

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
August 15, 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 August 1, 2022 Minutes (GD)
 - C=> 3b) Approval of August 18, 2022 Agenda (KM)
 - C=> 3c) August 4, 2022 Warrant List
Account Credit Request/Deposit Refunds (KW)
 - C=> 3d) August 15, 2022 Warrant List (KW)
 - C=> 3e) Water Dashboard (LS)
 - C=> 3f) Res#2022-21 Resolution Setting the Amount of the Trunk Water Charge, Approving of its Collection and Authorizing Water Service to Certain Property Described as:
Windermere South 6th Addition (JA)
 - C=> 3g) Res#2022-20 Resolution Approving of the Estimated Cost of Pipe Oversizing on the Watermain Project: Windermere South 6th Addition (JA)
4. **General Manager Report**
 - 4a) General Manager Report – Verbal (GD)
 - 4b) MMPA Review & Contract Extension (GD)
5. **Liaison Report** (JB)
6. **Public Comment Period.** If there is any public here, please step up to the table and state your name and address for the record.
7. **Reports: Water Items**
 - 7a) Water System Operations Report – Verbal (LS)
 - 7b) Minnesota Department of Health PFAS Testing (LS)
8. **Reports: Electric Items**
 - 8a) Electric System Operations Report – Verbal (BC)

9. **Reports: Human Resources**

10. **Reports: General**

10a) Marketing/Key Accounts Report – Verbal (SW)

10b) Budget 2023 & Sub-Committee Compensation and Benefits (GD/KW)

10c) July 2022 Financial Reports & Accounts Receivable Aging (Collection Update) (KW)

11. **Items for Future Agendas**

12. **Tentative Dates for Upcoming Meetings**

- September 6, 2022 - Tuesday
- September 19, 2022
- October 3, 2022
- October 17, 2022

13. **Adjournment**

MINUTES OF THE SHAKOPEE PUBLIC UTILITIES COMMISSION

August 1, 2022

Regular Meeting

1. Call to Order. Vice President Krieg called the August 1, 2022, meeting of the Shakopee Public Utilities Commission to order at 5:00 PM. Vice President Krieg, Commissioner Brennan, Commissioner Fox, and Commissioner Letourneau were present.

2. Communications. Commissioner Brennan noted that in response to a social media discussion on billing, she suggested considering budget billing. General Manager Drent stated that budget billing requires customers to be on SPU's system at least one year, with billing reevaluated annually. Joseph Adams, Director of Planning and Engineering, noted that SPU hit an all-time system peak in June, which resulted in increased billing amounts.

3. Approval of Consent Agenda. Vice President Krieg asked that item 3d be pulled for discussion. Commissioner Fox moved approval of the all other consent agenda items: (3a) July 18, 2022 Minutes; (3b) August 1, 2022 Agenda; (3c) August 1, 2022 Warrant List; (3e) MMPA July Meeting Update (3f) Res#2022-19 Resolution Setting the Amount of the Trunk Water Charge, Approving of its Collection and Authorizing Water Services to Certain Property Described as: Emblem at Shakopee; (3g) Res#2022-20 Resolution Approving the Estimated Cost of Pipe Oversizing on the Watermain Project: Emblem of Shakopee. Commissioner Brennan seconded the motion. Ayes: Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

For item (3d) Lead and Copper Testing Results, Water Superintendent Lon Schemel explained that this testing started in 1991, reflects sites pre-approved by the Department of Health, and tests customers' plumbing, rather than SPU's water. Commissioner Brennan moved approval of item (3d) Lead and Copper Results; Commissioner Letourneau seconded the motion. Ayes: Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

4. Liaison Report. Commissioner Brennan noted that the City Council approved the final plat of Windermere South 6th Addition; approved the PUD amendment to Canterbury Southwest; and took a first look at the 2023 – 2027 CIP. She stated that the amphitheater plans will be reviewed on Thursday at the Planning Commission meeting.

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

6. General Manager Report. Mr. Drent noted on-going discussions with the Shakopee School District on its solar project and that the District is exploring options with a local electrician. He noted the problems with third-party sales under the exclusive service territory statutes. Mr. Drent

stated that SPU staff continues to work with City staff and an appraiser to consider potential locations for the water treatment plant. He noted that SPU staff met with SMSC representatives concerning water crossing and potential solar options. Mr. Drent reported that the Minnesota Department of Commerce recommended approval of the change in electric service territory boundaries with MVEC. The Minnesota Public Utilities Commission will schedule a meeting to consider the Department's recommendation. Mr. Drent noted that SPU staff is working on the 2023 budget and CIP; the Commission may consider an informal working group at a future meeting.

7. Organization Chart. Mr. Drent presented the revised organizational chart and provided an overview of the proposed changes. He noted that the funding was approved in the 2022 budget and no additional funding is required. Commissioner Fox moved to approve the revised organizational chart as presented; Commissioner Letourneau seconded the motion. Ayes: Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

8. Water Report. Mr. Schemel reported that the hydrant flushing is half-way completed and will continue into November. He noted that Well 23 is drilled to the bottom at 411 feet; well development will start this week and will take about two weeks. Mr. Schemel noted that the driveway for Tank 8 was poured. He also reported that July pumpage averaged 10.5 million gallons/day, with 12.2 million gallons/day as the high. He noted that total July pumpage was 325 million gallons; 287 million gallons were projected for July.

9. Electric Report. Brad Carlson, Electric Superintendent, provided project updates, including McKenna Road overhead relocation, Maras/Hansen Avenue, and streetlights at Levee Drive. He noted outages over the weekend for customer maintenance. Mr. Carlson reported that SPU is building a tie to assist with the MVEC/SPU service territory transfer. He noted that this project was scheduled to be completed in September but has been pushed back to October/November because of lead time for MVEC meters. Mr. Carlson also reported that since the last Commission meeting, five short-term outages occurred.

10. Marketing/Key Accounts Report. Sharon Walsh, Director of Key Accounts/Marketing/Special Projects, reported that at Rhythm on the Rails, the SPU Spinning Wheel was a success and that fifteen customers signed up for paperless service. She noted that the 2021 Year In Review will be mailed the week of August 15, due to an envelope shortage. Ms. Walsh reported that since Clean Energy Choice was added in May to the online application for residential customers, 119 customers signed up, as compared to 500 customer participants since 2016. She is exploring options to add to the program to the online application for commercial customers, such as requesting information or contact from SPU.

11. Strategic Plan 2022. Kelley Willemsen, Director of Finance and Administration, provided an update on the Strategic Plan 2022, including proposed Strategic Themes and Initiatives. She introduced Debra Englund, HRExpertiseBP. Commissioner Fox moved to approve the 2022

Strategic Themes and Initiatives as presented; Commissioner Letourneau seconded the motion. Ayes: Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

12. Future Items. Noting the success of the existing community garden, Commissioner Fox inquired about starting another one. He also suggested planting native wildflowers on SPU property.

13. Adjourn. Motion by Commissioner Fox, seconded by Commission Brennan, to adjourn to the August 15, 2022, meeting. Ayes: Krieg, Brennan, Fox, and Letourneau. Nays: None. Motion carried.

Greg Drent, Commission Secretary

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
August 15, 2022
at 5:00 PM

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 - 7b) PFAS Memo (LS)
8. **Reports: Electric Items**
 - 8a) Electric System Operations Report – Verbal (BC)

9. **Reports: Human Resources**

10. **Reports: General**

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13. **Adjournment**

SHAKOPEE PUBLIC UTILITIES COMMISSION

Warrant List
Account Credit Request/Deposit Refunds
August 4, 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:

BATHAM PROPERTIES LLC	\$1.53
BAUNE, SHANON	\$102.48
BEERS, MICHELE	\$156.00
BESTE, NATHAN & ANNA	\$40.17
BRATSCH, VICTORIA	\$24.85
BROOKS, TONI L	\$62.38
BROWN, AUDREY	\$55.41
CHEVALIER, DUSTIN	\$35.19
CHHANIYARA, DEVAL	\$36.72
DE HOOG, BERNARD	\$45.59
DUBOVY, YURIY	\$11.88
GARDIN, TYLER	\$35.72
GOODLUND, CARLY	\$102.78
HALEY, KIMBERLY	\$32.17
HEILAND, LISA M	\$38.41
HENNEN, MITCHELL R	\$1.43
HOLMGREN, ERIC	\$72.24
HORNE, CAMILLE	\$10.26
JOYNER, JENNIFER	\$22.96
KNIGHT, MATTHEW	\$63.08
LAMANSKY, ERIC	\$43.84
LENNAR	\$192.85
LILL, DIANE	\$28.37
LOKULE, RIDICK S	\$7.44
LUNDEEN, STEVEN	\$29.51
MASTERSON PERSONNEL	\$299.60
NADG/AA ARASAN LP	\$212.98
NOTHEN, NADIR	\$13.51
OEFFLER, SUSAN	\$67.12
PRIBYL, BLAINE	\$16.96
PRICE, AMBER	\$25.00
PULTE HOMES OF MN 1009	\$173.13
RAHMAN, NICK	\$66.56
REISDOFF, GEORGE	\$55.38
RIVERBEND TOWNHOMES	\$13.31
ROSETH, ROBERT & MARGARET	\$15.59
RUSSELL, DAN	\$5.36
SANDBERG, VERONICA	\$113.90
SCHELLER, SAMANTHA	\$32.02
SHTOKOLOVA, KSENIYA	\$12.27
SPAETH, CHAD	\$49.88
STEVERMER, PAMELA	\$2.42
S5 STORAGE SOLUTIONS LLC	\$4,983.67
THIELEN, MARAT	\$58.07
TLOUGAN, MICHAEL	\$200.00
TOEPKE, SARAH E	\$104.04
TORRES, MICHAEL	\$89.67
TOWING SERVICES INC	\$68.17
TRENDE, ADRIENNE	\$5.26
TRIGG, DAELON	\$46.71
TRY, HENG	\$49.51
UKKELBERG, TYLER	\$53.39
WALKING ELK, OTA	\$29.64
WATSON, THOMAS	\$40.02
WENZ, DEREK	\$12.23
WILSON, KEISHA	\$984.76
WITTENBERG, DANIEL J	\$1.92
4 RESTORE	\$14.07
	<u>\$9,169.38</u>



Presented for approval by Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Proposed As Consent Item

3d

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

August 15, 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:

American Messaging Services, LLC	\$3,122.62
ABDO LLP	\$2,557.50
ABM EQUIPMENT & SUPPLY LLC	\$46,894.97
AMERICAN NATL BANK_ACH MASTERCARD	\$12,602.96
ANDERSON, JENNIFER	\$75.00
BARRANGER, RANDY	\$200.00
BENZ, KEVIN	\$500.00
BERNDTSON, ROBERT	\$221.88
BORDER STATES ELECTRIC SUPPLY INC	\$5,173.49
C & L COMMUNICATIONS, INC.	\$3,727.00
CITY OF SHAKOPEE	\$461,206.83
CITY OF SHAKOPEE	\$165.00
CM CONSTRUCTION COMPANY	\$7,571.39
CORE & MAIN LP	\$3,744.99
DAHM WELTER, LISA	\$500.00
DE VILLERS, JESSICA	\$350.00
DEL'S CONSTRUCTION COMPANY INC.	\$80,314.84
DELTA DENTAL PLAN OF MN	\$5,349.21
DICK'S/LAKEVILLE SANITATION INC	\$385.52
Formstack, LLC	\$1,188.00
FASTENAL IND & CONST SUPPLIES	\$343.77
FERGUSON US HOLDINGS, INC.	\$105.09
GJERTSON, STEPHANIE	\$350.00
GOPHER STATE ONE-CALL	\$1,073.25
GRIMMER, TIFFANY	\$50.00
HANNINEN, CHRISTIAN	\$500.00
HAROLD'S LOCKSMITH SERVICE	\$82.42
HARTMANN, GARY	\$500.00
HILLNER, SONJA	\$500.00
HRExpertiseBP LLC	\$2,100.00
HYDRO-KLEEN LLC	\$961.00
IDEAL SERVICE CO, INC.	\$1,523.00
IMPACT MAILING OF MINNESOTA, INC.	\$13,332.85
INNOVATIVE OFFICE SOLUTIONS LLC	\$1,324.72
INSITUFORM TECH	\$922.79
JOHN GREGORY JOHNSON	\$5,550.00
JT SERVICES	\$37,061.91
KENDELL DOORS & HARDWARE, INC.	\$105.32
KRAUTKREMER, STEPHANIE	\$350.00
MARK J TRAUT WELLS, INC	\$103,300.63
MASTER ELECTRIC	\$15,400.00
MASTER MECHANICAL INC	\$417.00
MID-COUNTY FABRICATING INC.	\$209.38
MINN VALLEY TESTING LABS INC	\$171.58
MINNESOTA LIFE	\$1,110.99
MINNESOTA RURAL WATER ASSOCIATION	\$510.00
MMPA c/o Avant Energy	\$5,031,823.93
MN DEPT OF HEALTH	\$64.00
MN DEPT OF REVENUE ACH PAYMENTS	\$385,406.31
MYERS, TONY	\$219.99
NAGEL COMPANIES LLC	\$7,559.00
NCPERS GROUP LIFE INSURANCE	\$208.00
NEAL, DESIREE	\$500.00
NEVILLE, GERRY	\$83.76
NICKOLAY, CINDY	\$181.88
NORTHERN STATES POWER CO.	\$5,742.87
BLUETARP FINANCIAL, INC.	\$236.30
PAO, ONN	\$300.00
POMP'S TIRE SERVICE INC	\$2,047.76
ROSS, CHRISTOPHER	\$1,000.00
RUUD, RYAN	\$200.00
SCHUETT, CODY	\$222.24
SHIROLE, SAMEER	\$175.00
SMITH, JEFFREY	\$1,000.00
STATES MANUFACTURING CORPORATION	\$886.92
TEST GAUGE & BACKFLOW SUPPLY INC	\$145.00
TRIPLETT, GREG	\$194.38
TWIN CITY GARAGE DOOR CO.	\$715.00
VERIZON CONNECT FLEET USA LLC	\$523.95
VERIZON WIRELESS	\$2,854.94

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

August 15, 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:

VIVID IMAGE, INC.	\$780.00
VON BANK, JAMIE	\$115.84
WALSH, SHARON	\$117.05
WESCO DISTRIBUTION INC	\$9,508.20
WIDMER, COLLEEN	\$500.00
XCEL ENERGY	\$3,660.46
	<u>\$6,280,679.68</u>


Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

August 15, 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:

American Messaging Services, LLC	\$3,122.62	Aug. Smartswitch 8/1-8/31/22
ABDO LLP	\$2,557.50	July accounting firm service
ABM EQUIPMENT & SUPPLY LLC	\$46,894.97	WO#2656 Service Body new water truck
AMERICAN NATL BANK_ACH MASTERCARD	\$12,602.96	July credit card charges
ANDERSON, JENNIFER	\$75.00	2022 Res. Energy Star Appliance Rebate
BARRANGER, RANDY	\$200.00	2022 Res. Cooling & Heating
BENZ, KEVIN	\$500.00	2022 Res. Cooling & Heating
BERNDTSON, ROBERT	\$221.88	Miles reimb.
BORDER STATES ELECTRIC SUPPLY INC	\$5,173.49	Gripall stick with Univ. head, pupi deadend arm
C & L COMMUNICATIONS, INC.	\$3,727.00	4550 feet of fiber optic cable
CITY OF SHAKOPEE	\$461,206.83	July SW(\$356,530.73) SD(\$104,676.10)
CITY OF SHAKOPEE	\$165.00	WO#2649 - 4th ave. w. vacuum water service lin
CM CONSTRUCTION COMPANY	\$7,571.39	WO#2470 - Front office work
CORE & MAIN LP	\$3,744.99	WO#2576 - Iper Meters
DAHM WELTER, LISA	\$500.00	2022 Res. Cooling & Heating
DE VILLERS, JESSICA	\$350.00	2022 Res. Cooling & Heating
DEL'S CONSTRUCTION COMPANY INC.	\$80,314.84	WO#2470 - Building Addition
DELTA DENTAL PLAN OF MN	\$5,349.21	Aug. delta dental premiums
DICK'S/LAKEVILLE SANITATION INC	\$385.52	Aug. garbage service
Formstack, LLC	\$1,188.00	Gold annual charge
FASTENAL IND & CONST SUPPLIES	\$343.77	Yellow caution tape
FERGUSON US HOLDINGS, INC.	\$105.09	wrch for water dept.
GJERTSON, STEPHANIE	\$350.00	2022 Res. Cooling & Heating
GOPHER STATE ONE-CALL	\$1,073.25	July locates
GRIMMER, TIFFANY	\$50.00	2022 Res. Energy Star Appliance Rebate
HANNINEN, CHRISTIAN	\$500.00	2022 Res. Cooling & Heating
HAROLD'S LOCKSMITH SERVICE	\$82.42	Cash drawer key broke off while locked
HARTMANN, GARY	\$500.00	2022 Res. Cooling & Heating
HILLNER, SONJA	\$500.00	2022 Res. Cooling & Heating
HRExpertiseBP LLC	\$2,100.00	July billing for HR services
HYDRO-KLEEN LLC	\$961.00	Hydrant meter refund #93196946
IDEAL SERVICE CO, INC.	\$1,523.00	WO#2582-Water dept. trbl shoot F33 alarm well 21
IMPACT MAILING OF MINNESOTA, INC.	\$13,332.85	July statments
INNOVATIVE OFFICE SOLUTIONS LLC	\$1,324.72	Office supplies
INSITUFORM TECH	\$922.79	Hydrant #93196948 final bill refund
JOHN GREGORY JOHNSON	\$5,550.00	WO#2472 - AMI fees for Phase 3
JT SERVICES	\$37,061.91	POLE ST. LIGHT
KENDELL DOORS & HARDWARE, INC.	\$105.32	WO#2470 - Front office work
KRAUTKREMER, STEPHANIE	\$350.00	2022 Res. Cooling & Heating
MARK J TRAUT WELLS, INC	\$103,300.63	WO#2525 - Well #23 Pay request #2
MASTER ELECTRIC	\$15,400.00	Test Inspection 16 Locations
MASTER MECHANICAL INC	\$417.00	boiler system valve leaking
MID-COUNTY FABRICATING INC.	\$209.38	steps for equipment
MINN VALLEY TESTING LABS INC	\$171.58	Nitrate & Nitrite
MINNESOTA LIFE	\$1,110.99	Aug. life ins. premiums
MINNESOTA RURAL WATER ASSOCIATION	\$510.00	MM & JH Class D Op. trng
MMPA c/o Avant Energy	\$5,031,823.93	July Power bill
MN DEPT OF HEALTH	\$64.00	J.H. & MM test for class C Op. cert
MN DEPT OF REVENUE ACH PAYMENTS	\$385,406.31	July Sales & Use Tax
MYERS, TONY	\$219.99	Safety boot reimb.
NAGEL COMPANIES LLC	\$7,559.00	WO#2658 - Bore 168 feet 2 pipe
NCPERS GROUP LIFE INSURANCE	\$208.00	Aug. premiums
NEAL, DESIREE	\$500.00	2022 Res. Cooling & Heating
NEVILLE, GERRY	\$83.76	Miles reimb
NICKOLAY, CINDY	\$181.88	Miles reimb.
NORTHERN STATES POWER CO.	\$5,742.87	July Power bill
BLUETARP FINANCIAL, INC.	\$236.30	Socket
PAO, ONN	\$300.00	2022 Energy Star Dishwasher
POMP'S TIRE SERVICE INC	\$2,047.76	TIRES
ROSS, CHRISTOPHER	\$1,000.00	2022 Res. Solar Rebate
RUUD, RYAN	\$200.00	2022 Irrigation Controllers rebate
SCHUETT, CODY	\$222.24	Safety boot reimb.
SHIROLE, SAMEER	\$175.00	2022 Res. Star Appliances
SMITH, JEFFREY	\$1,000.00	2022 Res. Solar Rebate
STATES MANUFACTURING CORPORATION	\$886.92	pole Contactor
TEST GAUGE & BACKFLOW SUPPLY INC	\$145.00	Calibrate RPZ tester
TRIPLETT, GREG	\$194.38	Miles reimb.
TWIN CITY GARAGE DOOR CO.	\$715.00	replace garage door opener
VERIZON CONNECT FLEET USA LLC	\$523.95	Truck Trackers
VERIZON WIRELESS	\$2,854.94	Cell phone usage 6/24-7/23

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

August 15, 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:

VIVID IMAGE, INC.

\$780.00 Annual Managed website hosting & Upgrade

VON BANK, JAMIE

\$115.84 reimb. for meals

WALSH, SHARON

\$117.05 Breakfast & Gatorade Elec. crew outages

WESCO DISTRIBUTION INC

\$9,508.20 ANCHOR ROD, TWIN EYE NUT, trans current,
termination, channel cable protector

WIDMER, COLLEEN

\$500.00 2022 Res. Cooling & Heating

XCEL ENERGY

\$3,660.46 Amberglen Gas usage 6/24-7/24/22

\$6,280,679.68

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Monthly Water Dashboard

As of: July 2022

Shakopee Public Utilities Commission

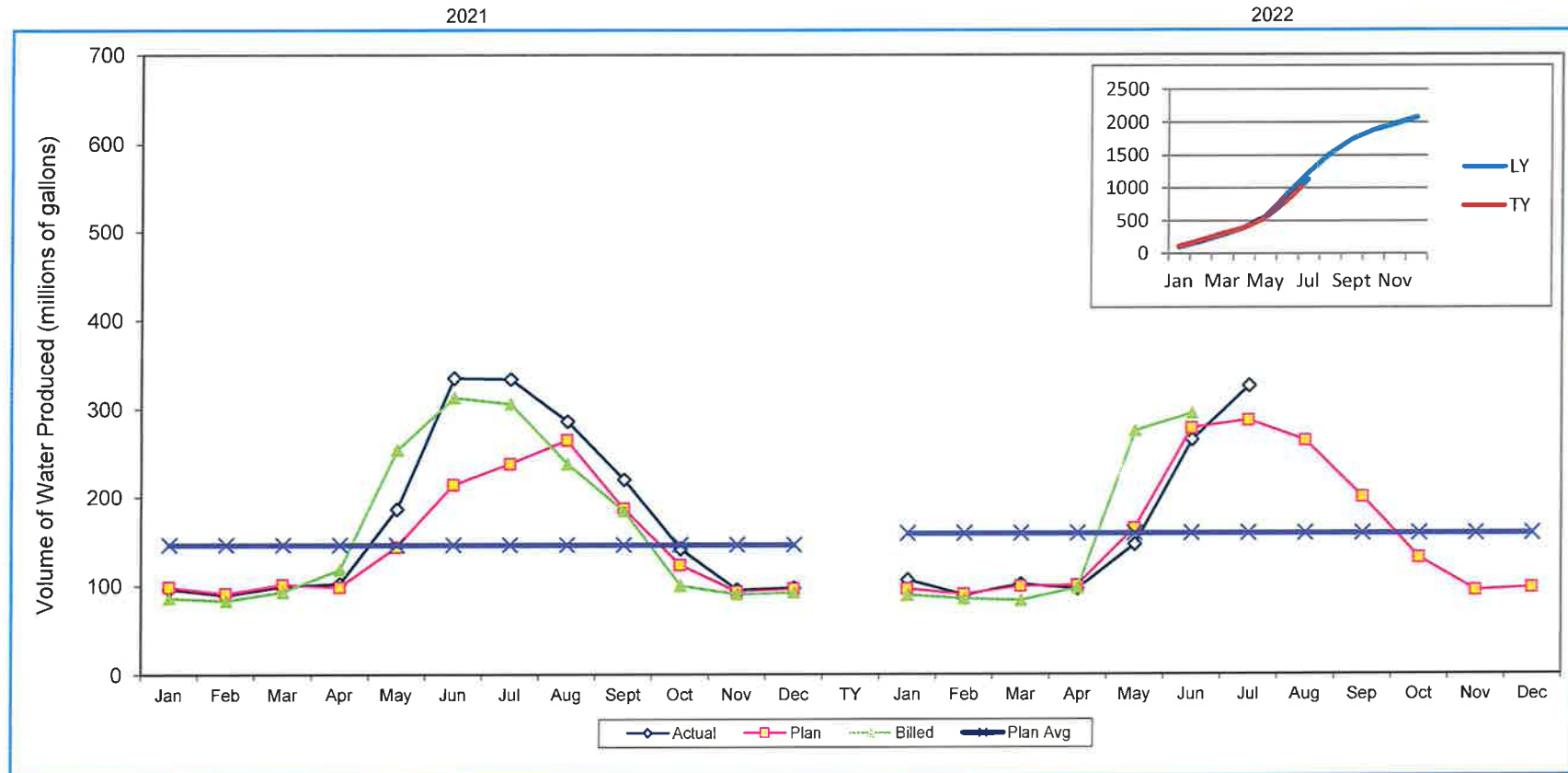
ALL VALUES IN MILLIONS OF GALLONS

Element/Measure

Water Pumped/Metered

Monthly Avg
 2019 139
 2020 150
 2021 173

Last 6 months actuals 106 89 101 96 146 265 326



	LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual		96	89	99	102	186	335	334	286	220	141	95	97		106	89	101	96	146	265	326					
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%	97%	101%					
Billed		86	83	93	118	254	313	306	238	184	100	90	92		89	85	83	97	275	295						

* Actual gallons pumped vs. Plan

RESOLUTION #2022-21

A RESOLUTION SETTING THE AMOUNT
OF THE TRUNK WATER CHARGE, APPROVING OF ITS COLLECTION
AND AUTHORIZING WATER SERVICE TO CERTAIN PROPERTY
DESCRIBED AS:

WINDERMERE SOUTH 6TH ADDITION

Block 1, Lots 1 – 11; Block 2, Lots 1 – 7; Block 3, Lot 1, Block 4, Lots 1 – 11;
Block 5, Lots 1 – 6; Block 6, Lots 1 - 7

WHEREAS, a request has been received for City water service to be made available to certain property, and

WHEREAS, the collection of the Trunk Water Charge is one of the standard requirements before City water service is newly made available to an area, and

WHEREAS, the standard rate to be applied for the Trunk Water Charge has been set by separate Resolution,

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$53,675.16 based on 10.99 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

Block 1, Lots 1 – 11; Block 2, Lots 1 – 7; Block 3, Lot 1, Block 4, Lots 1 – 11;
Block 5, Lots 1 – 6; Block 6, Lots 1 - 7

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

Passed in regular session of the Shakopee Public Utilities Commission, this 1st day of August, 2022.

Commission President: Kathi Mocol

ATTEST:

Commission Secretary: Greg Drent

RESOLUTION #2022-22

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

WINDERMER SOUTH 6TH ADDITION

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

WHEREAS, the pipe sizes require for that project have been approved as shown on the engineering drawing by Westwood Engineering, and

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

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

NOW THEREFORE, BE IT RESOLVED, that the total amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$70,475.24, and

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

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

Passed in regular session of the Shakopee Public Utilities Commission, this 15th day of August, 2022.

Commission President: Kathi Mocol

ATTEST:

Commission Secretary: Greg Drent

DATE: 06/10/22



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

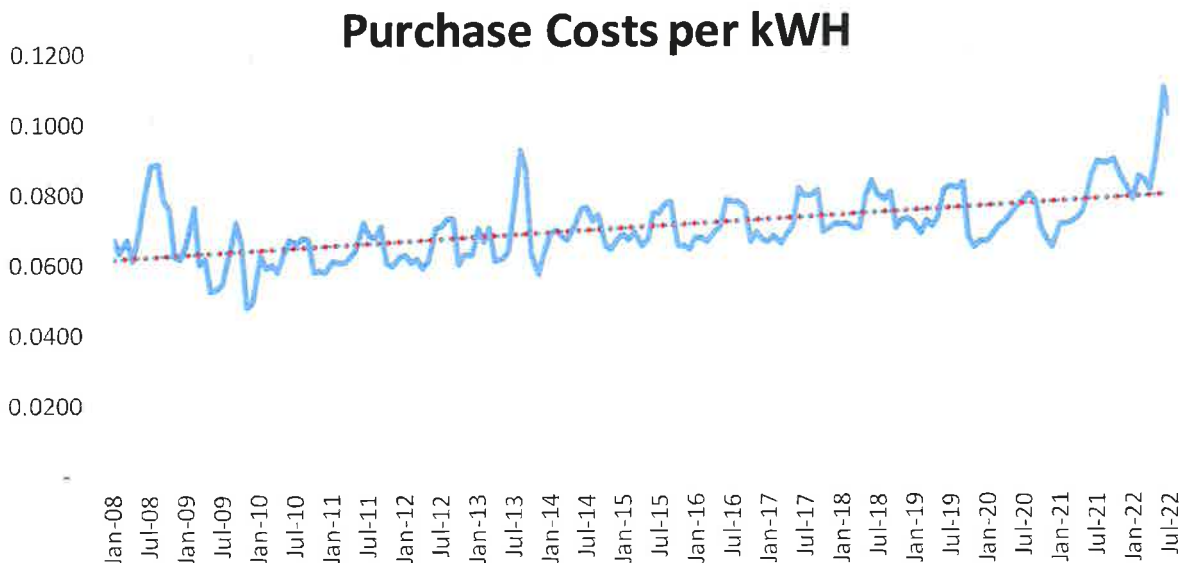
DATE: August 10, 2022
TO: SPU Commissioners
FROM: Greg Drent, General Manager *GD*
SUBJECT: MMPA Contract Extension

Background:

SPU has been purchasing wholesale energy from Minnesota Municipal Power Agency (MMPA) since 2001 and joined the agency in 2004 as a voting member. The first attachment is resolution #756. This resolution authorizes the execution of agreements and documents necessary to become a participating member of MMPA. The agency sales agreement follows resolution #756.

