, WO#2470 - \$74504.00-front office
62127 HARRIS ST PAUL, INC	\$34,857.00 WO#2470 - Bathroom
62128 HAWKINS INC	\$11,128.70 Fluoride Bleeder valves, WO#2588 - \$11073.70 - Chemical feed scale replacement
62129 HEALTHPARTNERS	\$60,886.08 July Premiums - June charge month
62130 HENNEN'S AUTO SERVICE, INC.	\$168.68 Oil change on Ele. dept trk #621
62131 HUYNH, PHU	\$200.00 2022 Irrigation Controllers rebate
62132 IMPACT MAILING OF MINNESOTA, INC.	\$1,083.83 5/26 Collection Letters
62133 INNOVATIVE OFFICE SOLUTIONS LLC	\$3,039.51 Office supplies
62134 INTERSTATE ALL BATTERY CTR	\$54.76 CR2-1 Batteries
62135 INTERSTATE POWER SYSTEMS INC	\$1,816.20 Inspection on Standby Genereator
62136 IRBY TOOL & SAFETY	\$4,781.62 sets of jumpers 15kv w/10'2/0 copper
62137 JOHN GREGORY JOHNSON	\$5,550.00 WO#2472 - General consulting fees to support AMI
62138 JT SERVICES	\$5,968.79 Blue & yellow tags and polywater wipes
62139 KENDELL DOORS & HARDWARE, INC.	\$5,504.68 WO#2470 - Front office work
62140 L&S ELECTRIC INC.	\$33,276.39 WO#2610 - LTC Motor Replacement Labor
62141 LENZ, JEFFREY	\$500.00 2022 Res. Cooling & Heating
62142 LINK LUMBER	\$72.28 rebar
62143 LOCATORS & SUPPLIES INC	\$1,336.64 Rain bibs, jacket & Marking Paint - Elec. dept.
62144 MAYER, GORDON	\$500.00 2022 Res. Cooling & Heating
62145 MINN DEPT OF COMMERCE	\$9,731.80 1st Qtr. Fiscal Yr.2023 Indirect Assessment
62146 MINN VALLEY TESTING LABS INC	\$223.00 Nitrate & Nitrite
62147 MINNESOTA LIFE	\$1,289.54 June Life ins. premiums
62148 MMPA c/o Avant Energy	\$3,276,778.55 May power bill
62149 MMUA	\$465.00 2022 Summer Conf. 8/22-24-2022
62150 MN DEPT OF REVENUE ACH PAYMENTS	\$230,845.00 May Sales & Use Tax
62151 MW Bevins Co.	\$482.10 Repair phasing tester 1876-1
62152 NAGEL COMPANIES LLC	\$4,812.50 WO#2386 - Hydrovac call- Canterbury Road
62153 NARDINI FIRE EQUIPMENT CO INC	\$528.74 INSPECTION NOVEC SYSTEM
62154 NAVARRETE, GUSTAVO	\$200.00 2022 Rebate - Irrigation Controllers
62155 NEVILLE, GERRY	\$191.88 112 Miles reimb.
62156 NICKOLAY, CINDY	\$46.22 46 Miles reimb.
62157 NORTHERN STATES POWER CO.	\$4,852.69 May power bill
62158 NORTHERN TOOL & EQUIPMENT CO.	\$101.22 Socket set 1/2 drive
62159 ORR, CARL D	\$30.00 2022 Res. Appliance Recycling
62160 PAVLICEK, MIKE	\$500.00 2022 Res. Cooling & Heating
62161 PAYMENTUS CORPORATION	\$29,257.35 Trans. fees for May 2022
62162 RESERVE ACCOUNT	\$2,000.00 Replenish postage machine
62163 RETTINGER, SUZETTE	\$500.00 2022 Res. Cooling & Heating
62164 RICE-STROMGREN ARCHITECTS	\$593.75 WO#2470 - Restroom Remodeling

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

June 20, 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:

62165 ROWAN, KALIE	\$200.00 2022 Rebate - Irrigation Controllers
62166 RUDI, MATTHEW	\$350.00 2022 Res. Cooling & Heating
62167 RW Beck Group, Inc., Leidos Eng. LLC	\$9,553.75 WO#2483 - May Inv. SPU West Shak Sub Design
62168 SCHEWE, BRIAN R	\$179.10 2022 Irrigation Controllers rebate
62169 SCOTT COUNTY TREASURER	\$46.00 WCC Agreement pymt plan for Forklift
62170 SHAKOPEE POST OFFICE	\$500.00 Replenish forwarding address correction
62171 SHORT ELLIOTT HENDRICKSON INC	\$29,625.02 WO#2634 - \$6,025.42 - PU Well WTP Siting study, WO#2634 - \$5,959.16 - PU Well WTP Siting study, WO#2474 - \$55.00 Windermere S. 4th Addition, WO#2537 - \$140.00 Windermere 5th addition - Phase 1, WO#2312 - \$434.50 Suite Living of Shakopee, WO#2360 - \$13,264.70, CSAH 83 Improvements, WO#2601 - \$62.50 Valley Crest 2nd Add, WO#2634 - \$3,683.74PU Well 15 Siting Study
62172 SMITH, CHRISTOPHER	\$500.00 2022 Res. Cooling & Heating
62173 SOUTHWEST NEWS MEDIA DBA DIV. OF RED	\$1,028.43 May legals and bid notices
62174 SRIVASTAVA, AVNISH	\$50.00 2022 Res. Star Appliances
62175 STAR ENERGY SERVICES	\$2,149.00 NOVA Power Portal Support
62176 STOLCERS, SHERRIA	\$200.00 2022 Irrigation Controllers rebate
62177 THIESEN, BRENT	\$1,000.00 2022 Res. Solar Rebate
62178 TRIPLETT, GREG	\$172.00 137 Miles reimb.
62179 TRIPLETT, ROB & MICHELLE	\$500.00 2022 Res. Cooling & Heating
62180 ULINE, INC.	\$2,462.54 PALLET RACK STARTER UNIT
62181 VANDER WEIT, GEORGE	\$500.00 2022 Res. Cooling & Heating
62182 VESSCO, INC	\$3,880.98 Vacuum regulator, switchover, o'rings and labor
62183 WAGNER, CHAD	\$500.00 2022 Res. Cooling & Heating
62184 WESCO DISTRIBUTION INC	\$6,503.05 Tran Current 3000 Amp 3Bar
62185 WILLENBRING, SARAH	\$500.00 2022 Res. Cooling & Heating
62186 WINTER, DENISE	\$500.00 2022 Res. Cooling & Heating
62187 WSB & ASSOCIATES, INC.	\$17,312.50 WO#2581 - Pmphrase #23 thru May 31st
62188 ZACK'S INC	\$429.09 TR37 Replacement pick handle, dig shovel, sledge, pry bar, manhole cover bar/tool, sledge hammer
	\$4,443,440.24

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Monthly Water Dashboard

As of: May 2022

Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure

Water Pumped/Metered

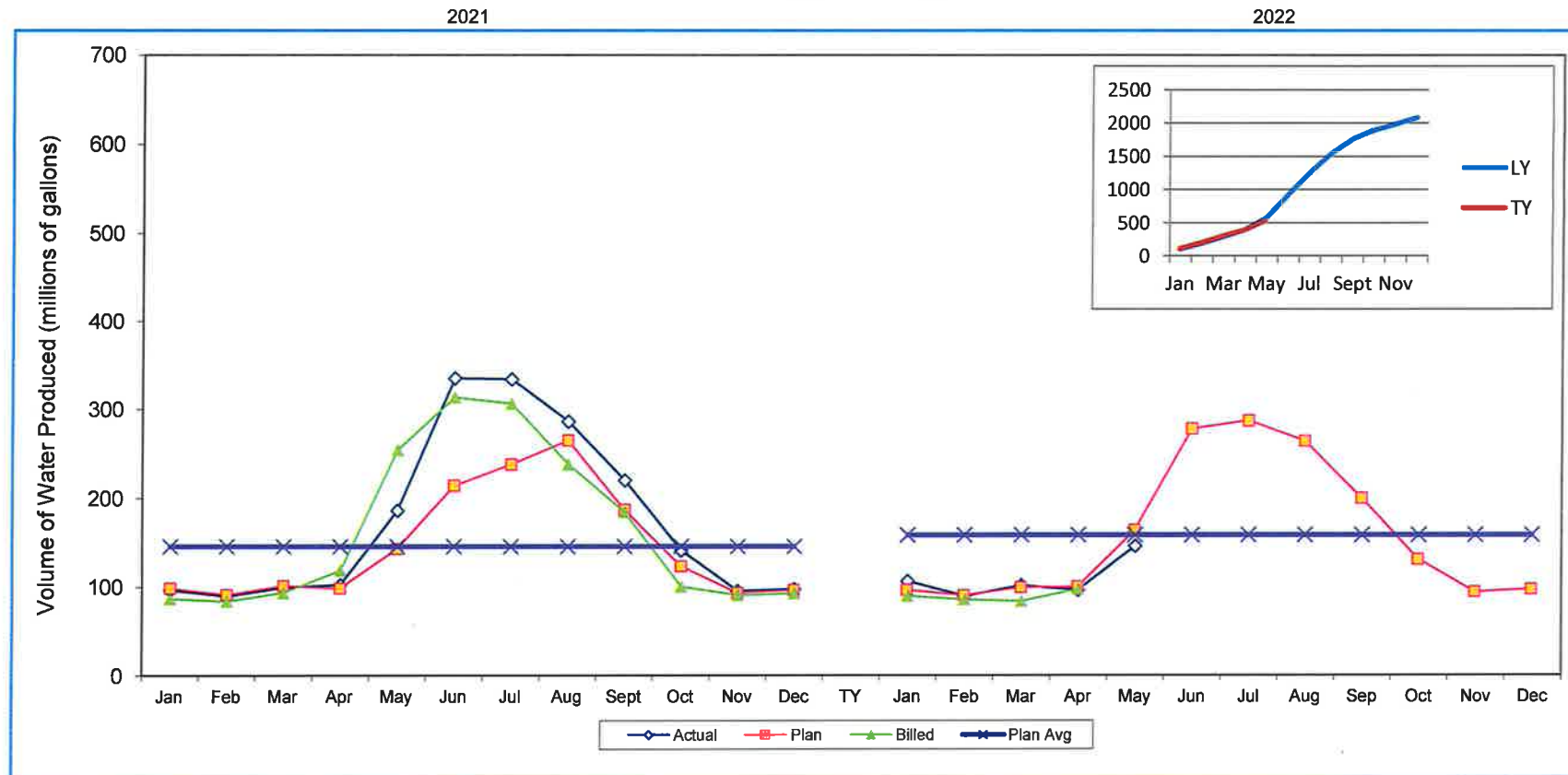
Monthly Avg

2019 139

2020 150

2021 173

Last 6 months actuals 97 106 89 101 96 146



LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Actual	96	89	99	102	186	335	334	286	220	141	95	97		106	89	101	96	146							
Plan	98	91	101	98	143	214	238	265	187	123	93	96		96	90	99	100	164	278	287	264	200	131	94	97
YTD % *														110%	105%	104%	102%	98%							
Billed	86	83	93	118	254	313	306	238	184	100	90	92		89	85	83	97								

* Actual gallons pumped vs. Plan



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DATE: June 17, 2022
TO: Greg Drent, General Manager *GD*
FROM: Kelley Willemssen, Director of Finance & Administration *kw*
SUBJECT: Capitalization Policy

Background:

A company uses a capitalization policy to set a threshold above which qualifying expenditures are recorded as fixed assets, and anything below the threshold are charged as an expense as incurred. The threshold level set by a capitalization policy can vary considerably. A utility may establish a single capitalization threshold for all its capital assets or different capitalization thresholds for different classes of capital assets. Capitalization is primarily a financial reporting matter.

- Attached is SPU's current capitalization policy, adopted by the commission in January 2012. This policy was established using different capitalization thresholds for different classes of capital assets. The threshold for each class is set at \$3,000.

While the current policy is effective and follows governmental accounting standards, it has not been reviewed or changed since 2012. With consultation from Abdo Financial Services, the finance team has been reviewing all current SPU policies and updating them over the last year as necessary to streamline processes and prepare for the upcoming conversion to NISC.

- Attached is SPU's proposed capitalization policy which added a single capitalization threshold versus different classes for each and increased the unit cost for an item to be capitalized from \$3,000 to \$5,000. Any amounts under \$5,000 will be expensed in the year incurred.

To prepare the proposed policy, we researched several different utility policies and followed guidelines outlined by GASB.

Requested Action

Commission to approve Capitalization Policy



SHAKOPEE PUBLIC UTILITIES COMMISSION

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SHAKOPEE PUBLIC UTILITIES CAPITAL ASSET POLICY

As of January 17, 2012

This policy defines dollar thresholds and descriptions for categories of capital assets for Shakopee Public Utilities.

Capital Assets Definition

A Capital Asset is defined as the purchase or construction of infrastructure, a building, land, a piece of equipment or furnishing with total costs equal to or greater than \$3,000. A capital purchase must be long term in nature (the asset has an estimated useful life of greater than 1 year).

The cost of a capital purchase may include the following:

- Cost of the item
- Labor
- Shipping
- Permits
- Appraisals
- Any other cost to get the asset ready to be placed into service

Capital assets are categorized as Distribution Plant and General Plant assets. A detailed list of specific asset classes is defined below. Capital assets are to be reported and depreciated in the financial statements. Assets that are not capitalized are expensed in the year of acquisition.

Capital Asset Recordkeeping

The Utility shall record all capital assets at the time of acquisition. Each record should include: description, year of acquisition, cost or estimated cost, and estimated useful life.

Recording Land

Land is to be capitalized but not depreciated. It is recorded at historical cost and remains at that cost until disposal. All costs for professional services incidental to the acquisition and other charges in preparing the land for use shall be included in the cost. If there is a gain or loss on the sale of land, it is reported as a special item in the financial statement.



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Buildings

Buildings should be recorded at either their acquisition cost or construction cost. The cost of new construction should be carefully evaluated because projects usually consist of major components such as land, land improvements, building construction (including professional fees and permits), furniture, fixtures and equipment. In addition, buildings include components such as roof, air conditioner system, etc. that should be recorded separately when significant because these building components have different useful lives. The value of each component needs to be determined and placed within its own category.

Building Improvements

Building improvements that extend the useful life should be capitalized. Examples of building improvements include roofing projects, painting of water towers, and remodeling or replacing major building components.

Recording Work in Progress

This is primarily used in conjunction with Capital Projects. Capital Project costs are accumulated until completion, when cumulative costs are transferred to the appropriate fixed asset account.

Recording Equipment, Furnishings and Other Assets

Assets such as furniture, computers, machinery and equipment (that meet threshold levels), should be capitalized. These items are described as tangible property not permanently affixed to real property, which are needed in carrying out the operations of the Utilities. Installation cost should be included in the capitalized amount. Some assets, individually, may fall below the capitalization threshold but may be purchased in large quantities by the Utilities e.g. computers, tools. Staff should aggregate such assets and consider the materiality and significance of them and if material or significant capitalize such items either individually or in the aggregate.

Recording Vehicles

Vehicles are described as all equipment that must be titled by the Minnesota Division of Motor Vehicles and bear a license tag. Cars, trucks, and trailers are examples. Vehicles should be identified and depreciated.

Recording Easements

An easement is an interest in land owned by another that entitles its holder to specific limited use of the land. Therefore, easements are not required to be reported unless the Utility paid for the easement.



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Establishing and Setting the Threshold Levels for Recording Capital Assets

The following elements of useful life and asset costs are established for capitalization of assets:

Estimated Useful Life: The first criterion is useful life. An asset must have an estimated useful life greater than one (1) year to be considered for capitalization and depreciation. Assets that are consumed, used-up, habitually lost or worn-out in one year or less will not be capitalized.

Asset Cost: The second criterion for determining depreciable capital asset is cost. The capitalization threshold shall be established per individual asset item.

Obtaining an Asset's cost of Acquisition Value

Capital assets are reported at historical cost and should include the cost of freight, site preparation, architect and engineering fees, etc. If something other than cash is used to pay for the asset, then the fair-market value of the non-cash payment or consideration determines the asset's cost or acquisition value. When the value of the consideration paid can't be determined, the asset's fair-market value determines its cost. With few exceptions, an asset's costs should also include necessary costs incurred to place the asset in service. Costs include the invoice price plus incidental costs (insurance during transit, freight, duties, title search, registration fees, and installation costs). Exceptions to this rule include interest expenses associated with deferred payments and real estate taxed paid, if any, in the acquisition of property.

Depreciation Definition

Depreciation is the process of allocating the cost of tangible property over a period of time rather than deducting the cost as an expense in the year of acquisition.

It is the Utilities policy to use the straight line depreciation method. The basis of the asset is written off evenly over the estimated useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life. The total amount depreciated can never exceed the asset's historic costs less salvage value. At the end of the asset's estimated life, the salvage value will remain.

To avoid the complications of depreciating each asset from the specific year and month in which it is placed in service, the Utility will utilize a half year convention. Under this convention, a half year depreciation will be taken for the year of the acquisition followed by a full year of depreciation in the second year and every subsequent year until the asset is fully depreciated.

To calculate depreciation on a capital asset, the following five factors must be known:



SHAKOPEE PUBLIC UTILITIES COMMISSION

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1. The year the asset was placed in service.
2. The asset's cost or acquisition value.
3. The asset's estimated useful life
4. The depreciation method.

Establishing Classes of Assets, Capitalization Threshold, Depreciation Method & Schedule

The Utilities established the following major categories for electric capital assets and related capital threshold, depreciation eligibility, estimated useful life, and annual rate of depreciation:

General Ledger	Electric Asset Category		Capital Threshold	Depreciate	Estimated Useful Life	Depreciation Rate/Year
360	Distribution	Land and Land Rights	\$3,000	No	25 Years	4%
361	Distribution	Structures and Improvements	\$3,000	Yes	25 Years	4%
362	Distribution	Station Equipment	\$3,000	Yes	28.57143 Years	3.5%
363	Distribution	Station Battery	\$3,000	Yes	10 Years	10%
364	Distribution	Poles Towers and Fixtures	\$3,000	Yes	20 Years	5%
365	Distribution	Overhead Conductors and Devices	\$3,000	Yes	33.3333 Years	3%
366	Distribution	Underground Conduit	\$3,000	Yes	25 Years	4%
367	Distribution	Underground Conductors and Devices	\$3,000	Yes	33.3333 Years	3%
368	Distribution	Line Transformers	\$3,000	Yes	28.57143 Years	3.5%
369	Distribution	Services	\$3,000	Yes	25 Years	4%
370	Distribution	Meters	\$3,000	Yes	40 Years	2.5%
382	General	Computer Hardware	\$3,000	Yes	4 Years	25%
383	General	Computer Software	\$3,000	Yes	4 Years	25%
389	General	Land and Land Rights	\$3,000	Yes	25 Years	4%
390	General	Structures and Improvements	\$3,000	Yes	33.3333 Years	3.0% *
391	General	Office Furniture and Equipment	\$3,000	Yes	10 Years	10% **
392	General	Transportation Equipment	\$3,000	Yes	10 Years	10%
394	General	Tools, Shop and Garage Equipment	\$3,000	Yes	10 Years	10%
395	General	Laboratory Equipment	\$3,000	Yes	10 Years	10%
396	General	Power Operated Equipment	\$3,000	Yes	10 Years	10%
397	General	Communication Equipment	\$3,000	Yes	20 Years	5%

*Used 10% depreciation rate for 2004 & prior. Changed to 3% for 2004 forward

**10% Depreciation rate unless alternative estimated useful life for asset is determined



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The Utilities established the following major categories for water capital assets and related capital threshold, depreciation eligibility, estimated useful life, and annual rate of depreciation:

General Ledger	Water Electric Asset Category	Capital Threshold	Depreciate	Estimated Useful Life	Depreciation Rate/Year
310	Distribution Land and Land Rights	\$3,000	No	25 Years	4%
314	Distribution Wells	\$3,000	Yes	50 Years	2%
325	Distribution Station Equipment	\$3,000	Yes	20 Years	5%
342	Distribution Towers, Pump Houses	\$3,000	Yes	75 Years	1.333%
343	Distribution Distribution System	\$3,000	Yes	50 Years	2%
346	Distribution Meters	\$3,000	Yes	33.3333 Years	3%
382	General Computer Hardware	\$3,000	Yes	4 Years	25%
383	General Computer Software	\$3,000	Yes	4 Years	25%
390	General Structures Improvements	\$3,000	Yes	40 Years	2.5%
391	General Office Furniture and Equipment	\$3,000	Yes	10 Years	10% **
392	General Transportation Equipment	\$3,000	Yes	10 Years	10%
394	General Tools, Shop and Garage Equipment	\$3,000	Yes	10 Years	10%
395	General Laboratory Equipment	\$3,000	Yes	10 Years	10%
396	General Power Operated Equipment	\$3,000	Yes	10 Years	10%
397	General Communication Equipment	\$3,000	Yes	10 Years	10%
398	General SCADA Equipment	\$3,000	Yes	10 Years	10%

**10% Depreciation rate unless alternative estimated useful life for asset is determined

Leases

Operating Leases are not capitalized. A lease is an operating lease if it does not transfer the benefits and risk of ownership to the Utilities. Operating lease payments are recognized as an expense to the Utilities when they become payable.

Capital Leases will meet one of the following criteria:

- The lease transfers ownership of the property to the governmental unit by the end of the lease.
- The lease contains a bargain purchase option (an option extending to the lease the right to purchase the leased property at a price so favorable that the exercise of the option appears, at the inception of the lease, to be reasonably assured).
- The term is 75% or more of the estimated life of the leased property.
- The present value, at the beginning of the lease term, of the minimum lease payments is at least 90% of the fair market value of the leased property to the lessor.



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Capital leases should be capitalized at the lesser of either the present value or the fair market value. The present value is determined to be the amount that would be borrowed to purchase the asset at the inception of the lease.

Items Not Considered to be Fixed Assets:

Maintenance and Repair Replacements: The replacement costs of component parts(s) of a fixed asset, not the entire asset itself, during a maintenance and repair operation which also enhances the performance or life of the asset are not generally considered to be capital asset additions or modifications. For example, replacing an original disk drive with a higher capacity disk drive in a microcomputer or a more powerful engine in a leaf vacuum machine is considered to be maintenance and repair expense.

Window Coverings and Carpet: The original purchase of draperies and carpet is considered an addition to the total asset value of the building. Replacement of either of these items is classified as maintenance to the building.

Supplies: Any supply, regardless of cost, that is not permanent and will be consumed within a year is not considered a fixed asset.



Capital Asset Policy

Effective 6/20/2022

Capital Asset Policy

Purpose

It is the policy of SPU to maintain appropriate procedures regarding the procurement, management, and disposal of all capital assets in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34). The Capital Assets Policy addresses classes of assets, determination of useful lives, and calculation of depreciation.

1. Define Capital Assets, Criteria and Capitalization Thresholds

Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, furniture, vehicles, and infrastructure. A capital asset is to be reported and depreciated in government-wide financial statements. In the government- side financial statements, assets that are not capitalized are expended in the year of acquisition.