It is necessary for MMPA to have long-term wholesale power agreements in place, as they look at selling debt for renewable projects and for acquiring long-term contracts. In January 2014, an amendment to the original agreement between SPU and MMPA extended the contract TERM to 2050. There were no further changes to the agreement at the time of the extension. As we consider an extension to the current contract-with MMPA, we should also look at the long-term performance.

The graph below depicts SPU's wholesale energy cost per kWh since 2008.



As you can see from the graph, MMPA's focus on taking a long-range approach has served the agency well over the last 13 years. There are years within this graph demonstrating wholesale energy per kWh has been higher, but it also shows that the cost has come back down. The graph also shows a spike in



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the beginning of 2022 that we have been discussing with our increased purchase power costs. MMPA continues to focus on adding more renewable energy to its portfolio and costs are projected to stabilize over time. We know the focus on renewable energy will continue to be an important part of MMPA. MMPA is projected to have over forty-two percent of its energy from renewable sources.

Derick Dahlen and Oncu Er will be present at the meeting to go over MMPA year in review and talk about the future of MMPA wholesale power initiatives.

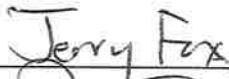
- MMPA Annual Report MMPA is attached for your review.

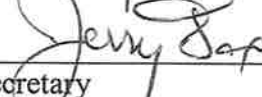
Action: Approve amendment to MMPA power sales agreement to 2060

CERTIFICATION

STATE OF MINNESOTA)
COUNTY OF SCOTT)
CITY OF SHAKOPEE)

I hereby certify that the attached Resolution No. 756 is a true and correct copy of the Resolution presented to and adopted by the Shakopee Public Utilities Commission at a duly called meeting held on the 5th day of April, 2004 and that the same has not been rescinded or amended and is in full force and effect.



 4/12/04
Secretary
Shakopee Public Utilities Commission

SHAKOPEE PUBLIC UTILITIES COMMISSION

Resolution No. 756

A RESOLUTION AUTHORIZING THE EXECUTION OF CERTAIN AGREEMENTS AND DOCUMENTS NECESSARY TO BECOME A PARTICIPATING MEMBER IN THE MINNESOTA MUNICIPAL POWER AGENCY.

NOW THEREFORE BE IT RESOLVED BY THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SHAKOPEE:

Section 1. It is hereby found, determined and declared that:

- A. The Commission has previously selected the Minnesota Municipal Power Agency (the "Agency") to provide its long term power supply needs.
- B. The Commission has approved the participation of the Shakopee Public Utilities in the Agency as a member with all of the rights and privileges thereof and the City Council has concurred in the Commission action.
- C. To complete the arrangements for the participation of the Shakopee Public Utilities in the Agency and its power supply program, certain additional agreements and documents are required.

Section 2. The Commission does hereby approve the following substantially in the form submitted to the Commission:

- A. The New Member Agreement between the Commission and the Agency;
- B. The Power Sales Agreement between the Commission and the Agency; and
- C. The letter of the Commission formally requesting admission to membership in the Agency.

Section 3. The Chairman and such other appropriate officials of the Commission are hereby authorized and directed to execute the foregoing documents for and on behalf of and as the deed of the City of Shakopee, Minnesota, to cause their delivery to the Agency and to take such other reasonable and appropriate actions as may be necessary to fulfill the purposes of this resolution.

This Resolution is adopted by the Shakopee Public Utilities Commission on this 5th day of April, 2004.


Commission President

Attest:


Secretary

**MINNESOTA MUNICIPAL POWER
AGENCY SALES AGREEMENT**

This Agreement, entered into as of the 5th day of April, 2004, between the Minnesota Municipal Power Agency (Agency), a municipal power agency and political subdivision of the State of Minnesota, and the City of Shakopee by its Public Utilities Commission (City), a municipal corporation of the State of Minnesota and a member of the Agency.

W I T N E S S E T H:

WHEREAS, the Agency was organized under the Minnesota Municipal Electric Power Act to provide a means for those Minnesota cities which are members of the Agency to secure an adequate, economic and reliable supply of electric power and energy; and

WHEREAS, the Agency has the power to: (i) plan, acquire, construct, operate, maintain, and repair electric generation plant(s) and electric transmission systems or facilities for the production, transmission, purchase, sale, exchange or interchange of electric power and energy in or outside the State of Minnesota, and (ii) purchase, sell, exchange or transmit electric power and energy in and outside the State of Minnesota in such amounts as the Agency determines to be necessary and appropriate to meet its responsibilities to its members which includes entering into agreements with other parties for the purchase, sale, exchange or transmission of electric power and energy: and

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WHEREAS, the City owns and operates a municipal electric system for the local distribution of electric energy and is authorized under the laws of the State of Minnesota to contract to buy from the Agency electric power and energy required for the City's present and future requirements; and

WHEREAS, in order to secure an adequate, economical and reliable supply of electric energy for the City's municipal electric system, the Agency and the City have determined that the Agency will sell to the City, and the City will purchase from the Agency, electric power and energy, transmission services, and dispatch services under the terms and conditions set forth in the agreement; and

WHEREAS, the Agency intends to acquire electric power and energy, transmission services, and dispatch services for sale to the City and to other members contracting with the Agency through the following means which include, without limitation, the purchase of these services from other utilities and the ownership of generation and transmission facilities; and

WHEREAS, in order to enable the Agency to enter into electric power and energy purchase contracts, transmission service contracts, and dispatch service contracts with suppliers of these services, it is necessary for the Agency to have binding contracts with the City and the other members of the Agency for the purchasing of electric power and energy from the Agency by the members;

NOW, THEREFORE, for and in consideration of the mutual covenants and terms contained in the Agreement, the following is agreed to by and between the parties to this Agreement:

CONFIDENTIAL

SECTION 1. Sale and Purchase of Electricity

(a) The Agency agrees to sell and at the point(s) of delivery deliver to the City, and the City agrees to purchase and receive (Take or Pay) from the Agency, commencing January 1, 2006, and extending through the term of this Agreement, at the rates set forth under Section 3 of this Agreement, all electric power and energy which the City shall require to meet the needs of its customers over and above any electric power and energy the City is under contract, at the time the City signed this Agreement, to purchase from an electric power and energy supplier including (through December 31, 2005) the Agency and (through December 31, 2008) Northern States Power Company, or Xcel Energy or can generate from the City's own electric power generation which was operational at the time the City signed this Agreement. Schedule A attached to this Agreement lists the operational units.

(b) In the event that, pursuant to the Public Utility Regulatory Policies Act of 1978 or other provisions of law, electric power is required to be purchased from a small power production facility, a cogeneration facility or other facility, the City and the Agency shall use their best efforts to arrange for such purchases to be made by the Agency. If such arrangements cannot be made, then the City shall make the required purchases and sell the power purchased to the Agency. The City shall appoint the Agency to act as its agent in all dealings with the owner of such facility from which power is to be purchased and in connection with all other matters relating to such purchases.

SECTION 2. Service Characteristics, Point of Delivery, Ownership of Facilities

(a) Service Characteristics. Electric power and energy to be furnished under this Agreement shall be three-phase, 60 hertz, at 69 kv or higher voltage.

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(b) Point of Delivery. A Point of Delivery shall mean that point at which the facilities of the City are connected to the transmission system which the Agency shall use to deliver electric power and energy to the City. Schedule B attached to this Agreement shows the facilities required for the connection between the Agency and the City, the location(s), the voltage(s), the Point(s) of Delivery, the point(s) of metering and the ownership of the facilities. This Schedule may be amended from time to time to reflect changes as agreed upon by the Agency and the City.

When electricity is measured at more than one Point of Metering, the total demand of the City's system shall be determined by combining the recorded demand at each Point of Metering during the same 15 minute interval.

(c) Ownership of Equipment. The Agency shall select, own, install and maintain all meters, telemeters, and associated equipment necessary, at each Point of Metering of the City, to measure and record the electric power and energy furnished to the City under this agreement. Such metering equipment shall provide a continuous record of the fifteen (15) minute integrated total demand of the City at such Point of Metering during each billing period throughout the term of this Agreement. Metering records shall be available at all reasonable times to authorized agents of the City.

The City shall provide and maintain, at its own expense, such facilities as are necessary to connect the City's system to the Point of Delivery, including any switching and protective equipment which the parties agree are necessary to protect the systems of the parties. The installation and maintenance of these facilities shall be performed by the City in accordance with specifications and procedures satisfactory to the parties.

(d) Meter Testing. The Agency shall test and calibrate meters or cause meters to be tested and calibrated by comparison with accurate standards at intervals of not less than twelve months. Any party shall have the right to have any metering device tested at any time at that party's expense; provided, however, that if any metering device is found to be inaccurate by more

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than 1%, then the Agency will pay the cost of the test. Meters registering not more than one percent above or below normal shall be deemed to be accurate. The readings for any meter which shall have been disclosed by test to be inaccurate shall be corrected in accordance with the percentage of inaccuracy found by such test from the beginning of the first billing period after the most recent prior meter test but in no case for a period longer than 365 days. Should any meter fail to register, the electric power and energy delivered during such period of failure shall, for billing purposes, be estimated by the Agency and the City from the best information available. The Agency shall notify the City or cause the City to be notified in advance of the time of any meter reading or test so that the City's representative may be present at such meter reading or test.

SECTION 3. Rate

(a) The City shall pay the rates stated on Schedule C of this Agreement for all electric power and energy delivered by the Agency to the City. The customer, demand, and energy rates to be paid by the City for purchases of electric power and energy shall be as provided on Schedule C of this Agreement which may be changed by action of the Agency. The energy rates shall be adjusted through the Energy Adjustment Clause in Schedule C for the Agency's actual cost of energy.

(b) The rates charged to the City shall be nondiscriminatory compared with the rates charged to all other members of the Agency. City shall also pay the new member fee as provided in the New Member Agreement between City and Agency.

SECTION 4. Meter Readings and Payment of Bills

(a) The Agency shall read the meters at the end of each month for electric power and energy provided to the City since the last date the meter was read. The Agency shall send a statement to the City on or before the fifth calendar day after the meter is read stating the amount due from the City. If a meter cannot be read, the Agency shall estimate the amount of electric

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power and energy delivered to the City during that billing period and send a statement to the City, with an adjustment for actual purchases in the next billing period.

The City shall pay for electric power and energy furnished under this agreement at the office of the Agency, or at the place and in the manner designated by the Agency, by the 20th day of the month in which the bill is mailed to the member; provided, however, that if said 20th day is a Saturday, Sunday or legal holiday in the State of Minnesota, the next following business day shall be the day on which such payment shall be due. In the event that the City fails to make payment by the 20th day of the month for the full amount due, the amount due shall be subject to an interest charge of one percent greater than the average of the daily prime rates published in the "Money Rates" section of the Wall Street Journal for each day from the date payment was due to the date the payment is received.

The Agency may, whenever any amount due remains unpaid after the due date, take all steps available to it under applicable law to collect such amount and, after giving 15 days advance notice in writing of its intention to do so, discontinue service under this agreement. The Agency may, whenever any amount due remains unpaid for 120 or more days after the due date and after giving 30 days advance notice in writing of its intention to do so, terminate this Agreement. The discontinuance of service or the termination of the Agreement shall not relieve the City from the liability for payment for electric power and energy furnished to the City prior to the discontinuance or termination of this Agreement.

(b) In the event the City desires to dispute all or any part of a bill, the City shall pay the full amount of the bill when due and notify the Agency in writing of the grounds on which any charges in the bill are disputed and the amount in dispute. The City will not be entitled to any adjustment on account of any disputed charges which are not brought to the attention of the Agency in the matter specified in this Agreement. Such adjustment shall be for the time period for which it can be established a billing error took place but in no event shall the adjustment period extend past the last meter test date or 365 days, whichever is shorter.

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SECTION 5. Power Factor

The City shall have sufficient capacitors installed to maintain at least a 98 percent lagging hourly power factor during the City's peak load periods. The Agency and the City shall agree on the controlling of capacitor operation. It is the goal of both parties to maintain an hourly power factor of not less than 98 percent lagging during peak load periods and to avoid a leading hourly power factor during light load conditions.

In the event the City does not have sufficient capacitors installed, the City within 30 days after written notice from the Agency of such a deficiency, shall correct the deficiency or else provide the Agency with a written commitment to correct the deficiency. In the event the City makes a written commitment to add capacitors, the City shall exert its best efforts to expeditiously bring such equipment into service and to complete installation within one year from the initial notice or within such other time established by mutual agreement between the parties. If the additional capacitors are not installed within the allowed time and the Agency installs or has installed power factor control equipment, Agency shall bill the City a facilities fee based upon the Agency's cost of an equivalent amount of power factor control equipment.

SECTION 6. Continuity of Service

(a) In the event the Agency is prevented from delivering or the City is prevented from receiving electric power and energy as provided for in this Agreement by cause beyond its control including, but not limited to, acts of God, strikes, injunctions, breakdown, or the purpose of making repairs which by due diligence and foresight such party could not reasonably have been expected to avoid, neither party to this Agreement shall be liable to the other for its inability to perform. Both parties shall be prompt and diligent in removing and overcoming the cause of any interruption, but nothing in this Agreement shall be construed as permitting the Agency to

CONFIDENTIAL

refuse to deliver, or the City to refuse to receive electric service after the cause of interruption has been removed.

(b) The Agency reserves the right to disconnect service in the event service to the City results in trouble on the Agency's system including, but not limited to: interruptions, grounds, radio or telephone interference, surges or objectionable voltage fluctuations, where such trouble is caused by the operation of the facilities of the City if, after giving notice in writing to the City of such trouble, the City fails to remedy the causes of the trouble within a reasonable time.

(c) The Agency does not guarantee that the supply of electric service under this Agreement will be free from interruption, and it is agreed that interruptions of the Agency's service, occasioned by any of the causes mentioned in this section, shall not constitute a breach of this Agreement on the part of the Agency, and the Agency shall not be liable to the City for damages resulting from such interruption of service. In the event of a service interruption, the parties shall act to restore service as soon as it can reasonably be accomplished. The Agency will at times exert itself toward the end of supplying as nearly constant service as is reasonably practicable. In case of impaired or defective service, the City shall immediately give notice to the Agency by telephone and confirm such notice in writing within ten working days.