Another criterion for recording capital assets is capital-related debt. Capitalize capital assets purchased with debt proceeds and depreciate over their estimated useful life. Capitalizing these assets will minimize the potential of reporting negative net assets in the statement of net assets. In most cases, these assets will meet the thresholds and guidelines for recording as a capital asset.

For the purposes of this policy, capital assets must be capitalized if they meet the following criteria: The expected useful life is longer than 1 year, the asset has at least a unit cost of \$5,000 or more, expenditures that materially add to the value or prolong the life of existing equipment will be considered capital assets and appropriately capitalized, and the item belongs to one of the general classes of assets defined in this policy.

A capitalization threshold is the cost established that must be met or exceeded if an asset is to be recorded and depreciated as a capital asset. Assets that do not meet the capitalization threshold will be recorded as expenditures or expenses.

For financial reporting purposes only, SPU will classify and establish capitalization thresholds for each asset class as follows:

Capital Asset Classification	Capitalization Threshold
Land and land improvements;	\$1
Land Improvements;	\$25,000
Other improvements;	\$25,000
Building and building improvements;	\$25,000
Machinery and equipment;	\$5,000
Vehicles;	\$5,000
Infrastructure;	\$100,000
Construction-in-progress;	Accumulate all costs and capitalize if over \$100,000 when complete.
Other assets;	\$5,000

All information regarding the SPU asset acquisition, retention, and disposal is maintained and reported to the finance department.

Capital Asset Policy

2. Reporting Capital Assets

Report capital assets at historical costs, which includes most costs necessary to placing a capital asset into its intended use or state of operation. Historical cost includes the vendor's invoice, the value of any trade-in or allowance, sales tax, initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus; and ancillary charges such as freight and transportation charges, site preparation costs, and professional fees.

In the event the historical cost of a capital asset is not determinable, it will be necessary to record an estimated historical cost of the asset using alternative methods. Alternative methods include standard costing and normal costing. Standard costing estimates the historical cost of a capital asset by establishing the average cost of obtaining the same or a similar asset at the time of acquisition.

Normal costing estimates historical cost based on the current cost to either reproduce or replace the capital asset, indexed by a reciprocal factor from the estimated acquisition date, i.e., taking the value of acquiring the asset new today and then discounting that amount by an appropriate inflation factor back to the date of acquisition.

3. Depreciation Capital Assets

Depreciation is the process of allocating the cost of a tangible asset to the periods of benefit. Capital assets shall be depreciated over their estimated useful life with exception of the following:

- A. Inexhaustible assets, i.e., land, and land improvements that do not require maintenance or replacement
- B. Construction work-in-progress.

For financial purposes SPU will use the straight-line method of depreciation, which allocates the cost evenly over the life of the asset. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period, or accumulated depreciation, will equal the original cost less salvage value.

The key consideration for determining whether to capitalize expenditures depends on whether the cost incurred, significantly extends the asset's useful life, increases its capacity, or improves its efficiency. Therefore, capitalize capital asset improvement costs if:

- A. The costs exceeds the capitalization thresholds; and
- B. One of the following criteria is met:
 - The value of the asset or estimated life is increased by 25% of the original cost or life period;
 - The cost results in an increase in capacity of the asset; or
 - The efficiency of the asset is increased by more than 10%;

If the above criteria is not met, then the cost should be recorded as a repair and maintenance expense within the appropriate expense function.

4. Capital Asset Definitions and Categories

Capital Asset Policy

Land - is to be capitalized but not depreciated. It is recorded at historical cost and remains at that cost until disposal. If there is a gain or loss on the sale of land it is reported as a special item in the statement of activities.

Land Improvements - consist of betterments, site preparation, and site improvements (other than buildings) that ready land for its intended use. The costs associated with improvements to land are added to the cost of the land. Land improvements can be further categorized as inexhaustible, not requiring maintenance or replacement; or exhaustible, e.g., parking lots, landscaping and fencing.

Examples of items to be capitalized as land and land improvements include:

- A. Purchase price or fair value;
- B. Professional fees, includes title searches, architect, legal, engineering, appraisal, surveying, environmental assessments;
- C. Land excavation, fill, grading, and drainage;
- D. Demolition of existing buildings and improvements, less salvage;
- E. Removal, relocation or reconstruction of property owned by others, i.e., power, telephone and railroad lines;
- F. Accrued and unpaid taxes at date of purchase;
- G. Other costs incurred in acquiring the land;
- H. Water wells, including initial cost for drilling, the pump and its casing; and
- I. Permanent right-of-way;

4. Capital Asset Definitions and Categories

Other Improvements - include land improvements that are exhaustible in nature and enhance the quality or facilitate the use of land for a specific purpose.

Examples of items to be capitalized as other improvements include:

- A. Fencing and gates;
- B. Landscaping;
- C. Parking lots, driveways, and parking barriers;
- D. Outdoor sprinkler and irrigation systems;
- E. Paths and trails;
- F. Retaining walls;

Buildings - refer to a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Certain buildings or

Capital Asset Policy

structures that are an ancillary parts of infrastructure networks, such as well houses and pumping stations will be reported as infrastructure rather than as buildings.

Example of items to be capitalized as building:

Purchased Buildings:

- A. Original purchase price;
- B. Expenses for remodeling, reconditioning, or altering a purchased building to make it ready for its intended purpose;
- C. Environmental complies, i.e., asbestos abatement;
- D. Professional fees, includes architect, engineer, management fees for design and supervision, legal;
- E. Cancellation or buyout of existing leases; and
- F. Other costs required to place or render the asset into operation;

Constructed Buildings:

- A. Completed project costs;
- B. Cost of excavation or grading or filling of land for a specific building;
- C. Expenses incurred for the preparation of plans, specifications, blueprints;
- D. Building permits;
- E. Costs of temporary buildings used during construction;
- F. Additions to buildings, i.e., expansions, extensions, or enlargements;

Building Improvements - include capitalized costs that materially extend the useful life of a building or increase the value of a building, or both, beyond one year. Building improvements should not include maintenance and repairs done in the normal course of business.

Examples of items to be capitalized as building improvements include:

- A. Installation or upgrade of heating and cooling systems, including ceiling fans and attic fans;
- B. Original installation or upgrade of wall or ceiling covering such as carpeting, tiles, paneling, or parquet;
- C. Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing;

Capital Asset Policy

- D. Installation or upgrade of window or door-frames, upgrading windows or doors, built-in closet and cabinets;
- E. Interior renovation of casings, baseboards, light fixtures, ceiling trim;
- F. Installation or upgrade of plumbing and electrical wiring; and
- G. Installation or upgrade of telecommunication system

Example of items considered repairs or maintenance in nature and should not be capitalized as buildings or building improvements include:

- A. Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building;
- B. Improvement projects of minimal or no added life expectancy and/or value to the building;
- C. Plumbing or electrical repairs;
- D. Cleaning; pest extermination, or other periodic maintenance;
- E. Interior decoration, i.e., draperies, blinds, curtain rods, wallpaper;
- F. Exterior decoration, i.e., detachable awnings, uncovered porches, decorative fences;
- G. Maintenance-type interior renovation including repainting, touch-up plastering, replacement of carpet, tile, or pane sections, and refinishing of sinks and fixtures;
- H. Replacement of a part or component of a building with a new part of the same type and performance capabilities, e.g., replacement of an old boiler with a new one of the same type and performance capabilities;
- I. Any other maintenance-related expenditure, which does not increase the value of the building;

Equipment, Machinery, and Vehicles - refer to fixed or movable tangible assets used for operations, the benefits of which extend beyond one year from date of receipt.

Examples of expenditures to be capitalized as equipment, machinery, and vehicles include:

- A. Original contract or invoice price;
- B. Freight charges;
- C. Handling and storage charges;
- D. In-transit insurance charges;
- E. Sales, use and other taxes imposed on the acquisition;
- F. Installation charges;
- G. Charges for testing and preparation for use;
- H. Cost of reconditioning used items when purchased; and
- I. Parts and labor associated with the construction of equipment, machinery, or vehicle;

Capital Asset Policy

Note that the cost of extended warranties and/or maintenance agreements, which can be separately identified from the cost of the equipment, machinery, or vehicle shall not be capitalized.

Infrastructure Assets - are long-lived capital assets that are linear and stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

Examples of infrastructure assets include:

- A. Underground Conduit;
- B. Cables;
- C. Line Transformers;
- D. Poles, Towers and Fixtures;
- E. Pumphouses;
- F. Wells;
- G. SCADA Equipment;
- H. Meters;
- I. Station Equipment;
- J. Signage

Other Capital Assets - includes computer software that is either purchased or developed for internal use, which should be capitalized, if the cost of the software exceeds the capitalization threshold and depreciated over the software's estimated useful life. Capitalization of computer software includes software license fees if the total dollar amount of the fee divided by the number of units or terminals exceeds the threshold.

Examples of expenditures to be capitalized as computer software include:

- A. External direct costs of materials and services, i.e., third-party fees for services;
- B. Costs to obtain software from third parties;
- C. Travel costs incurred by employees in their duties directly associated with development;
- D. Payroll and payroll-related costs of employees directly associated with or devoting time to encoding, installing, or testing; and
- E. Costs to develop or obtain software that allows for access or conversion of old data by new information systems;

Note that upgrades and enhancements should only be capitalized to the extent that they increase the functionality of the product.

Capital Asset Policy

Leased Property - Any transaction meeting the definition of a lease, must follow the regulations as set by Government Accounting Standards Board (GASB) Statement No. 87.



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TO: Greg Drent, General Manager *[Signature]*

FROM: Lon R. Schemel, Water Superintendent *[Signature]*

SUBJECT: EPA PFAS Announcement

DATE: June 17, 2022

On June 15, 2022, the U.S. Environmental Protection Agency released health advisories for PFOA, PFOS, PFBS, and GenX chemicals. The EPA will release a new version of the National Primary Drinking Water Regulations for PFOA and PFOS this Fall.

SPU staff contacted the Minnesota Department of Health and asked if there were any official guidance. MDH said no but that they wanted to meet with SPU in the next few weeks to discuss what their plans would be.

SPU staff continues to plan for the future of water treatment in Shakopee with the development of a hybrid set of facilities. Attached are articles that have been recently published.

Search EPA.gov

News Releases: Headquarters

https://epa.gov/newsreleases/search/press_office/headquarters-226129 | **Water (OW)**

https://epa.gov/newsreleases/search/press_office/water-ow-226159

CONTACT US <https://epa.gov/newsreleases/forms/contact-us>

EPA Announces New Drinking Water Health Advisories for PFAS Chemicals, \$1 Billion in Bipartisan Infrastructure Law Funding to Strengthen Health Protections

Agency establishes new health advisories for GenX and PFBS and lowers health advisories for PFOA and PFOS

June 15, 2022

Contact Information

EPA Press Office (press@epa.gov)

WASHINGTON (June 15, 2022) Today, the U.S. Environmental Protection Agency (EPA) released four drinking water health advisories for per- and polyfluoroalkyl substances (PFAS) in the latest action under President Biden's action plan to deliver clean water and Administrator Regan's PFAS Strategic Roadmap <https://epa.gov/pfas/pfas-strategic-roadmap-epas-commitments-action-2021-2024>. EPA also announced that it is inviting states and territories to apply for \$1 billion – the first of \$5 billion in Bipartisan Infrastructure Law grant funding – to address PFAS and other emerging contaminants in drinking water,

specifically in small or disadvantaged communities. These actions build on EPA's progress to safeguard communities from PFAS pollution and scientifically inform upcoming efforts, including EPA's forthcoming proposed National Primary Drinking Water Regulation for PFOA and PFOS, which EPA will release in the fall of 2022.

"People on the front-lines of PFAS contamination have suffered for far too long. That's why EPA is taking aggressive action as part of a whole-of-government approach to prevent these chemicals from entering the environment and to help protect concerned families from this pervasive challenge," said **EPA Administrator Michael S. Regan**.

"Thanks to President Biden's Bipartisan Infrastructure Law, we are also investing \$1 billion to reduce PFAS and other emerging contaminants in drinking water."

"Today's actions highlight EPA's commitment to use the best available science to tackle PFAS pollution, protect public health, and provide critical information quickly and transparently," said **EPA Assistant Administrator for Water Radhika Fox**. "EPA is also demonstrating its commitment to harmonize policies that strengthen public health protections with infrastructure funding to help communities—especially disadvantaged communities—deliver safe water."

Assistant Administrator Fox announced these actions at the 3rd National PFAS Conference in Wilmington, North Carolina.

\$1 Billion in Bipartisan Infrastructure Law Funding

As part of a government-wide effort to confront PFAS pollution, EPA is making available \$1 billion in grant funding <<https://epa.gov/dwcapacity/wiin-grant-emerging-contaminants>> through President Biden's Bipartisan Infrastructure Law to help communities that are on the frontlines of PFAS contamination, the first of \$5 billion through the Law that can be used to reduce PFAS in drinking water in communities facing disproportionate impacts. These funds can be used in small or disadvantaged communities to address emerging contaminants like PFAS in drinking water through actions such as technical assistance, water quality testing, contractor training, and installation of centralized treatment technologies and systems.

EPA will be reaching out to states and territories with information on how to submit their letter of intent to participate in this new grant program. EPA will also consult with Tribes and Alaskan Native Villages regarding the Tribal set-aside for this grant program.

This funding complements \$3.4 billion in funding <<https://epa.gov/system/files/documents/2021-12/fy-2022-bil-srfs-allotment-summary-508.pdf>> that is going through the Drinking Water State Revolving Funds (SRFs) and \$3.2 billion through the Clean Water SRFs that can also be used to address PFAS in water this year.

Lifetime Drinking Water Health Advisories for Four PFAS

The agency is releasing PFAS health advisories <<https://epa.gov/sdwa/drinking-water-health-advisories-has>> in light of newly available science and in accordance with EPA's responsibility to protect public health. These advisories indicate the level of drinking water contamination below which adverse health effects are not expected to occur. Health advisories provide technical information that federal, state, and local officials can use to inform the development of monitoring plans, investments in treatment solutions, and future policies to protect the public from PFAS exposure.

EPA's lifetime health advisories identify levels to protect all people, including sensitive populations and life stages, from adverse health effects resulting from a lifetime of exposure to these PFAS in drinking water. EPA's lifetime health advisories also take into account other potential sources of exposure to these PFAS beyond drinking water (for example, food, air, consumer products, etc.), which provides an additional layer of protection.

EPA is issuing interim, updated drinking water health advisories for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) that replace those EPA issued in 2016. The updated advisory levels, which are based on new science and consider lifetime exposure, indicate that some negative health effects may occur with concentrations of PFOA or PFOS in water that are near zero and below EPA's ability to detect at this time. The lower the level of PFOA and PFOS, the lower the risk to public health. EPA recommends states, Tribes, territories, and drinking water utilities that detect PFOA and PFOS take steps to reduce exposure. Most uses of PFOA and PFOS were voluntarily phased out by U.S. manufacturers, although there are a limited number of ongoing uses, and these chemicals remain in the environment due to their lack of degradation.

For the first time, EPA is issuing final health advisories for perfluorobutane sulfonic acid and its potassium salt (PFBS) and for hexafluoropropylene oxide (HFPO) dimer acid and its ammonium salt ("GenX" chemicals). In chemical and product manufacturing,

GenX chemicals are considered a replacement for PFOA, and PFBS is considered a replacement for PFOS. The GenX chemicals and PFBS health advisory levels are well above the level of detection, based on risk analyses in recent scientific studies.

The agency's new health advisories provide technical information that federal, state, and local agencies can use to inform actions to address PFAS in drinking water, including water quality monitoring, optimization of existing technologies that reduce PFAS, and strategies to reduce exposure to these substances. EPA encourages states, Tribes, territories, drinking water utilities, and community leaders that find PFAS in their drinking water to take steps to inform residents, undertake additional monitoring to assess the level, scope, and source of contamination, and examine steps to reduce exposure. Individuals concerned about levels of PFAS found in their drinking water should consider actions <<https://epa.gov/pfas/meaningful-and-achievable-steps-you-can-take-reduce-your-risk>> that may reduce exposure, including installing a home or point of use filter.

Next Steps

EPA is moving forward with proposing a PFAS National Drinking Water Regulation in fall 2022. As EPA develops this proposed rule, the agency is also evaluating additional PFAS beyond PFOA and PFOS and considering actions to address groups of PFAS. The interim health advisories will provide guidance to states, Tribes, and water systems for the period prior to the regulation going into effect.

The EPA's work to identify and confront the risks that PFAS pose to human health and the environment is a key component in the Biden-Harris Administration whole-of-government approach to confronting these emerging contaminants. This strategy includes steps by the Food and Drug Administration to increase testing for PFAS in food and packaging, by the U.S. Department of Agriculture to help dairy farmers address contamination of livestock, and by the Department of Defense to clean-up contaminated military installations and the elimination of unnecessary PFAS uses.

To receive grant funding announced today through the Bipartisan Infrastructure Law, states and territories should submit a letter of intent <<https://epa.gov/dwcapacity/wiin-grant-emerging-contaminants>> by August 15, 2022.

To provide the public with more information about these actions, EPA will be hosting a webinar on June 23, 2022 at 12:00 pm Eastern. Learn more or register for the event.

EXIT <<https://epa-pfas-health-advisory.eventbrite.com>>

PFAS Strategic Roadmap

Today's actions achieve another key commitment as the agency implements the October 2021 PFAS Strategic Roadmap. Under the Roadmap, EPA is working across the agency to protect the public from the health impacts of PFAS. EPA has undertaken a number of actions to deliver progress on PFAS including:

- Issuing the fifth Unregulated Contaminant Monitoring Rule to improve EPA's understanding of the frequency that 29 PFAS are found in the nation's drinking water systems and at what levels.
- Issuing the first Toxic Substances Control Act PFAS test order under the National PFAS Testing Strategy;
- Adding five PFAS to EPA's contaminated site cleanup tables;
- Publishing draft aquatic life water quality criteria for PFOA and PFOS;
- Issuing a memo to proactively address PFAS in Clean Water Act permitting; and
- Publishing a new draft total adsorbable fluorine wastewater method.

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NATIONAL

EPA warns that even tiny amounts of chemicals found in drinking water pose risks

June 15, 2022 · 11:47 AM ET

THE ASSOCIATED PRESS



Environmental Protection Agency administrator Michael Regan speaks at North Carolina Agricultural and Technical State University, in Greensboro, N.C., on April 14. The EPA is warning that two nonstick and stain-resistant compounds in drinking water pose health risks at levels below the government's ability to detect them.

Carolyn Kaster/AP

WASHINGTON — The Environmental Protection Agency is warning that two nonstick and stain-resistant compounds found in drinking water pose health risks even at levels

so low they cannot currently be detected.

The two compounds, known as PFOA and PFOS, have been voluntarily phased out by U.S. manufacturers, but there are a limited number of ongoing uses and the chemicals remain in the environment because they do not degrade over time. The compounds are part of a larger cluster of "forever chemicals" known as PFAS that have been used in consumer products and industry since the 1940s.



SHOTS - HEALTH NEWS

Scientists Dig Into Hard Questions About The Fluorinated Pollutants Known As PFAS

The EPA on Wednesday issued nonbinding health advisories that set health risk thresholds for PFOA and PFOS to near zero, replacing 2016 guidelines that had set them at 70 parts per trillion. The chemicals are found in products including cardboard packaging, carpets and firefighting foam.

At the same time, the agency is inviting states and territories to apply for \$1 billion under the new bipartisan infrastructure law to address PFAS and other contaminants in drinking water. Money can be used for technical assistance, water quality testing, contractor training and installation of centralized treatment, officials said.

Sponsor Message

The toxic compounds are associated with cancer and reduced birth weight

Several states have set their own drinking water limits to address PFAS contamination that are far tougher than the federal guidance. The toxic industrial compounds are associated with serious health conditions, including cancer and reduced birth weight.

"People on the front-lines of PFAS contamination have suffered for far too long," EPA Administrator Michael Regan said in a statement. "That's why EPA is taking aggressive action as part of a whole-of-government approach to prevent these chemicals from entering the environment and to help protect concerned families from this pervasive challenge."



ENVIRONMENT AND ENERGY COLLABORATIVE

EPA Says It Plans To Limit Toxic PFAS Chemicals, But Not Soon Enough For Critics

PFAS is short for per- and polyfluoroalkyl substances, which are used in nonstick frying pans, water-repellent sports gear, stain-resistant rugs, cosmetics and countless other consumer products. The chemical bonds are so strong that they don't degrade or do so only slowly in the environment and remain in a person's bloodstream indefinitely.

The revised health guidelines are based on new science and consider lifetime exposure to the chemicals, the EPA said. Officials are no longer confident that PFAS levels allowed under the 2016 guidelines "do not have adverse health impacts," an EPA spokesman said.

While the new guidelines set acceptable risk below levels that can currently be measured, as a practical matter EPA recommends that utilities take action against the chemicals when they reach levels that can be measured — currently about four parts per trillion, a senior administration official told reporters Tuesday night.

The EPA said it expects to propose national drinking water regulations for PFOA and PFOS later this year, with a final rule expected in 2023.

In a related development, the EPA said that for the first time it is issuing final health advisories for two chemicals that are considered replacements for PFOA and PFOS. One group is known as GenX chemicals, while the other is known as PFBS. Health advisories for GenX chemicals were set at 10 parts per trillion, while PFBS was set at 2,000 parts per trillion.



ENVIRONMENT AND ENERGY COLLABORATIVE

Decades-Old Chemicals, New Angst Over Drinking Water

The agency said the new advisories provide technical information that federal, state and local agencies can use to inform actions to address PFAS in drinking water, including water quality monitoring, use of filters and other technologies that reduce PFAS and strategies to reduce exposure to the substances.

Advocates have long sought action on PFAS

Environmental and public health groups hailed the action as a good first step. Advocates have long urged action on PFAS after thousands of communities detected PFAS chemicals in their water. PFAS chemicals have been confirmed at nearly 400 military installations, according to the Environmental Working Group, a research and advocacy organization.

"EPA had the courage to follow the science. This is a step in the right direction," said Stel Bailey, co-facilitator of National PFAS Contamination Coalition.

"The science is clear: These chemicals are shockingly toxic at extremely low doses," added Erik Olson, senior strategic director for health and food at the Natural Resources Defense Council. He called on the EPA to regulate all PFAS chemicals "with enforceable standards as a single class of chemicals."



ENVIRONMENT

Climate change is making it harder to provide clean drinking water in farm country

Melanie Benesh, legislative attorney for the Environmental Working Group, said the EPA's announcement "should set off alarm bells for consumers and regulators" alike. She urged the EPA to "move much faster to dramatically reduce exposures to these toxic chemicals."

The EWG estimates that more than 200 million Americans are drinking water contaminated with PFAS.

The American Chemistry Council, which represents major chemical companies, could not immediately be reached for comment Wednesday. The group has said it supports "strong, science-based regulation of chemicals, including PFAS substances." In a statement last year, the group said that "all PFAS are not the same, and they should not all be regulated the same way. We hope and expect any federal actions will be consistent with sound science."