(d) The Agency shall exercise due diligence to provide continuous uninterrupted electric power and energy to serve the full requirements of the City. If the Agency fails to do so, the City shall have the same right to terminate this Agreement and receive payment as set forth in Section 3; provided, however, that such termination may occur only after the City has given notice in writing to the Agency and the Agency fails to remedy the problem within a reasonable time.

CONFIDENTIAL

SECTION 7. Term

This Agreement shall remain in effect through October 31, 2022 and if not then terminated by at least 5 years prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

SECTION 8. General Terms and Conditions

(a) Maintenance of Retail Rates. The City agrees to maintain rates for electric power and energy to its consumers which provide to the City revenues sufficient to meet its obligations to the Agency under this Agreement and all other operating expenses of the City and all other obligations payable from such revenues. The City shall not be required to make payments to the Agency under this Agreement except from the revenues of the City's utility operations and from other funds of the City's utility operations.

(b) Assignment of Power Sales Agreement. This contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the parties to this Agreement. Except for the reason stated below, neither this Agreement nor any interest in this Agreement shall be transferred or assigned by either party to this Agreement except with the consent in writing of the other party, which consent shall not be unreasonably withheld. No assignment or transfer of this Agreement shall relieve the parties of any obligation under this Agreement.

If the Agency finds it necessary to issue Bonds for the financing of the Agency's operations or the construction, purchasing, or maintaining of facilities, the City agrees that the Agency may assign to any trustee or similar fiduciary designated in any Bond Resolution all of, or any interest in, its right, title, and interest in payments to be made to the Agency under the provisions of this Agreement as security for the payment of the principal, premiums, if any, and interest on any Bonds. Upon such assignment, the Agency may grant to such trustee any rights

CONFIDENTIAL

and remedies in this Agreement provided to the Agency making the trustee a third party beneficiary of the covenants and agreements of the City contained in this Agreement.

(c) Information. The Agency and the City will promptly furnish to each other such information as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Agreement or as may be reasonably necessary and convenient in the conduct of the operations of the party requesting such information.

(d) Amendment. Except as provided for expressly in this agreement, neither this Agreement nor any terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing executed by each party to this Agreement.

(e) Notices. Any notices, demands, or requests required or authorized by the Agreement shall be deemed properly given if mailed postage prepaid:

on behalf of the Agency to:

Minnesota Municipal Power Agency
One City Hall Plaza
Chaska, Minnesota 55318

and on behalf of the City to:

Utilities Manager
Shakopee Public Utilities Commission
1030 East 4th Avenue
Shakopee, Minnesota 55379

The designation of the persons to be so notified or the address of such person may be changed at any time by similar notice.

(f) No Implied Waiver. The failure or delay of any party to enforce at any time any of the provisions of this Agreement, or to require at any time performance by a party of any provisions of this Agreement, shall neither be construed to be a waiver of such provisions nor affect the validity of this Agreement or the right of such party to thereafter enforce each and every provision of this Agreement.

CONFIDENTIAL

(g) Severability. If any term or provision of this Agreement or the application of any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The parties agree to negotiate a replacement provision or provisions in an effort to place the parties in the same or similar position reflected in the Agreement when originally signed.

(h) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

(i) Right of Access. Authorized representatives of the Agency and City shall be permitted to enter the other's premises at all reasonable times in order to carry out the provisions of the Agreement.

(j) Cooperation. If it becomes necessary by reason of any emergency or extraordinary condition for either the Agency or the City to request the other party to furnish personnel, materials, tools, or equipment for the accomplishment of its obligations under this agreement, the party so requested shall cooperate with the requesting party and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall promptly reimburse the other party for all costs properly and reasonably incurred by it in providing such assistance. The cost shall include an amount not to exceed ten percent (10%) for administrative and general expenses; such costs are to be determined on the basis of current charges or rates used in its own operations by the party rendering the assistance.

(k) No Resale. The City shall not sell at wholesale any of the electric power and energy delivered to the City under this Agreement to any customer of the City for resale by that customer, unless given prior written authorization by the Agency which will not be unreasonably withheld.

CONFIDENTIAL

(l) Records and Accounts. The Agency and the City shall keep accurate records and accounts of its properties and operations. Such records shall be available to the other Party at all reasonable times.

(m) Reporting Requirements. The City shall provide from time to time whatever data, information, and estimates it may have regarding future energy requirements, which is reasonably requested by the Agency from the City and from Agency members. When the City becomes aware of a new load, and expansion of existing load, or plans to acquire service territory, that could reasonably be expected to have a peak load of 2 mW or greater, it shall promptly provide written notice to the Agency. Such notice shall include:

- Projected date of service,
- Projected monthly kW requirements,
- Projected monthly kWh requirements, and
- A general description of the load pattern.

Attested:



MINNESOTA MUNICIPAL POWER AGENCY

By:


CHAIRMAN


DATE

CITY OF SHAKOPEE, MINNESOTA
BY ITS PUBLIC UTILITIES COMMISSION

By:


CHAIRMAN


DATE

By:


SECRETARY


DATE

CONFIDENTIAL

SCHEDULE A

OPERATIONAL GENERATING UNITS

<u>Unit Name and / or Number</u>	<u>Unit Size (kW)</u>
Pump House No. 3	150

CONFIDENTIAL

SCHEDULE B

**CONNECTION AND METERING FACILITIES
POINT(S) OF DELIVERY
between**

Minnesota Municipal Power Agency
And
City of Shakopee

AMENDMENT TO
MINNESOTA MUNICIPAL POWER AGENCY
POWER SALES AGREEMENT

THIS AMENDMENT, entered into and made effective as of the 21st day of January, 2014, hereby amends the Agreement known as the Minnesota Municipal Power Agency Power Sales Agreement, as amended, by and between the Minnesota Municipal Power Agency ("Agency"), a municipal power agency and political subdivision of the State of Minnesota, and the CITY OF SHAKOPEE by its Public Utilities Commission, a municipal corporation of the State of Minnesota and a member of the Agency ("City"), dated April 27, 2004 (hereinafter referred to as the "Agreement").

WHEREAS, the Agency and the City wish to amend the term of the Agreement as set forth below:

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

- (a) Section 7 of the Agreement, which currently provides as follows:

SECTION 7. Term

This Agreement shall remain in effect through October 31, 2040 and if not then terminated by at least 5 years prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

shall be replaced in its entirety by the following paragraph:

SECTION 7. Term

This Agreement shall remain in effect through December 31, 2050, and if not then terminated by at least 5 years prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

- (b) Section 6(d) of the Agreement, which currently provides as follows:

The Agency shall exercise due diligence to provide continuous uninterrupted electric power and energy to serve the full requirements of the City. If the Agency fails to do so, the City shall have the same right to terminate this Agreement and receive payment as set forth in Section 3; provided, however, that such termination may occur only after the City has given notice in writing to the Agency and the Agency fails to remedy the problem within a reasonable time.

Shall be replaced in its entirety by the following paragraph:


The Agency shall exercise due diligence to provide continuous uninterrupted electric power and energy to serve the full requirements of the City. If the Agency fails to do so, the City shall have the right, in addition to any other legal remedies, to terminate this Agreement by giving at least ninety (90) days written notice. Upon such termination, the Agency shall pay to the City, if it is then a member of the Agency, the amount that the City would be entitled to if the MMPA was dissolved on the date of termination; provided, however, that such termination may occur only after the City has given notice in writing to the Agency and the Agency fails to remedy the problem within a reasonable time.

With the intention of causing this Amendment to the Agreement to become binding on the date first set forth above, the parties have hereby signed this Amendment to the Agreement as set forth below.

By signing below, each party represents that it has taken all steps necessary to authorize and approve the execution of this Amendment as set forth below.


MINNESOTA MUNICIPAL POWER AGENCY

Attest: 

By: 
Its: Chair

CITY OF SHAKOPEE, MINNESOTA
By its Public Utilities Commission

Attest: 

By: 
Its: PRESIDENT 5-5-2014

AMENDMENT TO
MINNESOTA MUNICIPAL POWER AGENCY
POWER SALES AGREEMENT

THIS AMENDMENT, entered into and made effective as of the _____ day of _____ 2022 , hereby amends the Agreement known as the Minnesota Municipal Power Agency Power Sales Agreement, as amended, by and between the Minnesota Municipal Power Agency ("Agency"), a municipal power agency and political subdivision of the State of Minnesota, and the CITY OF SHAKOPEE by its Public Utilities Commission, a municipal corporation of the State of Minnesota and a member of the Agency ("City"), dated April 27, 2004 (hereinafter referred to as the "Agreement"). WHEREAS, the Agency and the City wish to amend the term of the Agreement as set forth below:

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- (a) Section 7 of the Agreement, which currently provides as follows:

SECTION 7. Term

This Agreement shall remain in effect through October 31, 2050, and if not then terminated by at least 5 years prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

shall be replaced in its entirety by the following paragraph'.

SECTION 7. Term

This Agreement shall remain in effect through December 31, 2060, and if not then terminated by at least 5 years prior written notice given by either party to the other, shall continue in full force and effect until so terminated.

- (b) Section 6(d) of the Agreement, which currently provides as follows:

The Agency shall exercise due diligence to provide continuous uninterrupted electric power and energy to serve the full requirements of the City. If the Agency fails to do so, the City shall have the same right to terminate this Agreement and receive payment as set forth in Section 3; provided, however, that such termination may occur only after the City has given notice in writing to the Agency and the Agency fails to remedy the problem within a reasonable time.

Shall be replaced in its entirety by the following paragraph:

The Agency shall exercise due diligence to provide continuous uninterrupted electric power and energy to serve the full requirements of the City. If the Agency fails to do so, the City shall have the right, in addition to any other legal remedies, to terminate this Agreement by giving at least ninety (90) days written notice. Upon such termination, the Agency shall pay to the City, if it is then a member of the Agency, the amount that the City would be entitled to if the MMPA was dissolved on the date of termination; provided, however, that such termination may occur only after the City has given notice in writing to the Agency and the Agency fails to remedy the problem within a reasonable time.

With the intention of causing this Amendment to the Agreement to become binding on the date first set forth above, the parties have hereby signed this Amendment to the Agreement as set forth below.

By signing below, each party represents that it has taken all steps necessary to authorize and approve the execution of this Amendment as set forth below.

MINNESOTA MUNICIPAL POWER AGENCY

Attest: _____

By: _____

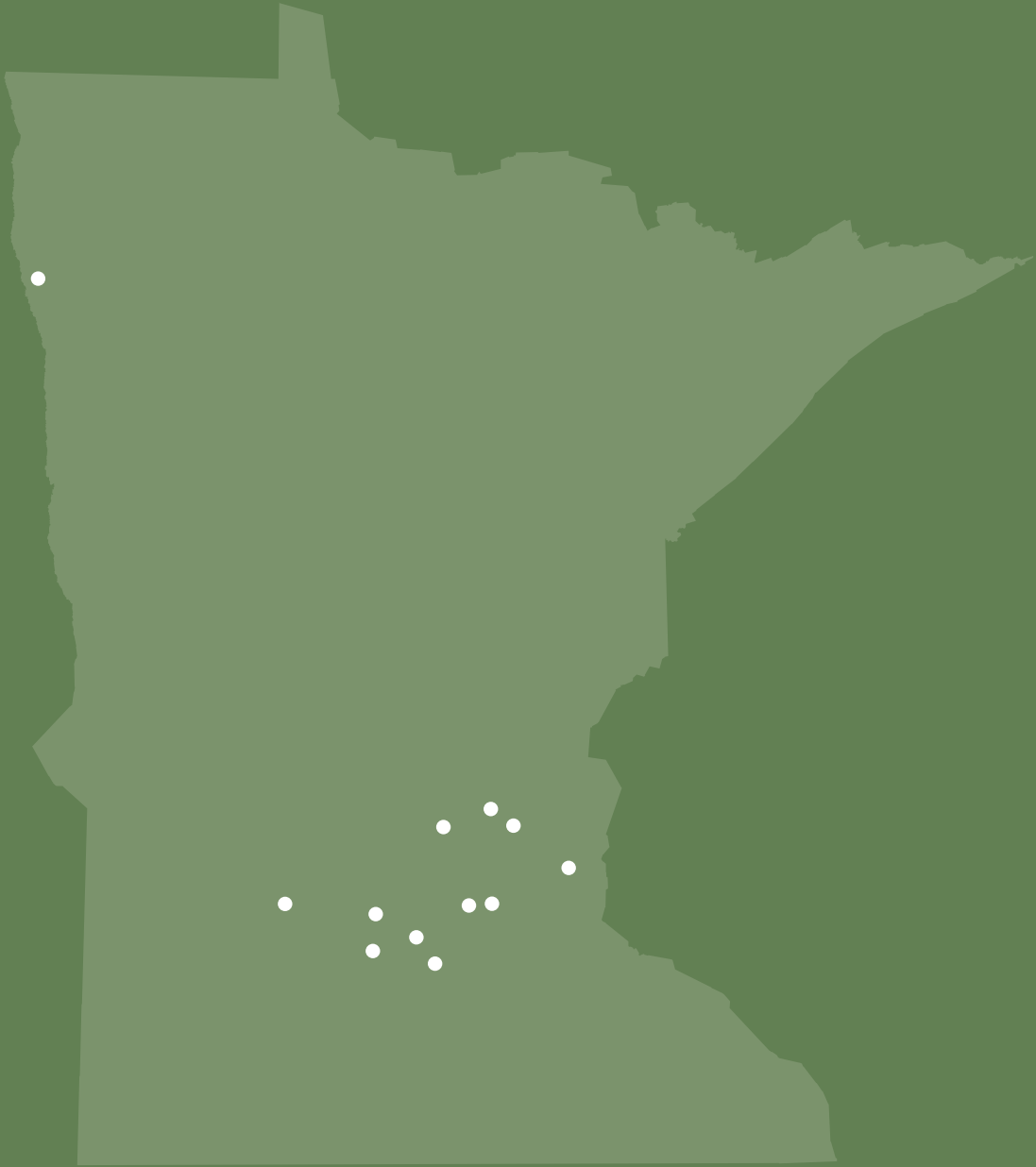
Its: _____

**CITY OF SHAKOPEE, MINNESOTA
By its Public Utilities Commission**

Attest: _____

By: _____

Its: _____



Minnesota Municipal Power Agency

Anoka | Arlington | Brownton | Buffalo | Chaska | East Grand Forks
Elk River | Le Sueur | North St. Paul | Olivia | Shakopee | Winthrop





THE POWER OF YOUR HOMETOWN



OAK GLEN
WIND FARM

10-YEAR ANNIVERSARY



Derick O. Dahlen
Executive Manager, MMPA
President and CEO, Avant Energy, Inc.