Legislation passed by the House would set a national drinking water standard for PFAS and direct the EPA to develop discharge limits for a range of industries suspected of releasing PFAS into the water. The bill has stalled in the Senate.

drinking water epa

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TO: Greg Drent, General Manager *GD*
 FROM: Joseph D. Adams, Planning & Engineering Director *JDA*
 SUBJECT: SPU Electric System Review
 DATE: June 17, 2022

ISSUE

Staff would like to review with the Commission the major features of the Electric System and the operating philosophy that guides staff during contingencies.

BACKGROUND

SPU's electric system has evolved due to the rapid growth of its service territory over the past 25 plus years since the Highway 169 bypass and river crossing opened the area for development.

For reference in 1992 when I joined the utility the summer peak demand was less than 25 MW while today it approaches 110 MW. There were two substations, the old Shakopee Substation across from Rahr Malting and the Blue Lake Substation, and only five 15 kV feeder circuits. However, SPU did not own the power transformers in those substations like we do in the substations added since then.

SPU relied on NSP now Xcel Energy for the voltage transformation to step down the transmission level high voltage to the distribution voltage level we employ around town. We still take service at distribution voltage from Xcel's transformers at the Blue Lake Substation, but we have constructed new modern substations at South Shakopee located along CR 79 south of CR 78, Dean Lake Substation located along Eagle Creek Boulevard fka CR 16 just east of Vierling Drive, Pike Lake Substation located along CR 21 at the Shakopee and Prior Lake boundary and the new Shakopee Substation along CR 69 next to the site of the old one.

At all the substations, except for the Shakopee Substation, the high voltage transmission lines that are tapped are fed from two directions for greater reliability. We do the same with all our distribution feeder circuits. Each one is tied to at least one other preferably multiple other feeder circuits for back up purposes.

The engineering department designs, and the electric department operates the system under what is referred to as single contingency planning. If there is a contingency such as a feeder circuit outage for any reason, there are set procedures to tie the undamaged portion of the circuit to



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another feeder to quickly restore service to as many customers as possible while the outage is investigated and then repaired. To do that the loading on any one circuit is monitored and kept at or below 50% of the normal capacity of the circuit. This allows the back up circuit to always be at a loading level itself that allows it to also carry the load of the circuit that is out for any reason.

Similarly, if the entire load on a power transformer must be quickly picked up due to a transformer issue at those substations with multiple transformers the load is automatically shifted to the remaining transformer and field ties are then employed to shift load around to other substations feeders to ensure that the additional loading does not overload the remaining transformer which could cascade the single contingency to multiple outages. All the SPU substations are planned to ultimately have at least two power transformers. In the interim we employ the feeder circuit field ties for back up.

DISCUSSION

The current heat wave we are experiencing last week, and this week can illustrate some of the challenges maintaining our ability to operate under this single contingency approach while construction projects due to growth and development are occurring that may temporarily disrupt our facilities.

During the construction of the Shakopee Flats project along Levee Drive between Scott and Atwood Streets SPU has been required to relocate feeder circuit SH-09 that originates out of the Shakopee Substation and place it underground. The Commission agreed at the same time to relocate underground feeder circuits SH-08 and SH-10 that run along the river in the same area. To accomplish this an underground concrete encased duct bank is being constructed around the building site to accommodate all three and additional future circuits.

The project has incurred several delays due to many factors including weather and subsoil conditions that complicate the infrastructure installation. Simultaneously to the private development project which is running behind schedule the city is reconstructing the streets and utilities in the area. With gas and communications utilities having to also relocate and upgrade their facilities it is a very complicated project with so many parties needing the same space to work in and the coordination is complex.

During the project we were able to temporarily re-route circuit 9 and have had to temporarily de-energize circuits 8 and 10 so other work activities had room to maneuver. We restored the circuits and their field ties to other circuits over the winter but had to finally remove some of the poles to accommodate the duct bank improvements thus we are operating in a single contingency situation without two of the four circuits out of the Shakopee Substation by utilizing field ties to two of the Dean Lake Substation circuits to carry the load of circuits 8 and 10.



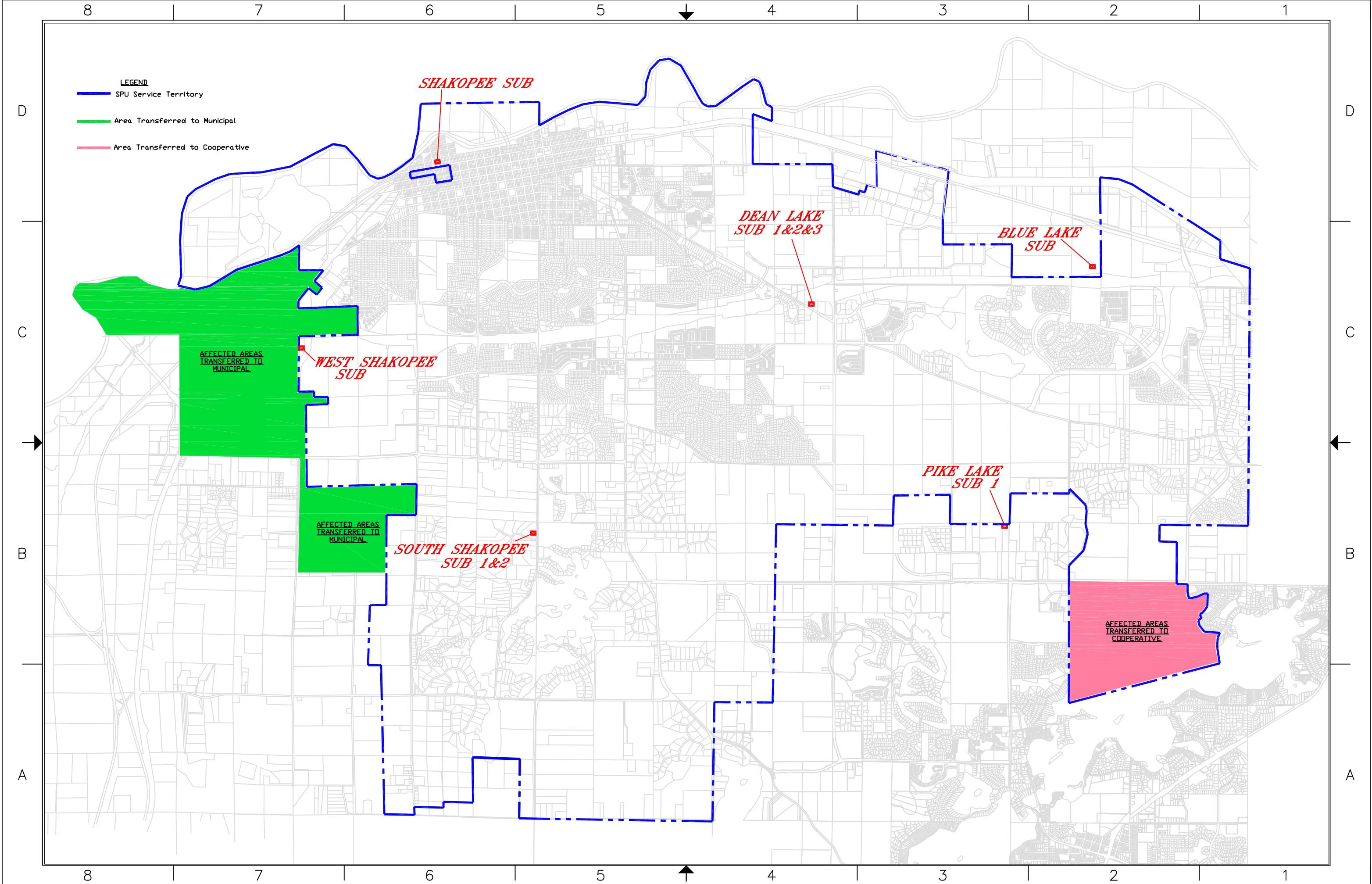
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When the accident last week took out one of the 69 kV transmission poles that is the radial feed to the Shakopee Substation, we also lost circuits 7 and 9. We used the feeder ties we have in place to keep all customers in service until the transmission pole was replaced and normal circuit configurations were also restored. However, we did discover that there are some improvements we have planned to do in the CIP to strengthen the system's resiliency to outages in certain conditions are needing to be accelerated and we are doing that as expeditiously as possible.

We also have thought about the fact the Shakopee Substation is uniquely vulnerable to a transmission outage being only radially fed and are considering additional improvements to our distribution system that will improve our abilities to maintain service when that occurs.

REQUIRED ACTION

None currently this is an informational item for discussion.





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DATE: June 16, 2022
TO: Greg Drent, General Manager *GD*
FROM: Kelley Willemssen, Director of Finance & Administration *kw*
SUBJECT: May 2022 Financial Reports and Accounts Receivable Aging Report (Collection Updates)

Current Status

As part of May 2022 Financial reports, we continued the practice of providing a component of analytical review. For the Water and Electric Operating Revenue and Expense budget to actual and the Water and Electric Revenue and Expense report ending for each respective period, you will see comments at the bottom of each page. In addition to the analytical review, there are a few important points to note.

- The budget is projected on an annual basis rather than a monthly basis so the information in the May 2022 financial reports equates to 42% of the annual budget.
- SPU's investment portfolio is well diversified among short-term fixed income securities permitted by Minnesota Statute 118A.04. During periods of rising and falling interest rates, the market value will either increase or decrease in value, however, unless those securities are sold prior to maturity that increase or decrease will only result in an unrealized gain or loss. Communication between SPU staff and PFM Asset Management is on-going. We continue to work on cash flows and monitoring liquidity in the portfolio to fund upcoming CIP projects. PFM will present updates to the commission end of second quarter.

The outstanding receivable total for electric and water as of May 31, 2022, equaled 4,787,327. Below is a summary of the totals.

- \$4,396,698 between 1-30 days
- \$193,736 between 31-60 days
- \$79,500 between 61-120 days
- \$117,393 - over 121 days

Collection Activity Update

1. 133 disconnects for the month of May 2022 - \$26,468.74

Payment Plan Activity

1. 175 accounts in repayment plans as of May 2022 - \$162,234.07
 - a. Number of accounts between \$30 - \$200 (2-month plans) – 27
 - b. Number of accounts between \$201 - \$500 (6-month plans) – 68
 - c. Number of accounts over \$501 (12-month plans) - 80



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Included in this report are the following statements & documents:

- Combined Statement of Revenues, Expenses and Changes in Fund Net Position
- Electric Operating Revenue and Expense – Budget to Actual (with analytics)
- Electric Operating Revenue and Expense – 2021 to 2022 (with analytics)
- Water Operating Revenue and Expense – Budget to Actual (with analytics)
- Water Operating Revenue to Expense – 2021 to 2022 (with analytics)
- SPU Accounts Receivable Graphs – May 2021 to May 2022

Request

The Commission is requested to accept May 2022 Financial Reports

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

	Year to Date Actual - May 2022			Year to Date Budget - May 2022			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	YTD Actual v. Budget B/(W) \$ %		YTD Actual v. Budget B/(W) \$ %		YTD Actual v. Budget B/(W) \$ %	
OPERATING REVENUES	\$ 20,513,107	1,620,115	22,133,222	21,700,865	1,838,235	23,539,101	(1,187,758)	-5.5%	(218,121)	-11.9%	(1,405,879)	-6.0%
OPERATING EXPENSES						-						
Operation, Customer and Administrative	17,642,200	1,476,036	19,118,236	18,360,743	1,457,712	19,818,456	718,543	3.9%	(18,324)	-1.3%	700,219	3.5%
Depreciation	1,108,618	730,906	1,839,524	1,108,618	584,725	1,693,343	0	0.0%	(146,181)	-25.0%	(146,181)	-8.6%
Total Operating Expenses	18,750,818	2,206,942	20,957,760	19,469,361	2,042,437	21,511,798	718,543	3.7%	(164,505)	-8.1%	554,038	2.6%
Operating Income	1,762,289	(586,827)	1,175,462	2,231,504	(204,202)	2,027,303	(469,215)	-21.0%	(382,625)	-187.4%	(851,841)	-42.0%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	247,784	156,342	404,125	150,212	78,901	229,113	97,572	65.0%	77,440	98.1%	175,012	76.4%
Interdepartment Rent from Water	37,500	-	37,500	37,500	-	37,500	-	0.0%	-	-	-	0.0%
Investment Income	(625,879)	(178,295)	(804,174)	280,578	116,013	396,591	(906,457)	-323.1%	(294,308)	-253.7%	(1,200,765)	-302.8%
Interest Expense	(698)	(40)	(739)	(27,065)	(913)	(27,979)	26,367	97.4%	873	95.6%	27,240	97.4%
Total Non-Operating Revenue (Expense)	(341,293)	(21,994)	(363,287)	441,224	194,001	635,225	(782,517)	-177.4%	(215,995)	-111.3%	(998,512)	-157.2%
Income Before Contributions and Transfers	1,420,996	(608,821)	812,175	2,672,728	(10,201)	2,662,528	(1,251,732)	-46.8%	(598,620)	5868.3%	(1,850,353)	-69.5%
CAPITAL CONTRIBUTIONS	23,810	2,227,788	2,251,598	288,718	610,604	899,321	(264,907)	-	1,617,184	264.9%	1,352,277	150.4%
MUNICIPAL CONTRIBUTION	(1,173,464)	(120,000)	(1,293,464)	(1,161,531)	(23,153)	(1,184,684)	(11,933)	-1.0%	(96,847)	-418.3%	(108,779)	-9.2%
CHANGE IN NET POSITION	\$ 271,342	1,498,967	1,770,309	1,799,915	577,249	2,377,164	(1,528,573)	-84.9%	921,717	159.7%	(606,855)	-25.5%

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

	YTD Actual 5/31/2022	YTD Budget 5/31/2022	YTD Actual v. Budget Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 7,511,753	8,563,523	(1,051,770)	87.7
Commercial and Industrial	12,573,158	12,650,884	(77,726)	99.4
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	20,084,911	21,214,408	(1,129,496)	94.7
Forfeited Discounts	79,972	120,223	(40,251)	66.5 (1)
Free service to the City of Shakopee	48,464	51,986	(3,522)	93.2
Conservation program	299,761	314,249	(14,488)	95.4
Total Operating Revenues	20,513,107	21,700,865	(1,187,758)	94.5
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	14,868,086	15,038,187	(170,101)	98.9
Distribution operation expenses	220,052	323,350	(103,298)	68.1 (2)
Distribution system maintenance	327,414	376,680	(49,265)	86.9
Maintenance of general plant	173,598	146,890	26,708	118.2
Total Operation and Maintenance	15,589,149	15,885,105	(295,956)	98.1
Customer Accounts				
Meter Reading	56,184	71,230	(15,047)	78.9
Customer records and collection	318,021	293,519	24,502	108.3
Energy conservation	100,293	310,872	(210,579)	32.3 (3)
Total Customer Accounts	474,497	675,621	(201,124)	70.2
Administrative and General				
Administrative and general salaries	282,695	378,335	(95,640)	74.7 (4)
Office supplies and expense	127,531	115,393	12,139	110.5
Outside services employed	148,205	221,317	(73,112)	67.0 (5)
Insurance	34,206	54,517	(20,311)	62.7
Employee Benefits	787,380	880,166	(92,786)	89.5
Miscellaneous general	198,537	150,289	48,248	132.1 (6)
Total Administrative and General	1,578,554	1,800,017	(221,463)	87.7
Total Operation, Customer, & Admin Expenses	17,642,200	18,360,743	(718,543)	96.1
Depreciation	1,108,618	1,108,618	0	100.0
Total Operating Expenses	\$ 18,750,818	19,469,361	(718,543)	96.3
Operating Income	\$ 1,762,289	2,231,504	(469,215)	79.0

Item Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$15,000.

- (1) Variance due to less penalty fees collected than projected through May 2022.
- (2) Variance due to less miscellaneous distribution expenses than projected through May 2022.
- (3) Variance due to less energy conservation expenses than budgeted for through May 2022. Variance should be stabilized throughout the year when expenses are booked.
- (4) Variance due to less payroll expenses than budgeted for through May 2022. Unfilled position budgeted for the full year.
- (5) Variance due to less outside service expenses than budgeted for through May 2022.

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE
For period ending May 31,2022

	2022	2021	2021 - 2022 Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 7,511,753	6,727,655	784,098	111.7
Commercial	12,573,158	10,821,742	1,751,416	116.2
Uncollectible accounts	-	-	-	
Total Sales of Electricity	20,084,911	17,549,398	2,535,513	114.4
Forfeited Discounts	79,972	-	79,972	#DIV/0! (1)
Free service to the City of Shakopee	48,464	46,766	1,698	103.6
Conservation program	299,761	261,619	38,142	114.6
Total Operating Revenues	20,513,107	17,857,782	2,655,325	114.9
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	14,868,086	12,609,688	2,258,398	117.9
Distribution operation expenses	220,052	141,286	78,766	155.7
Distribution system maintenance	327,414	380,587	(53,172)	86.0
Maintenance of general plant	173,598	119,600	53,998	145.1
Total Operation and Maintenance	15,589,149	13,251,160	(2,337,989)	117.6
Customer Accounts				
Meter Reading	56,184	55,733	451	100.8
Customer records and collection	318,021	341,327	(23,306)	93.2
Energy conservation	100,293	(9,987)	110,280	(1,004.2)
Total Customer Accounts	474,497	387,073	(87,424)	122.6
Administrative and General				
Administrative and general salaries	282,695	212,991	69,704	132.7
Office supplies and expense	127,531	107,270	20,261	118.9
Outside services employed	148,205	280,773	(132,569)	52.8 (2)
Insurance	34,206	73,214	(39,009)	46.7 (3)
Employee Benefits	787,380	765,643	21,737	102.8
Miscellaneous general	198,537	143,260	55,277	138.6
Total Administrative and General	1,578,554	1,583,152	4,599	99.7
Total Operating Expenses	17,642,200	15,221,386	(2,420,814)	115.9
Depreciation	1,108,618	970,053	(138,565)	114.3
Total Operating Expenses	\$ 18,750,818	16,191,438	(2,559,380)	115.8
Operating Income	\$ 1,762,289	1,666,344	95,945	105.8

Item Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$15,000.

- (1) Variance due to increased penalty fees collected, penalty fees were put on hold during most of 2020 and beginning of 2021 during the pandemic.
(2) Variance due to AEMFS and HR consulting expenses has decreased from May 2021 to May 2022.
(3) Variance due to timing benefit expenses being booked in May 2022 from May 2021.

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	YTD Actual 5/31/2022	YTD Budget 5/31/2022	YTD Actual v. Budget Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Water	\$ 1,615,446	1,832,006	(216,560)	88.2
Forfeited Discounts	4,669	6,230	(1,560)	75.0
Total Operating Revenues	1,620,115	1,838,235	(218,121)	88.1
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	258,079	221,072	37,007	116.7
Pumping and distribution maintenance	182,127	257,479	(75,352)	70.7 (1)
Power for pumping	160,968	135,480	25,488	118.8
Maintenance of general plant	26,739	27,088	(349)	98.7
Total Operation and Maintenance	627,914	641,120	13,206	97.9
Customer Accounts				
Meter Reading	29,699	32,768	(3,068)	90.6
Customer records and collection	99,469	86,109	13,360	115.5
Energy conservation	704	-	704	#DIV/0!
Total Customer Accounts	129,873	118,877	(10,996)	109.3
Administrative and General				
Administrative and general salaries	176,600	201,796	(25,196)	87.5
Office supplies and expense	44,440	55,732	(11,292)	79.7
Outside services employed	43,399	89,528	(46,130)	48.5 (2)
Insurance	8,616	18,571	(9,955)	46.4
Employee Benefits	334,908	259,923	74,986	128.8
Miscellaneous general	110,287	72,166	38,121	152.8 (3)
Total Administrative and General	718,250	697,716	(20,534)	102.9
Total Operation, Customer, & Admin Expenses	1,476,036	1,457,712	(18,324)	101.3
Depreciation	730,906	584,725	146,181	125.0
Total Operating Expenses	\$ 2,206,942	2,042,438	(164,504)	108.1
Operating Income	\$ (586,827)	(204,203)	(382,624)	287.4

Item Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$15,000.

- (1) Variance due to less maintenance expenses for pumping equipment, valves, meters, and hydrants than budgeted for through May 2022.
- (2) Variance due to less outside service expenses than budgeted for through May 2022.
- (3) Variance due to increase regulatory commision expenses, marketing costs, and other miscellaneous expenses than budgeted for through May 2022.

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE
For period ending May 31,2022

	2022	2021	2021 - 2022 Increase (decrease)	
	\$		\$	%
OPERATING REVENUES				
Sales of Water	1,615,446	1,620,935	(5,489)	99.7
Forfeited Discounts	4,669	-	4,669	#DIV/0!
Uncollectible accounts	-	-	-	#DIV/0!
Total Operating Revenues	1,620,115	1,620,935	(820)	99.9
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	258,079	234,566	23,513	110.0
Pumping and distribution maintenance	182,127	172,712	9,415	105.5
Power for pumping	160,968	119,294	41,674	134.9 (1)
Maintenance of general plant	26,739	16,141	10,599	165.7
Total Operation and Maintenance	627,914	542,713	(85,201)	115.7
Customer Accounts				
Meter Reading	29,699	31,837	(2,138)	93.3
Customer records and collection	99,469	113,813	(14,344)	87.4
Energy conservation	704	1,455	751	48.4
Total Customer Accounts	129,873	147,106	17,233	88.3
Administrative and General				
Administrative and general salaries	176,600	166,672	9,928	106.0
Office supplies and expense	44,440	29,596	14,844	150.2
Outside services employed	43,399	87,973	(44,574)	49.3 (2)
Insurance	8,616	23,244	(14,628)	37.1
Employee Benefits	334,908	284,558	50,350	117.7
Miscellaneous general	110,287	86,740	23,547	127.1
Total Administrative and General	718,250	678,784	(39,466)	105.8
Total Operating Expenses	1,476,036	1,368,603	(107,433)	107.8
Depreciation	730,906	659,532	71,374	110.8
Total Operating Expenses	2,206,942	2,028,135	(178,807)	108.8
Operating Income	\$ (586,827)	(407,200)	(179,627)	144.1