Matt Podhradsky
Chairman, MMPA Board of Directors
City Administrator, City of Chaska

MMPA celebrated many successes in 2021. Most importantly, our rates were once again lower than our competitive benchmark. This helps our members deliver reliable, affordable power to the residents and businesses they serve each day.

We also successfully pivoted our energy education to a virtual program offering in response to the COVID-19 pandemic. In the last 10 years, we've had more than 20,000 students participate in our energy education programs.

Our conservation programs saved more than 4 million kWh for the seven member communities that participate in the Agency-run program. This collaboration demonstrates the benefits of joint action for public power communities.

Participation in our residential and business Clean Energy Choice programs continued to increase, as more customers seek a sustainable supply of power. Nearly 4% of all residential customers participate in this innovative program.

MMPA maintained its strong bond ratings of A+ from Fitch and A1 from Moody's. Our debt service coverage ratio, a key indicator of our financial strength, rose from 2.21 in 2020 to 2.37 in 2021.

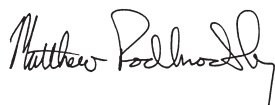
We look forward to the addition of the Walleye Wind Energy Center, which is scheduled to be operational in late 2022. The completion of the Walleye project will nearly double the amount of MMPA's annual renewable energy production. In 2023, we expect renewable energy production to be approximately 43% of our annual energy requirements.

As we look ahead, we conclude that we need to continue to add renewable resources to our portfolio over the next decade. These additional renewable projects would help meet our members' growing load, reduce MMPA's fossil fuel price exposure, and further reduce our carbon emissions.

Adding new generation resources will require MMPA to issue additional bonds. Our bonds are secured by MMPA's Power Sales Agreements with each of our members. Issuing 30-year debt helps us keep our costs, and therefore our rates, lower. Because we anticipate adding resources through the end of this decade, we have asked our members to extend their Power Sales Agreements through 2060, giving us the ability to issue 30-year debt until 2030.

We recognize that this is a substantial commitment for our member communities. Electric utility generation additions are long-term, capital-intensive investments. By investing in new resources in the coming years, we expect MMPA to be well-positioned to continue delivering on its mission of providing reliable, competitively-priced power to our members, and to creating value for MMPA and our members.

Sincerely,

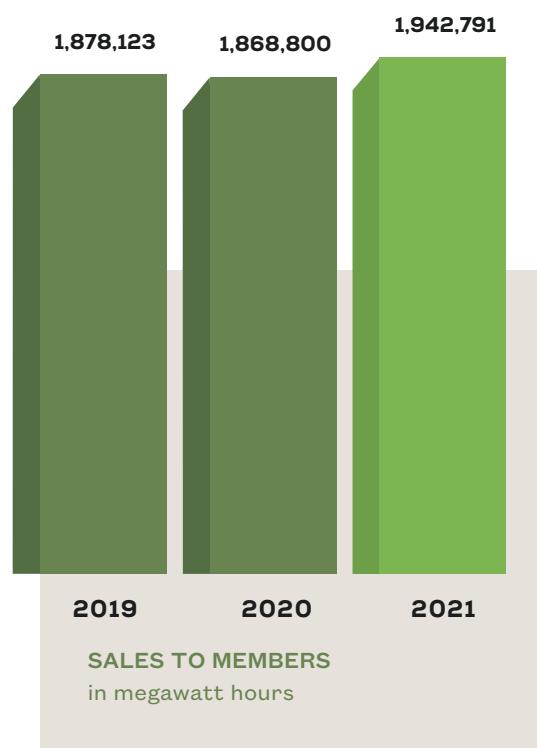
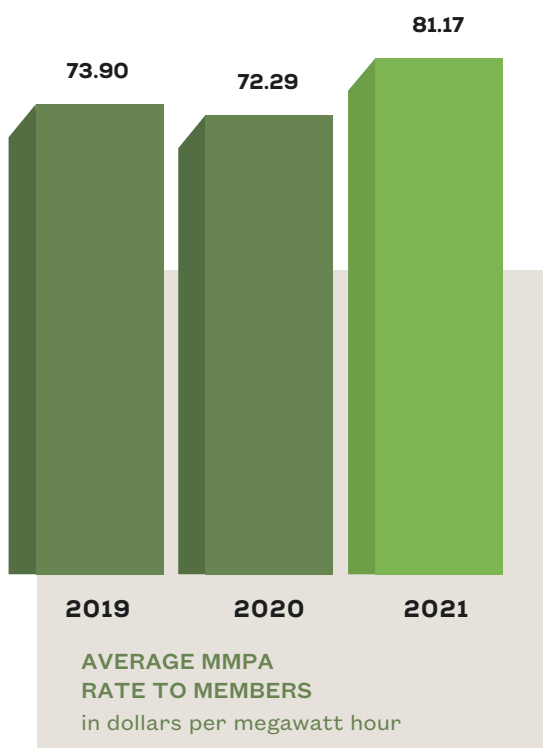


Matt Podhradsky
Chairman, MMPA Board of Directors
City Administrator, City of Chaska



Derick O. Dahlen
Executive Manager, MMPA
President and CEO, Avant Energy, Inc.

OUR MISSION IS TO PROVIDE RELIABLE, COMPETITIVELY-PRICED POWER TO OUR MEMBERS, AND TO CREATE VALUE FOR MMPA AND OUR MEMBERS



Our Members

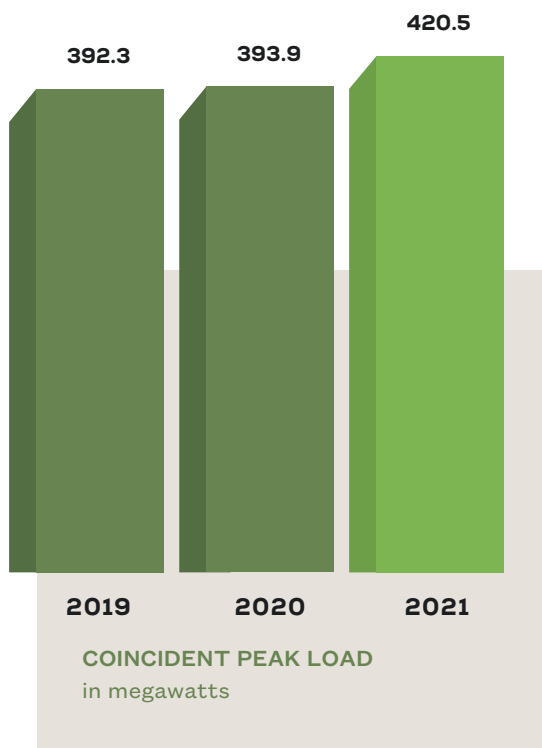
MMPA's 12 members are communities united in public power. Although they vary in size and location, they are all committed to providing reliable, competitively-priced power to the residents and businesses in their community. Our members are "The Power of Your Hometown" to more than 163,000 people throughout Minnesota.

Sales to Members

Our energy sales volume to members in 2021 increased by 4.0% over 2020, while our coincident peak demand increased by 6.8%. These increases were the result of economic recovery from the coronavirus pandemic, hotter summer weather, and growth within our member communities.

Member Rates

Our 2021 average rate to members was \$81.17 per MWh, an increase of \$8.88 per MWh from our 2020 average rate. This higher rate was mainly the result of higher energy commodity prices, which increased substantially in the second half of the year. These higher costs affected all electricity providers across Minnesota and throughout the country. Our rates continue to be competitive with local and regional investor-owned utilities, generation and transmission cooperatives, and other joint action agencies.



**OUR MEMBERS
PROVIDE POWER TO
163,000 MINNESOTANS**



MMPA Board of Directors

Each MMPA member community has a seat on MMPA's Board of Directors. Our Board is composed of elected officials, city administrators, and utility managers. The Board meets monthly and is responsible for setting policy for the Agency.



Anoka

Erik Skogquist
Council Member

Greg Geiger*
Electric Director

Arlington

Amy Newsom
City Administrator

Lisa Tesch*
Deputy Clerk

Brownton

Curt Carrigan
Council Member

Buffalo

Jason Meusburger
Utilities & IT Director

Steve Downer*
City Council

Chaska

Matt Podhradsky
City Administrator
MMPA Chairman

Pete Wyffels*
Electric Director

East Grand Forks

Keith Mykleseth
Utilities General Manager
MMPA Vice Chairman

Todd Grabanski*
Distribution Superintendent

Elk River

Theresa Slominski
General Manager

Mary Stewart*
Utilities Commissioner

Le Sueur

Newell Krogmann
Council Member

Rich Kucera*
Public Works Director

North St. Paul

Brian Frandle
Director of
Electric Utilities
MMPA Secretary

John Wick*
Electric Superintendent

Olivia

Amber Dale
Utility Accounts Manager

Dan Coughlin*
City Administrator

Shakopee

Greg Drent
General Manager
MMPA Treasurer

Kayden Fox*
Utility Commissioner

Winthrop

Peter Machaiek
Alderman

Michael Looft*
City Administrator/
EDA Director

* Alternate



MMPA Management

MMPA is managed by Avant Energy, a Minneapolis-based energy consulting firm. Avant has managed the Agency since its formation in 1992. Avant provides a wide range of services to MMPA under long-term contracts including strategic planning, daily energy market operations, energy facility development, finance and accounting, and regulatory compliance. Avant employs professionals trained in management, engineering, finance, accounting, and law.

Avant Management



Derick O. Dahlen
President and CEO



Oncu H. Er
Chief Operating Officer



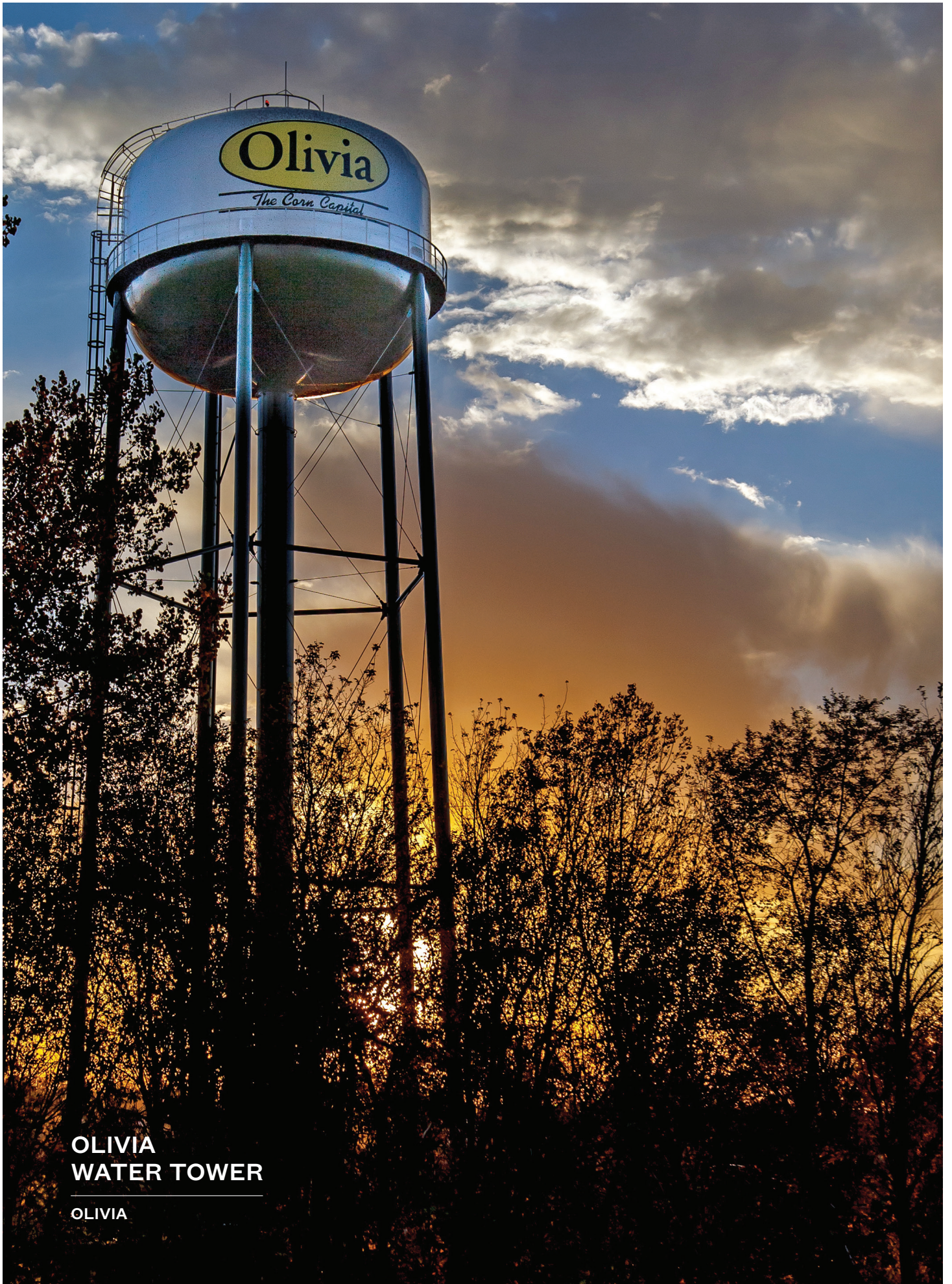
David W. Niles
Senior Vice President



Noah J. Hansen
Vice President



Trevor J. Smith
Controller



**OLIVIA
WATER TOWER**

OLIVIA

ANOKA

Established in 1909, Anoka Municipal Utility now serves 10,900 residential, 1,330 commercial and 12 industrial customers. Anoka's historic downtown offers a unique array of businesses.

ARLINGTON

Arlington is a growing rural community located approximately 55 miles southwest of the Twin Cities. Arlington has been involved in the delivery of electricity since the early 1900s.

BROWNTON

The City of Brownton is located 60 miles west of the Minneapolis/St. Paul metro area. Brownton's municipal electric utility serves a population of 800.

BUFFALO

The City of Buffalo is located between the Twin Cities and St. Cloud on the shores of two recreational lakes. Buffalo Solar Farm is located near the City of Buffalo.

CHASKA

The City of Chaska sits in the Minnesota River valley, in the rapidly-growing southwest Twin Cities metro area. Chaska is home to the Minnesota River Station.

EAST GRAND FORKS

The City of East Grand Forks is located in northwestern Minnesota on the North Dakota border. The area's fertile agricultural soil is ideal for growing sugar beets, soybeans, wheat, and potatoes.

ELK RIVER

Since 1997, the City of Elk River has been known as "Energy City," a community for the promotion and demonstration of efficient and renewable energy products, services, and technologies.

LE SUEUR

The City of Le Sueur is located approximately 30 miles south of the Twin Cities metro area on Highway 169. Le Sueur is home to Hometown BioEnergy.

NORTH ST. PAUL

The City of North St. Paul is located on the shores of Silver Lake, 13 miles northeast of St. Paul. The city is home to what many consider the world's largest concrete snowman.

OLIVIA

Olivia is a rural community located 90 miles west of the Twin Cities in one of the most productive agricultural areas in the United States. Olivia is home to the world's highest concentration of seed research and processing companies.

SHAKOPEE

The City of Shakopee is located along the banks of the Minnesota River. The City is known for its many entertainment attractions. Shakopee is home to Shakopee Energy Park.

WINTHROP

The City of Winthrop is located 80 miles west of Minneapolis. Winthrop is known for its flourishing agriculture industry, specializing in the production of corn and soybeans.



Overview

MMPA has assembled a diverse power supply portfolio spanning a variety of fuel types and generation technologies. This collection of resources has enabled MMPA to maintain rates below our competitive benchmarks for many years.

Our newest resource, Walleye Wind Farm, is scheduled to come online in the fourth quarter of 2022. Once in service, MMPA's renewable portfolio is projected to generate energy representing more than 40% of MMPA's load requirements.

As we look to the future, we see a need for additional renewable resources in our power supply to further reduce our natural gas price commodity exposure and our carbon emissions, which have decreased 58% per MWh since 2005. This is why we're asking our members to extend their Power Sales Agreements with MMPA through 2060, so we can issue 30-year debt through 2030 to fund these investments in new generation resources.

As we transition to a more renewable power supply portfolio, we recognize that there is still a role for our natural gas resources as well. These plants are dispatchable and can supply power when needed, such as when the sun is not shining or the wind is not blowing.

300 MW Natural Gas



Faribault Energy Park

Faribault Energy Park is the largest power generation facility in our portfolio. Completed in 2007 and located in Faribault, Minnesota, the combined cycle facility provides clean, efficient power for the Agency. The facility, which runs primarily on natural gas, can also run on fuel oil in the event of a gas interruption. Faribault Energy Park is a community asset. The plant's wetland park contains walking trails and a fishing pond open to the public as well as demonstrations of both wind and solar energy. Faribault Energy Park also hosts most of our in-person Elementary Energy Education events.

46 MW Natural Gas



Shakopee Energy Park

Shakopee Energy Park is a 46 MW facility located in our member community of Shakopee. Completed in 2017, Shakopee Energy Park is the newest conventional resource in our portfolio. The five reciprocating engines are powered primarily by natural gas. When natural gas is not available, the facility utilizes an innovative liquified natural gas (LNG) backup system, which allows more flexibility in the plant's operation. Shakopee Energy Park is directly connected to Shakopee's electrical distribution system, helping to support the city's reliability. The facility is also a host for the Agency's in-person High School Energy Education Events.

49 MW Natural Gas



Minnesota River Station

Minnesota River Station is a 49 MW simple cycle gas turbine, built in 2001. The facility is a peaking plant. It was built to generate electricity on the days when demand is the highest. The natural gas-fired facility is located in Chaska, Minnesota, one of our member communities. MPPA leases the facility from Chaska under an agreement that runs until at least 2031.



SHAKOPEE
ENERGY PARK

ENGINE HALL

**44 MW
Wind****Oak Glen Wind Farm**

Oak Glen Wind Farm is a 44 MW project located in Blooming Prairie, Minnesota. Consisting of 24 wind turbines, Oak Glen Wind Farm was MMPA's first utility-scale wind project. For more than 10 years, Oak Glen Wind Farm has been providing clean, renewable energy to the Agency. MMPA installed a gazebo in Blooming Prairie to thank the community for hosting our project.

**8 MW
BioEnergy****Hometown BioEnergy**

Hometown BioEnergy is an 8 MW biomass facility located near Le Sueur, Minnesota, a MMPA member community. The facility uses the anaerobic digestion of agricultural and food processing wastes to produce biogas. The biogas serves as fuel for reciprocating engines, which produce renewable energy. Unlike most renewable generators, this facility has the ability to produce and store the biogas to be used when it is most valuable. The facility also creates a liquid byproduct from the digestion process which is sold to local farmers as fertilizer. Hometown BioEnergy has been operating since 2013.

**78 MW
Wind****Black Oak Getty Wind Farm**

Black Oak Getty Wind Farm is a 78 MW wind farm located near Sauk Centre, Minnesota. We purchase all of the output from the wind farm under a long-term contract. Black Oak Getty Wind Farm began producing power in 2016.

**7 MW
Solar****Buffalo Solar**

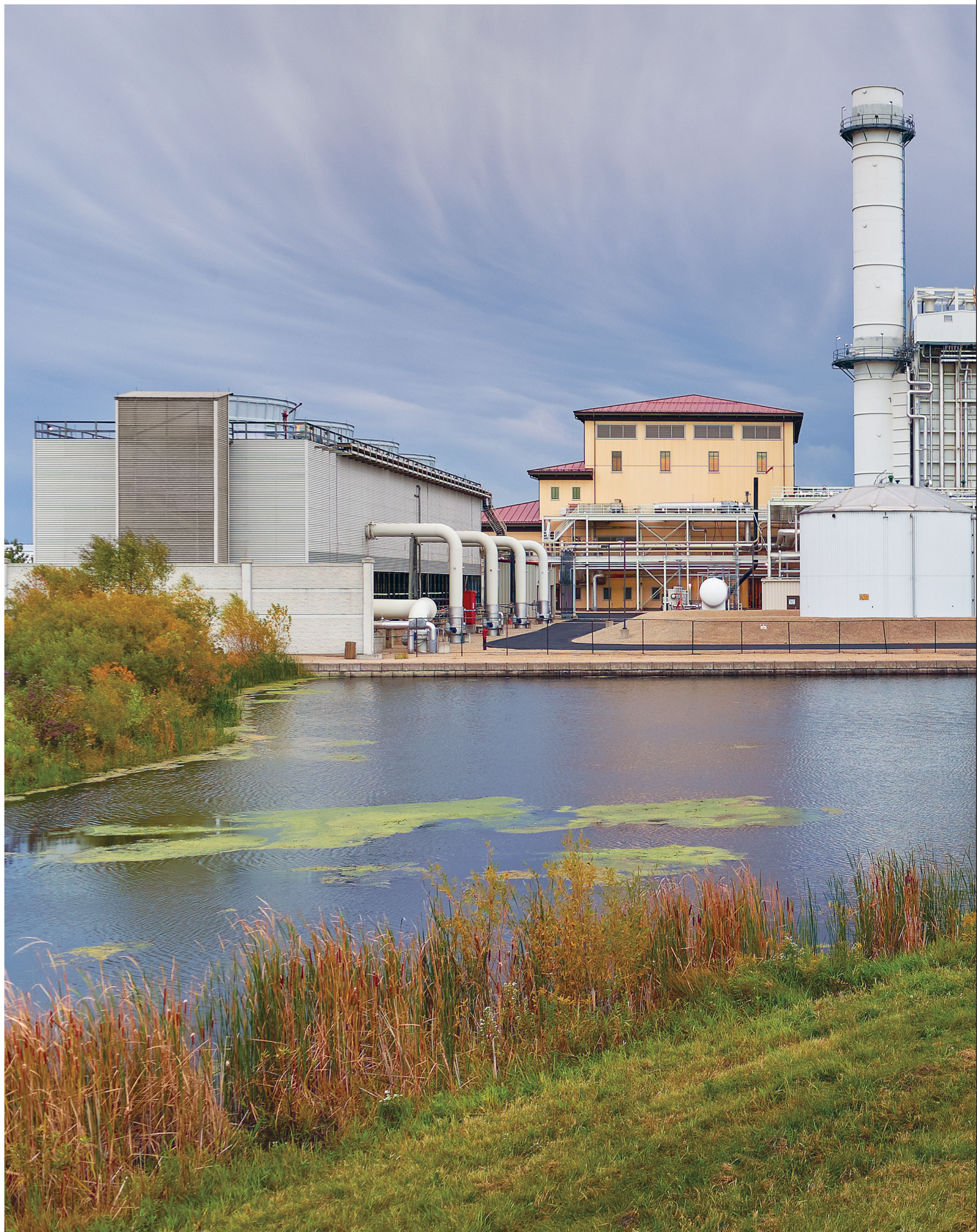
Buffalo Solar is a 7 MW solar facility located near Buffalo, Minnesota, a MMPA member community. The facility began producing power in 2017 and is our newest renewable resource. We purchase all of the facility's output under a long-term contract.

**2.1 MW
Wind****Hometown WindPower**

Hometown WindPower program placed a 160 kW wind turbine in each of our member communities, as well as Faribault Energy Park. The turbines were installed in 2010. These wind turbines are demonstration resources used to help educate the community about the operating characteristics of wind power.

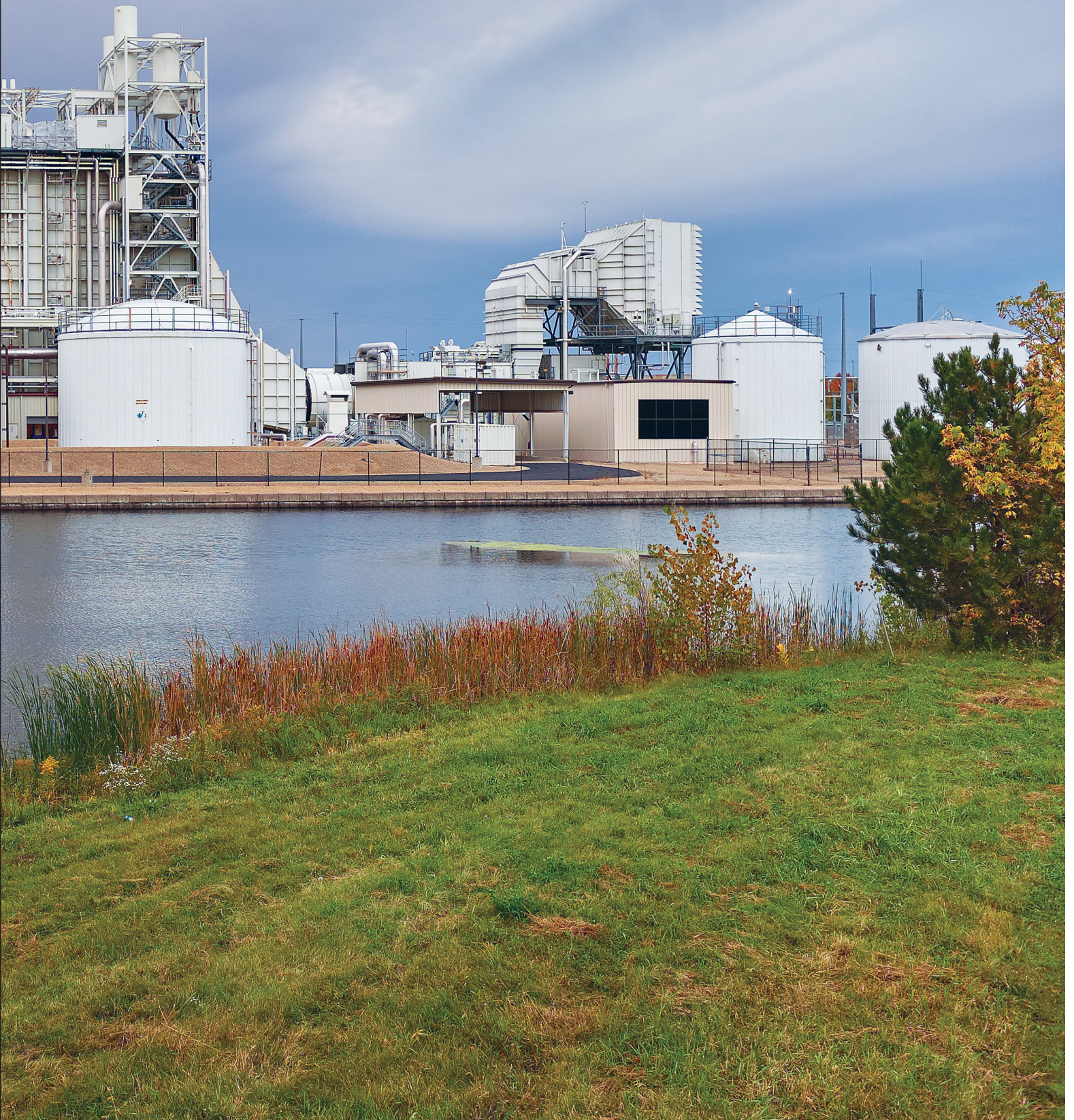
**110 MW
Wind****Future Resource – Walleye Wind**

Walleye Wind is an approximately 110 MW wind farm currently under development. The renewable energy facility is expected to be operational in the fourth quarter of 2022. We would purchase all of the output of Walleye Wind under a long-term contract.



FARIBAULT ENERGY PARK

FARIBAULT



MMPA Energy Education Program

2021 would have been the 10th anniversary of MMPA's Energy Education program bringing fourth grade students from member communities to Faribault Energy Park. However, in the fall of 2020, it became clear that in-person energy education activities would not be an option in 2021. It was an MMPA priority to maintain a program offering during the pandemic, so we partnered with the Science Museum of Minnesota and created a virtual elementary school Energy Education Event. The virtual event consisted of a digital workbook and three 30-minute online modules including an introduction to energy and electricity, exploration of sources of energy, and examination of personal electricity use and its impact. The modules and workbook were designed to be student-paced and suitable for in-person, hybrid, and distance learning settings.

In typical years, the elementary school program consists of a printed workbook, in-school assemblies, and Fairbault Energy Park Tour Event. The high school program is typically hosted at FEP or Shakopee Energy Park and provides a more in-depth exploration of energy topics. Both programs are aligned with Minnesota's science standards. For more than 5 years, the Science Museum of Minnesota has contributed to our in-school assemblies and tour events. Since its inception, the MMPA Energy Education Program has reached over 20,000 students.

Looking ahead to Spring 2022, we're adding a virtual high school event, consisting of a digital workbook and two 30-minute online modules produced in partnership with the Science Museum of Minnesota. The high school program encourages students to explore in-depth topics such as renewable and nonrenewable energy sources, electricity, climate change, and careers in energy. Like the elementary virtual event, the program is student-paced and suitable for a variety of learning environments.