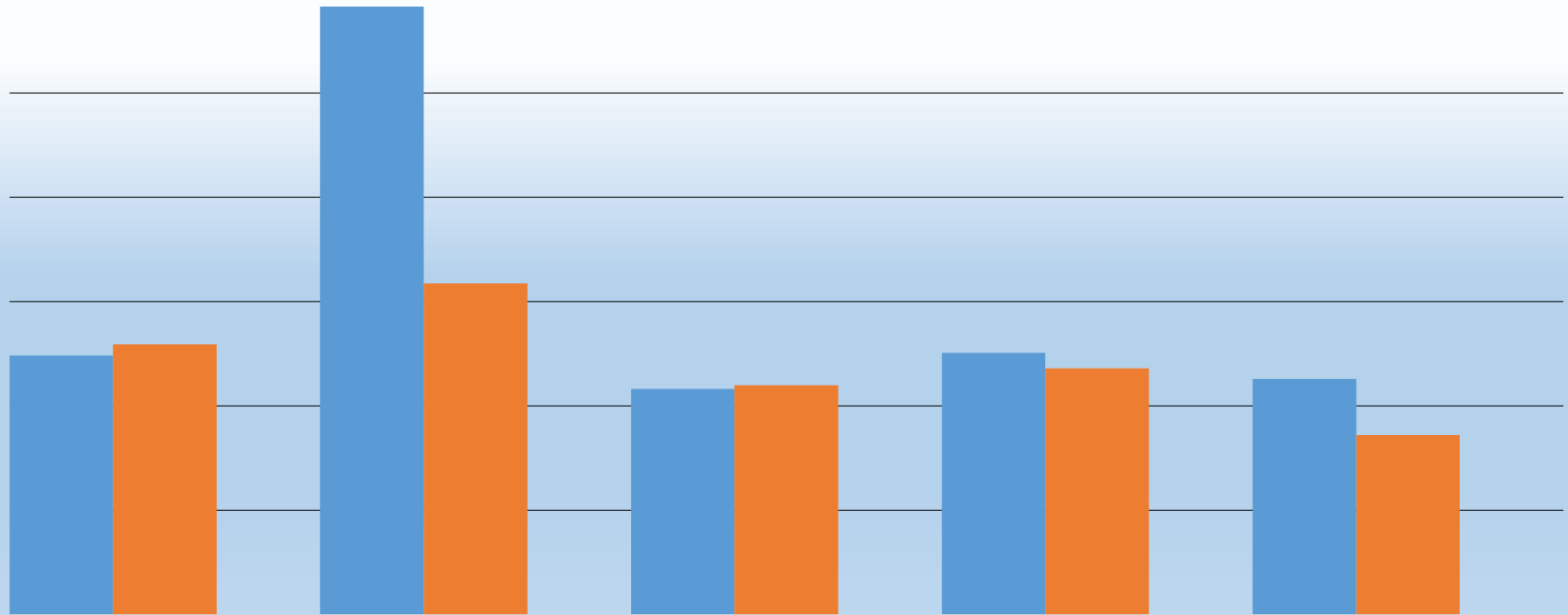
Item Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$15,000.

- (1) Variance due to increase cost and usage needed in May 2022 than May 2021.
(2) Variance due to less outside service expenses needed in May 2022 than May 2021.

SPU ELECTRIC AGED RECEIVABLES \$ 31 - 60 DAYS

■ 2021 Electric AR \$ 31-60 days ■ 2022 Electric AR \$ 31-60 days ■ % Better/(Worse)

DOLLARS

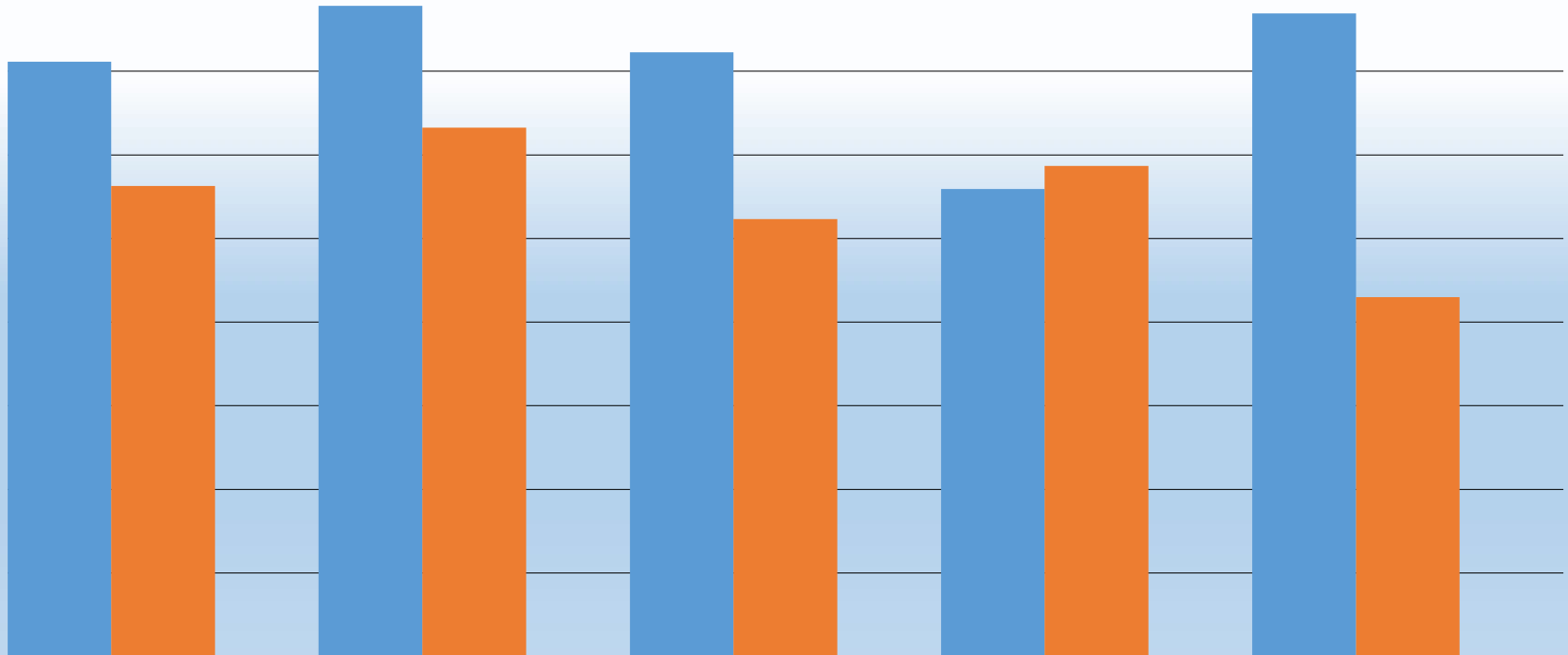


	Jan	Feb	Mar	Apr	May
■ 2021 Electric AR \$ 31-60 days	\$248,413	\$582,771	\$216,346	\$250,796	226,064
■ 2022 Electric AR \$ 31-60 days	\$259,013	\$317,615	\$219,866	\$236,072	172,240
■ % Better/(Worse)	-4.3%	45.5%	-1.6%	5.9%	23.8%

SPU WATER AGED RECEIVABLES \$ 31 - 60 DAYS

■ 2021 Water AR \$ 31-60 days ■ 2022 Water AR \$ 31-60 days ■ % Better/(Worse)

DOLLARS



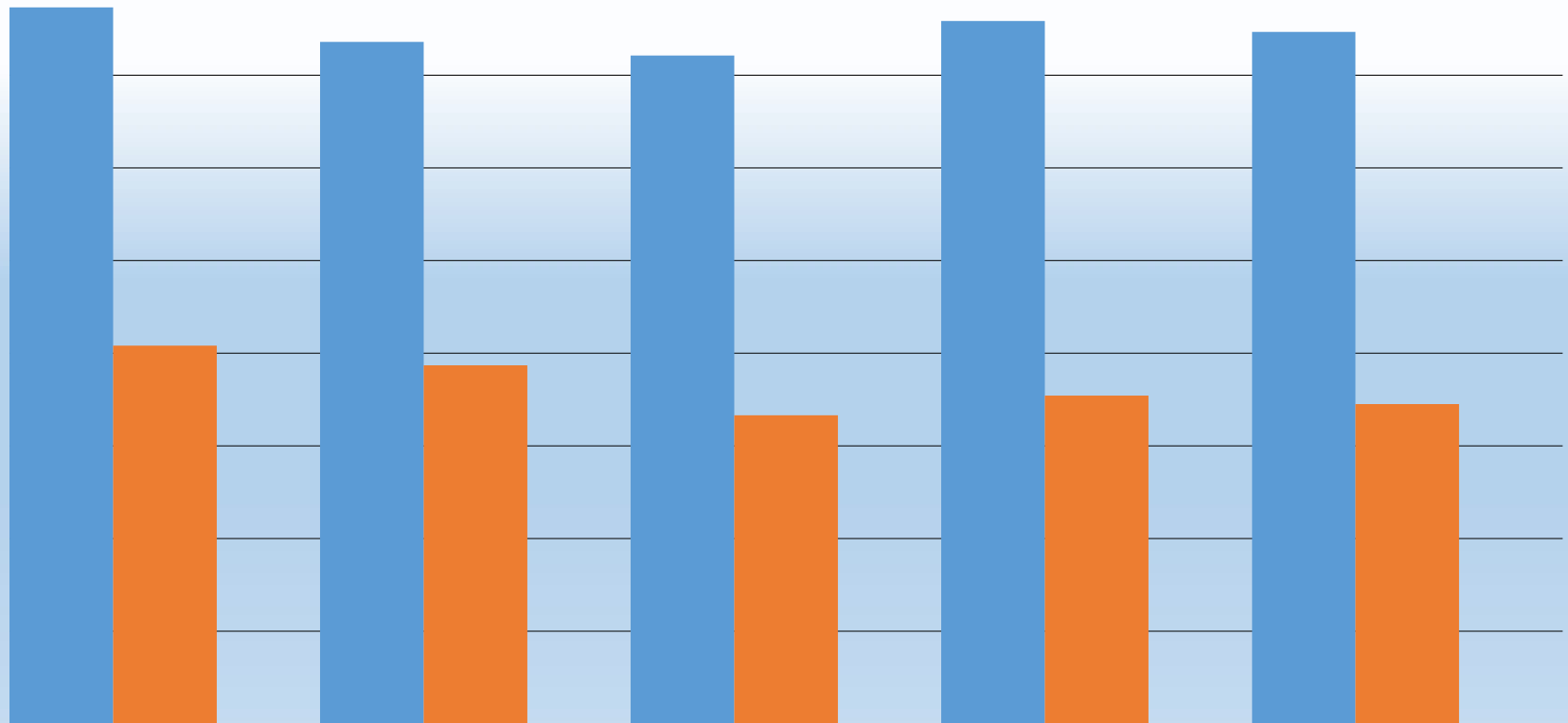
	Jan	Feb	Mar	Apr	May
2021 Water AR \$ 31-60 days	\$35,560	\$38,920	\$36,130	\$27,966	38,456
2022 Water AR \$ 31-60 days	\$28,146	\$31,629	\$26,151	\$29,330	21,497
% Better/(Worse)	20.8%	18.7%	27.6%	-4.9%	44.1%

SPU ELECTRIC AGED RECEIVABLES \$ 61-120 DAYS

■ 2021 Electric AR \$ 61 - 120 days

■ 2022 Electric AR \$ 61 - 120 days

DOLLARS



■ 2021 Electric AR \$ 61 - 120 days

■ 2022 Electric AR \$ 61 - 120 days

■ % Better/(Worse)