We hope to be able return to in-person programs in the 2022-2023 school year. We may also continue to offer a virtual option to provide our communities with flexibility and choice.

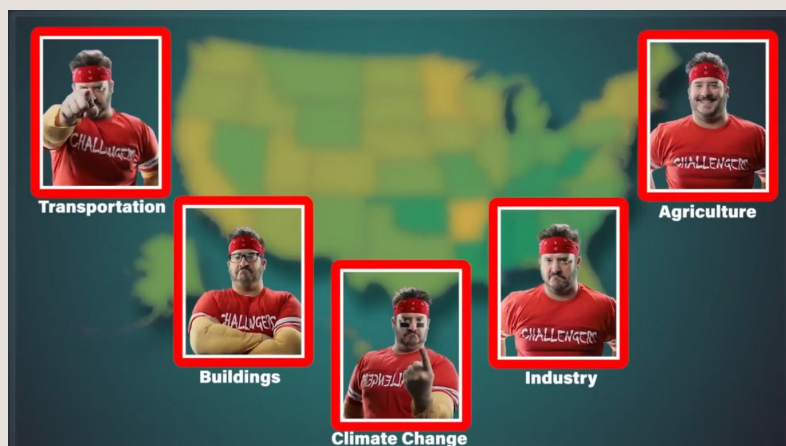
NEW INTERACTIVE CONTENT



In the Crank Smarter module, students play a game that teaches them about energy conservation. In the game, students have a finite amount of energy to use during the day and they have to decide the best ways to use it. The game encourages students to think about how they use electricity and how not to waste it.



As part of the Crank Up the Watts module, students learn about the tradeoffs of renewable and nonrenewable energy sources in "The Energy Bowl" which pits the Minnesota Kilowatts against The Challengers. Shown here is the Minnesota Kilowatts team consisting of energy sources (Wind, Solar, Coal, Natural Gas, and Nuclear).



Shown here is The Challengers team representing the various demands that must be met (Transportation, Agriculture, Buildings, Industry, and the bruiser of the bunch, Climate Change).

OUR CONSERVATION PROGRAMS AND ACTIVITIES SAVED MORE THAN 4,300,000 KWH OF POWER

MMPA Energy Conservation Program

MMPA manages Conservation Improvement Program (CIP) activities for seven of our twelve member communities, working directly with members and their customers to develop targeted programs to help them save energy and money. The CIP program encompasses a variety of rebate and other program offerings to residential and business customers.

In 2021, COVID-19 continued to impact projects as businesses continued to put planned improvements on hold. Despite these challenges, the MMPA CIP group achieved 1.6% spending (exceeding their goal) and 1.3% kWh savings, spending nearly \$622,000 on conservation programs and activities that saved more than 4,300,000 kWh. All seven group members also met their individual low-income spending goals.

Members continued to distribute free energy kits to commercial and residential customers in 2021. New in 2021, North St. Paul distributed energy kits to more than 1,800 elementary school students at schools throughout the city. In addition to traditional kit contents such as LED bulbs and night lights, the school kits included PPE (masks, hand sanitizer, disinfectant wipes), power strips, weatherstripping tape, shower heads, faucet aerators, and activity books.

Commercial and industrial (C&I) custom and lighting rebates continued to produce significant energy savings in 2021. While commercial lighting and custom rebates made up only 26% of MMPA's total annual CIP spending, they accounted for over 50% of our annual kWh savings.



WeSaveHome
WeSaveBusiness



Clean Energy Choice for Home and Business

MMPA's power supply portfolio includes renewable energy from wind, solar and bioenergy. Each year, our renewable energy resources generate more energy than required to meet our obligations under Minnesota's renewable energy standard, which is currently 20%.

We know that some of our members' customers want more renewable energy than what is required by the state. We developed the Clean Energy Choice program as an affordable and simple way for customers to support renewable energy.

Our residential program gives customers four choices. MMPA's standard energy product is currently 20% renewable. For an extra \$1, \$2, or \$3 per month, customers can have 50%, 75%, or 100% of their energy come from renewable resources. In 2021, the total number of customers participating in our Clean Energy Choice program increased by more than 6%.

We also offer our members a Clean Energy Choice for Business program for their commercial and industrial customers. This product allows commercial and industrial customers to have 100% of their energy come from renewable resources for a small per kWh adder. To support our members' customers in promoting their use of clean energy, we provide participating customers with a certificate and door decal. The amount of energy provided by the Clean Energy Choice for Business program more than quadrupled from 2020 to 2021.

If you would like more information about our Clean Energy Choice program, please visit www.cleanenergychoice.com or contact your local MMPA member utility.

MMPA'S FINANCIAL STRENGTH SUPPORTS OUR ABILITY TO PROVIDE STABLE AND COMPETITIVE RATES

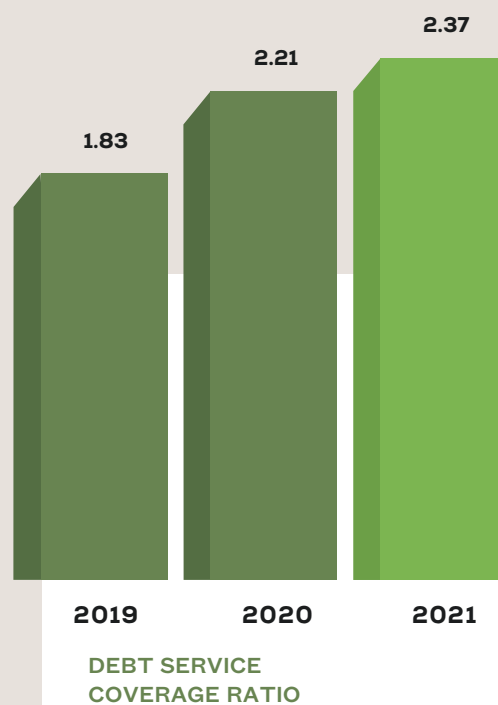
Financial Overview

MMPA's financial performance was strong in 2021. Our average rate to members was \$81.17 per MWh, higher than 2020 because of substantial increases in natural gas prices in the second half of 2021. Our rates were once again competitive with our regional investor-owned, cooperative, and joint action agency peers.

Our debt service coverage improved to 2.37 times coverage. The increase in coverage reflects our strong financial position and performance.

MMPA has a rate stabilization fund that supports our objective of providing predictable and stable rates to members. In February 2021, winter storm Uri caused energy prices to increase dramatically throughout much of the country, including Minnesota. Our net energy cost for the month was more than double the budgeted amount. Rather than passing on a significant rate increase to members, the Board voted to use \$4.4 million of the Agency's rate stabilization fund to cover this unexpected cost increase. At the end of 2021, MMPA had \$28.7 million in its rate stabilization fund.

We also have a forward-looking energy adjustment clause (EAC) that helps MMPA to match the timing of revenues and expenses, supporting strong cash flow and liquidity. The EAC also allows us to provide a timely price signal to our members regarding energy costs.



Minnesota Municipal Power Agency

Statements of Net Position

(in thousands)

	December 31 2021	December 31 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 69,053	\$ 50,478
Restricted cash and cash equivalents	4,162	3,985
Accrued interest receivable	79	79
Power sales and other receivables	14,065	10,284
Fuel inventory	1,035	1,125
Plant inventory – spares	3,594	3,603
Prepaid expenses	1,519	1,451
Total current assets	93,507	71,005
Noncurrent assets:		
Capital assets:		
Electric generation assets	433,042	431,343
Land	10,224	7,693
Less: accumulated depreciation	(172,573)	(156,686)
Property and equipment, net	270,693	282,350
Construction in progress	711	1,143
Total capital assets, net	271,404	283,493
Restricted cash, cash equivalents, and investments	10,847	11,212
Prepaid expenses	441	475
Future recoverable costs	47,410	55,184
Total noncurrent assets	330,102	350,364
Total assets	423,609	421,369
Deferred Outflows of Resources		
Deferred outflows of resources – other	1,081	1,166
Total assets and deferred outflows of resources	\$424,690	\$422,535
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,079	\$ 8,013
Accrued interest payable	1,808	1,897
Long-term debt due within one year	8,613	8,268
Capital lease liability due within one year	1,275	1,206
Derivative instruments – futures	5	—
Total current liabilities	23,780	19,384
Noncurrent liabilities:		
Long-term debt, net	167,487	177,246
Capital lease liability, net	13,981	15,255
Total noncurrent liabilities	181,468	192,501
Total liabilities	205,248	211,885
Deferred Inflows of Resources		
Deferred inflows of resources:		
Rate stabilization	28,671	33,071
Other	7,298	6,432
Total liabilities and deferred inflows of resources	241,217	251,388
Net Position		
Net position:		
Net investment in capital assets	92,206	94,289
Restricted for debt service	4,162	3,985
Unrestricted	87,105	72,873
Total net position	183,473	171,147
Total liabilities, deferred inflows of resources and net position	\$424,690	\$422,535

Minnesota Municipal Power Agency

Statements of Revenues, Expenses, and Changes in Net Position

(in thousands)

	Year ended December 31 2021	Year ended December 31 2020
Operating revenues:		
Power sales to members	\$162,540	\$135,488
Power sales to nonmembers	1,496	1,334
Total operating revenues	164,036	136,822
Operating expenses:		
Power acquisition expense	65,321	40,242
Transmission	24,902	20,927
Other operating expenses	30,774	27,375
Depreciation	15,887	14,505
Total operating expenses	136,884	103,049
Operating income	27,152	33,773
Nonoperating revenues (expenses):		
Interest expense	(7,351)	(10,369)
Investment income	477	1,532
Loss on extinguishment of debt	—	(545)
Net decrease in fair value of investments	(241)	(1,037)
Realized gains on sales of investments	—	1,490
Other	63	1,750
Total nonoperating revenues (expenses), net	(7,052)	(7,179)
Change in net position before future recoverable costs	20,100	26,594
Future recoverable costs	7,774	3,953
Change in net position	12,326	30,547
Net position, beginning of year	171,147	140,600
Net position, end of year	\$183,473	\$171,147

Visit www.mmpa.org to view complete audited
financial statements and learn more about MMPA.

The logo consists of the letters 'MMPA' in a white, bold, sans-serif font. A thick green horizontal line is positioned behind the letters, starting from the left edge of the first 'M' and extending past the end of the 'A'.

**THE POWER OF
YOUR HOMETOWN**



Minnesota Municipal Power Agency

220 South Sixth Street, Suite 1300 | Minneapolis, MN 55402

612.349.6868 | www.mmpa.org



7b

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

TO: Greg Drent, General Manager *[Signature]*
FROM: Lon R. Schemel, Water Superintendent *[Signature]*
SUBJECT: Minnesota Department of Health PFAS Testing
DATE: August 12, 2022

The Minnesota Department of Health has notified the utility that they will be doing another round of PFAS testing for our production wells. They will be testing for all compounds and not just the two (PFOS and PFOA) that the Environmental Protection Agency is lowering the MCLs for. This will save the Department \$4,800 in analytical services.



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www.shakopeeutilities.com

DATE: August 10, 2022
TO: Greg Drent, General Manager *GD*
FROM: Kelley Willemssen, Director of Finance & Administration *kw*
SUBJECT: Budget 2023 & Sub-Committee Compensation and Benefits

Background:

SPU has started the budget process for 2023 and below is the preliminary timeline for the budget. In prior years, the commission has designated a sub-committee to discuss wages and benefits as part of the budget process. This year we are proposing those meetings take place the week of September 19, 2022.

Budget Kickoff	July 28, 2022
Finance to create budget worksheets for departments	August 1 - August 5, 2022
Distribute CIP templates to Dept. Heads	August 1, 2022
Finance to prepare wages and benefit information	August 1 - September 16, 2022
Budget worksheets to Department Directors	Week of August 15, 2022
Finance to compile List of Fees - Forward to Dept Heads	Week of August 15, 2022
Budget worksheets back to Finance	August 26, 2022
Draft Proposed Fee Schedule from Dept Heads	August 26, 2022
Revenue Assumptions development	August 1 - August 22, 2022
Revenues/expenditures due from Departments	August 23, 2022
5-year CIP information due from Departments	August 23, 2022
5-year CIP development & Cash Flow Analysis	August 23 - September 23, 2022
Commission small working group to review wages/benefits	Week of September 19, 2022
Manager meeting to review budget and CIP	September 27, 2022
Commission Decision on General Wage Increases	October 4, 2022
Finance to finalize budget changes from department discussions	Week of October 03, 2022
Commission small working group to review budget and CIP	Week of October 17, 2022
Finance to finalize budget changes from small working group	Week of October 24, 2022
Commission meeting to review preliminary budget and CIP	November 7, 2022
Final budget and CIP changes to finance	November 14, 2022
Final budget and CIP to Managers	November 21, 2022
Final Budget Approved by Commission	December 5, 2022
Commission Adoption of Various Fee/Rate Resolutions	December 5, 2022

Requested Action

Direction on creating a sub-committee to review and recommend wages and benefits for 2023 budget.



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

DATE: August 11, 2022
TO: Greg Drent, General Manager *GD*
FROM: Kelley Willemssen, Director of Finance & Administration *kw*
SUBJECT: July 2022 Financial Reports and Accounts Receivable Aging Report (Collection Updates)

Current Status

As part of July 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 July 2022 financial reports equates to 58% 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 in September.

The outstanding receivable total for electric and water as of July 31, 2022, equaled \$8,636,872. Below is a summary of the totals.

- \$8,112,002 between 1-30 days
- \$326,800 between 31-60 days
- \$71,206 between 61-120 days
- \$126,864 - over 121 days

Collection Activity Update

1. 73 disconnects for the month of July 2022 - \$24,406.99

Payment Plan Activity

1. 148 accounts in repayment plans as of July 2022 - \$148,481.65
 - a. Number of accounts between \$30 - \$200 (2-month plans) – 29
 - b. Number of accounts between \$201 - \$500 (6-month plans) – 31
 - c. Number of accounts over \$501 (12-month plans) - 88



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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 – July 2021 to July 2022

Request

The Commission is requested to accept July 2022 Financial Reports

The logo consists of the letters "RP3" in a bold, white sans-serif font, enclosed within a black square with a yellow border.