Jan

\$154,708

\$81,611

47.2%

Feb

\$147,217

\$77,409

47.4%

Mar

\$144,263

\$66,605

53.8%

Apr

\$151,707

\$70,834

53.3%

May

149,413

69,017

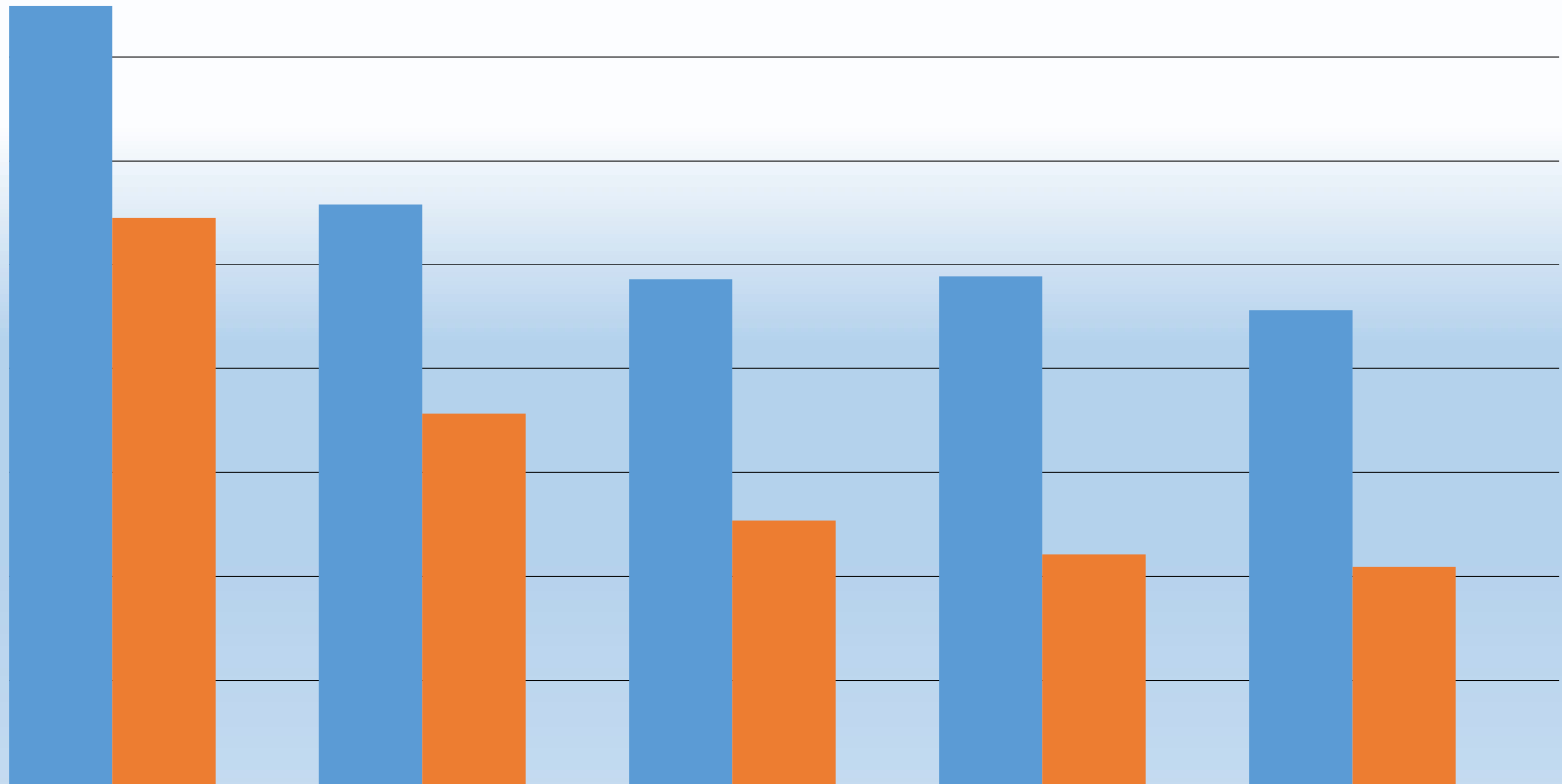
53.8%

SPU WATER AGED RECEIVABLES \$ 61-120 DAYS

■ 2021 Water AR \$ 61 - 120 days

■ 2022 Water AR \$ 61 - 120 days

DOLLARS



■ 2021 Water AR \$ 61 - 120 days

■ 2022 Water AR \$ 61 - 120 days

■ % Better/(Worse)

Jan

\$37,454

\$27,244

27.3%

Feb

\$27,890

\$17,850

36.0%

Mar

\$24,315

\$12,675

47.9%

Apr

\$24,446

\$11,057

54.8%

May

22,817

10,483

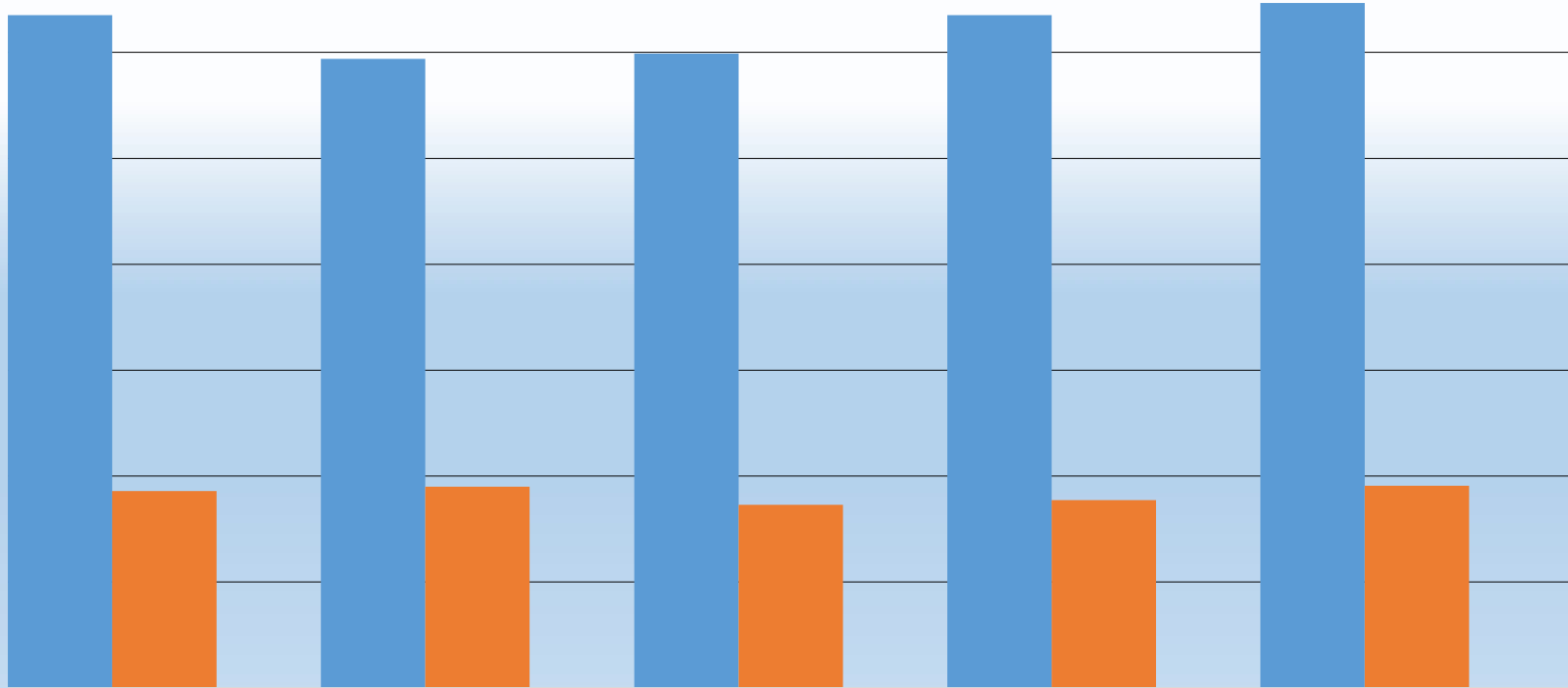
54.1%

SPU ELECTRIC AGED RECEIVABLES \$ OVER 120 DAYS

■ 2021 Electric AR \$ Over 120 Days

■ 2022 Electric AR \$ Over 120 Days

DOLLARS



■ 2021 Electric AR \$ Over 120 Days

■ 2022 Electric AR \$ Over 120 Days

■ % Better/(Worse)

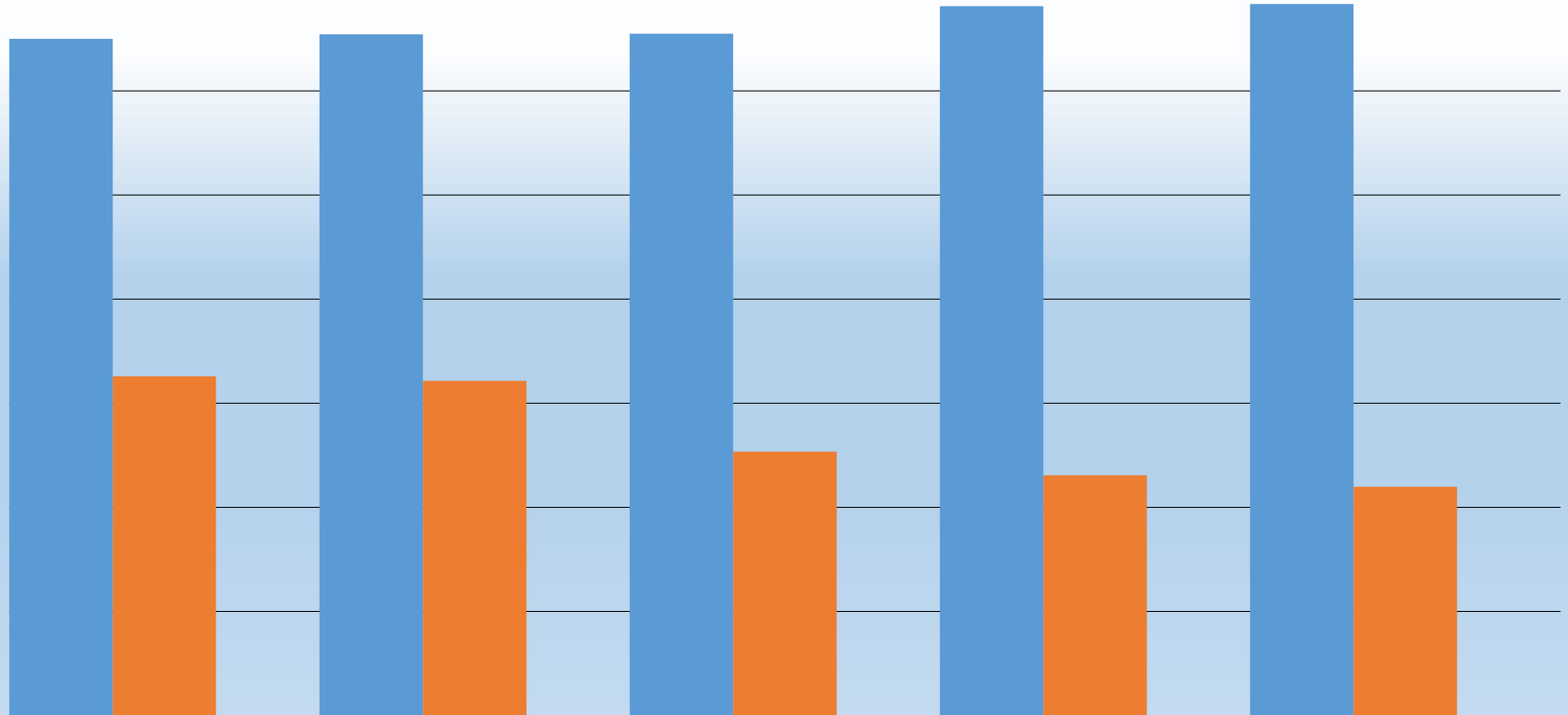
Jan	\$317,574	\$297,057		\$317,578	323,382
	\$92,845	\$94,977		\$88,569	95,407
	70.8%	68.0%		72.1%	70.5%

SPU WATER AGED RECEIVABLES \$ OVER 120 DAYS

■ 2021 Water AR \$ Over 120 Days

■ 2022 Water AR \$ Over 120 Days

DOLLARS



■ 2021 Water AR \$ Over 120 Days

■ 2022 Water AR \$ Over 120 Days

■ % Better/(Worse)

Jan

\$64,994

\$32,587

49.9%

Feb

\$65,434

\$32,151

50.9%

Mar

\$65,487

\$25,349

61.3%

Apr

\$68,125

\$23,098

66.1%

May

68,334

21,985

67.8%