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

	Year to Date Actual - July 2022			Year to Date Budget - July 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	32,294,287	3,266,248	35,560,534	30,381,212	3,223,912	33,605,123	1,913,075	6.3%	42,336	1.3%	1,955,411	5.8%
OPERATING EXPENSES												
Operation, Customer and Administrative	28,821,918	2,054,670	30,876,588	25,752,047	2,550,997	28,303,044	(3,069,871)	-11.9%	496,327	19.5%	(2,573,544)	-9.1%
Depreciation	1,552,065	1,023,268	2,575,333	1,552,065	1,023,268	2,575,333	0	0.0%	0	0.0%	0	0.0%
Total Operating Expenses	30,373,983	3,077,938	33,451,921	27,304,113	3,574,265	30,878,377	(3,069,871)	-11.2%	496,327	13.9%	(2,573,544)	-8.3%
Operating Income	1,920,303	188,310	2,108,613	3,077,099	(350,354)	2,726,745	(1,156,796)	-37.6%	538,664	153.7%	(618,132)	-22.7%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	178,950	160,259	339,209	210,296	110,462	320,758	(31,346)	-14.9%	49,797	45.1%	18,451	5.8%
Interdepartment Rent from Water	52,500	-	52,500	52,500	-	52,500	-	0.0%	-	-	-	0.0%
Investment Income	(691,651)	(205,675)	(897,326)	392,809	162,418	555,227	(1,084,460)	-276.1%	(368,093)	-226.6%	(1,452,553)	-261.6%
Interest Expense	(1,128)	(65)	(1,194)	(37,892)	(1,279)	(39,170)	36,764	97.0%	1,213	94.8%	37,977	97.0%
Total Non-Operating Revenue (Expense)	(461,329)	(45,482)	(506,811)	617,714	271,601	889,315	(1,079,042)	-174.7%	(317,083)	-116.7%	(1,396,126)	-157.0%
Income Before Contributions and Transfers	1,458,975	142,828	1,601,803	3,694,813	(78,753)	3,616,060	(2,235,838)	-60.5%	221,581	-281.4%	(2,014,257)	-55.7%
CAPITAL CONTRIBUTIONS	34,231	3,034,352	3,068,583	404,205	3,105,115	3,509,319	(369,974)	91.5%	(70,762)	-2.3%	(440,736)	-12.6%
MUNICIPAL CONTRIBUTION	(1,642,849)	(168,000)	(1,810,849)	(1,626,143)	(168,827)	(1,794,970)	(16,706)	-1.0%	827	0.5%	(15,879)	-0.9%
CHANGE IN NET POSITION	\$ (149,644)	3,009,180	2,859,537	2,472,874	2,857,535	5,330,409	(2,622,518)	-106.1%	151,645	5.3%	(2,470,872)	-46.4%

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

	YTD Actual 7/31/2022	YTD Budget 7/31/2022	YTD Actual v. Budget Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 12,027,033	11,988,933	38,100	100.3
Commercial and Industrial	19,593,027	17,711,238	1,881,789	110.6
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	31,620,060	29,700,171	1,919,890	106.5
Forfeited Discounts	133,736	168,312	(34,576)	79.5
Free service to the City of Shakopee	67,849	72,780	(4,931)	93.2
Conservation program	472,642	439,949	32,693	107.4
Total Operating Revenues	32,294,287	30,381,212	1,913,075	106.3
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	24,795,498	21,053,461	3,742,037	117.8
Distribution operation expenses	307,325	452,689	(145,364)	67.9 (1)
Distribution system maintenance	496,950	538,510	(41,560)	92.3
Maintenance of general plant	227,080	205,645	21,435	110.4
Total Operation and Maintenance	25,826,854	22,250,306	3,576,548	116.1
Customer Accounts				
Meter Reading	79,470	99,723	(20,252)	79.7
Customer records and collection	451,931	410,927	41,004	110.0
Energy conservation	242,538	435,220	(192,682)	55.7 (2)
Total Customer Accounts	773,940	945,870	(171,930)	81.8
Administrative and General				
Administrative and general salaries	396,781	529,670	(132,888)	74.9 (3)
Office supplies and expense	136,790	161,550	(24,759)	84.7
Outside services employed	182,412	312,702	(130,290)	58.3 (4)
Insurance	136,577	76,324	60,253	178.9
Employee Benefits	1,118,821	1,232,233	(113,412)	90.8
Miscellaneous general	249,742	243,394	6,348	102.6
Total Administrative and General	2,221,124	2,555,872	(334,748)	86.9
Total Operation, Customer, & Admin Expenses	28,821,918	25,752,047	3,069,871	111.9
Depreciation	1,552,065	1,552,065	0	100.0
Total Operating Expenses	\$ 30,373,983	27,304,113	3,069,871	111.2
Operating Income	\$ 1,920,303	3,077,099	(1,156,796)	62.4

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 Distribution operation expenses than projected through July 2022.
- (2) Variance due to less energy conservation expenses than budgeted for through July 2022. Variance should be stabilized throughout the year.
- (3) Variance due to less payroll expenses than budgeted for through July 2022. Unfilled position budgeted for the full year.
- (4) Variance due to less outside service expenses than budgeted for through July 2022.

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

	2022	2021	2021 - 2022	
			Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 12,027,033	10,513,246	1,513,787	114.4
Commercial	19,593,027	16,103,830	3,489,197	121.7
Uncollectible accounts	-	-	-	
Total Sales of Electricity	31,620,060	26,617,075	5,002,985	118.8
Forfeited Discounts	133,736	-	133,736	#DIV/0! (1)
Free service to the City of Shakopee	67,849	65,472	2,377	103.6
Conservation program	472,642	396,827	75,814	119.1
Total Operating Revenues	32,294,287	27,079,375	5,214,912	119.3
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	24,795,498	21,145,414	3,650,084	117.3
Distribution operation expenses	307,325	228,106	79,220	134.7
Distribution system maintenance	496,950	528,154	(31,203)	94.1
Maintenance of general plant	227,080	156,630	70,451	145.0
Total Operation and Maintenance	25,826,854	22,058,303	(3,768,551)	117.1
Customer Accounts				
Meter Reading	79,470	80,274	(803)	99.0
Customer records and collection	451,931	364,386	87,546	124.0
Energy conservation	242,538	160,648	81,891	151.0
Total Customer Accounts	773,940	605,307	(168,633)	127.9
Administrative and General				
Administrative and general salaries	396,781	302,701	94,080	131.1
Office supplies and expense	136,790	117,579	19,211	116.3
Outside services employed	182,412	401,594	(219,181)	45.4 (2)
Insurance	136,577	102,463	34,114	133.3 (3)
Employee Benefits	1,118,821	1,103,465	15,356	101.4
Miscellaneous general	249,742	192,442	57,300	129.8
Total Administrative and General	2,221,124	2,220,244	(879)	100.0
Total Operating Expenses	28,821,918	24,883,855	(3,938,063)	115.8
Depreciation	1,552,065	1,164,063	(388,002)	133.3
Total Operating Expenses	\$ 30,373,983	26,047,918	(4,326,065)	116.6
Operating Income	\$ 1,920,303	1,031,456	888,847	186.2

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 July 2021 to July 2022.
- (3) Variance due to timing benefit expenses being booked in July 2022 from July 2021.

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	YTD Actual 7/31/2022	YTD Budget 7/31/2022	YTD Actual v. Budget Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Water	\$ 3,256,953	3,213,010	43,943	101.4
Forfeited Discounts	9,295	10,902	(1,607)	85.3
Total Operating Revenues	3,266,248	3,223,912	42,336	101.3
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	390,356	386,877	3,479	100.9
Pumping and distribution maintenance	224,544	450,589	(226,045)	49.8 (1)
Power for pumping	216,109	237,090	(20,981)	91.2
Maintenance of general plant	37,208	47,404	(10,196)	78.5
Total Operation and Maintenance	868,216	1,121,959	253,743	77.4
Customer Accounts				
Meter Reading	42,410	57,343	(14,933)	74.0
Customer records and collection	140,213	150,691	(10,478)	93.0
Energy conservation	2,064	-	2,064	#DIV/0!
Total Customer Accounts	184,687	208,034	23,347	88.8
Administrative and General				
Administrative and general salaries	245,390	353,144	(107,754)	69.5 (2)
Office supplies and expense	46,262	97,530	(51,268)	47.4 (3)
Outside services employed	53,113	156,675	(103,561)	33.9 (4)
Insurance	41,115	32,499	8,616	126.5
Employee Benefits	479,970	454,865	25,105	105.5
Miscellaneous general	135,916	126,291	9,625	107.6
Total Administrative and General	1,001,767	1,221,003	219,236	82.0
Total Operation, Customer, & Admin Expenses	2,054,670	2,550,997	496,327	80.5
Depreciation	1,023,268	1,023,268	(0)	100.0
Total Operating Expenses	\$ 3,077,938	3,574,266	496,328	86.1
Operating Income	\$ 188,310	(350,354)	538,664	(53.7)

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 July 2022.
- (2) Variance due to less payroll expenses than budgeted for through July 2022. Unfilled position budgeted for the full year.
- (3) Variance due to less office supplies and expenses purchased than budgeted for through July 2022.
- (4) Variance due to less outside service expenses than budgeted for through July 2022.

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

	2022	2021	2021 - 2022 Increase (decrease)	
			\$	%
OPERATING REVENUES				
Sales of Water	\$ 3,256,953	3,512,504	(255,551)	92.7
Forfeited Discounts	9,295	-	9,295	#DIV/0!
Uncollectible accounts	-	-	-	#DIV/0!
Total Operating Revenues	<u>3,266,248</u>	<u>3,512,504</u>	<u>(246,257)</u>	<u>93.0</u>
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	390,356	354,770	35,586	110.0
Pumping and distribution maintenance	224,544	239,424	(14,879)	93.8
Power for pumping	216,109	176,953	39,155	122.1 (1)
Maintenance of general plant	37,208	25,656	11,551	145.0
Total Operation and Maintenance	<u>868,216</u>	<u>796,803</u>	<u>(71,413)</u>	<u>109.0</u>
Customer Accounts				
Meter Reading	42,410	41,986	424	101.0
Customer records and collection	140,213	118,663	21,549	118.2
Energy conservation	2,064	2,396	332	86.2
Total Customer Accounts	<u>184,687</u>	<u>163,045</u>	<u>(21,642)</u>	<u>113.3</u>
Administrative and General				
Administrative and general salaries	245,390	228,520	16,870	107.4
Office supplies and expense	46,262	35,355	10,908	130.9
Outside services employed	53,113	152,742	(99,628)	34.8 (2)
Insurance	41,115	32,529	8,585	126.4
Employee Benefits	479,970	429,076	50,894	111.9
Miscellaneous general	135,916	112,067	23,849	121.3
Total Administrative and General	<u>1,001,767</u>	<u>990,288</u>	<u>(11,478)</u>	<u>101.2</u>
Total Operating Expenses	<u>2,054,670</u>	<u>1,950,137</u>	<u>(104,533)</u>	<u>105.4</u>
Depreciation	<u>1,023,268</u>	<u>923,345</u>	<u>99,923</u>	<u>110.8</u>
Total Operating Expenses	<u>3,077,938</u>	<u>2,873,481</u>	<u>(204,456)</u>	<u>107.1</u>
Operating Income	\$ <u>188,310</u>	<u>639,023</u>	<u>(450,713)</u>	<u>29.5</u>

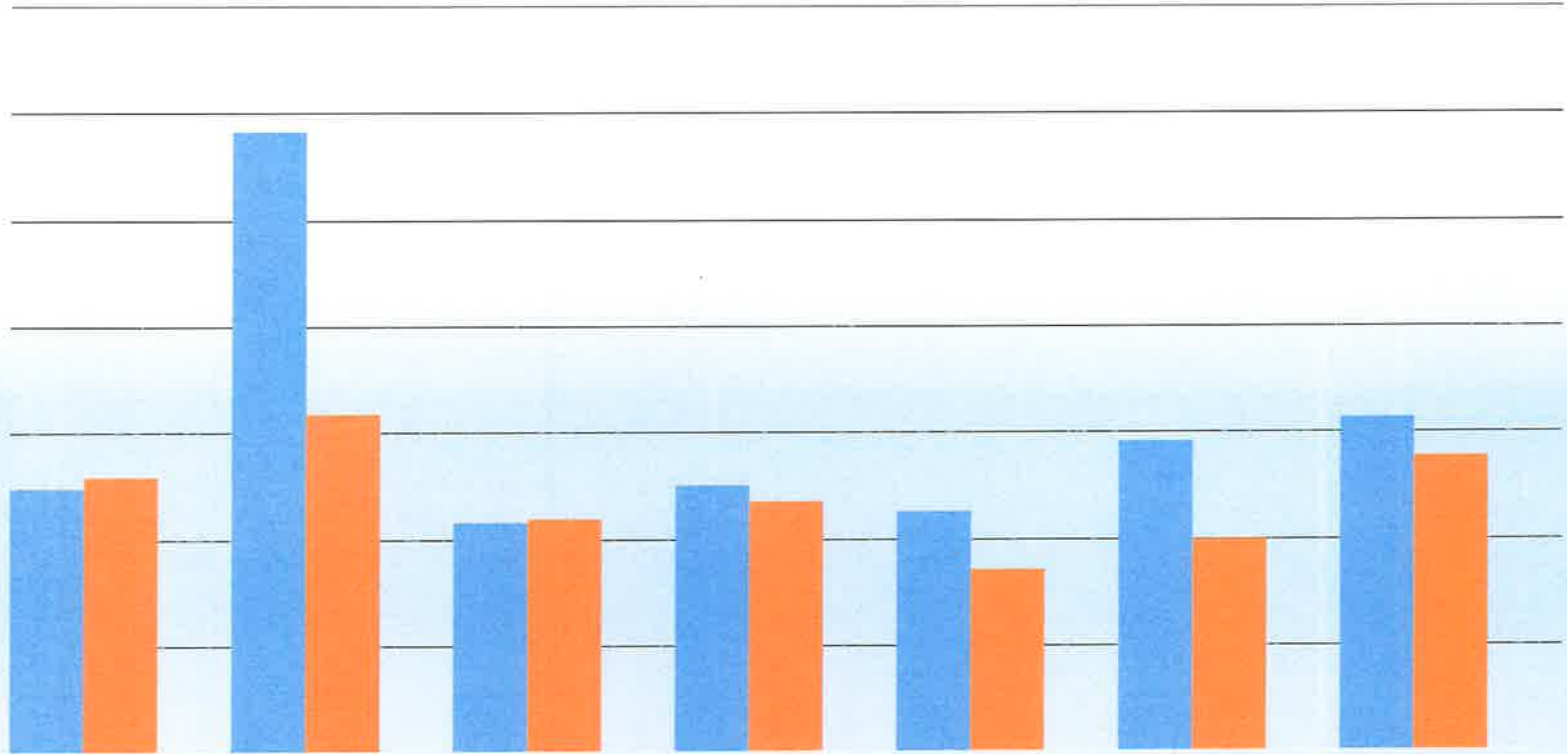
Item Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$15,000.

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

SPU ELECTRIC AGED RECEIVABLES \$ 31 - 60 DAYS

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

DOLLARS

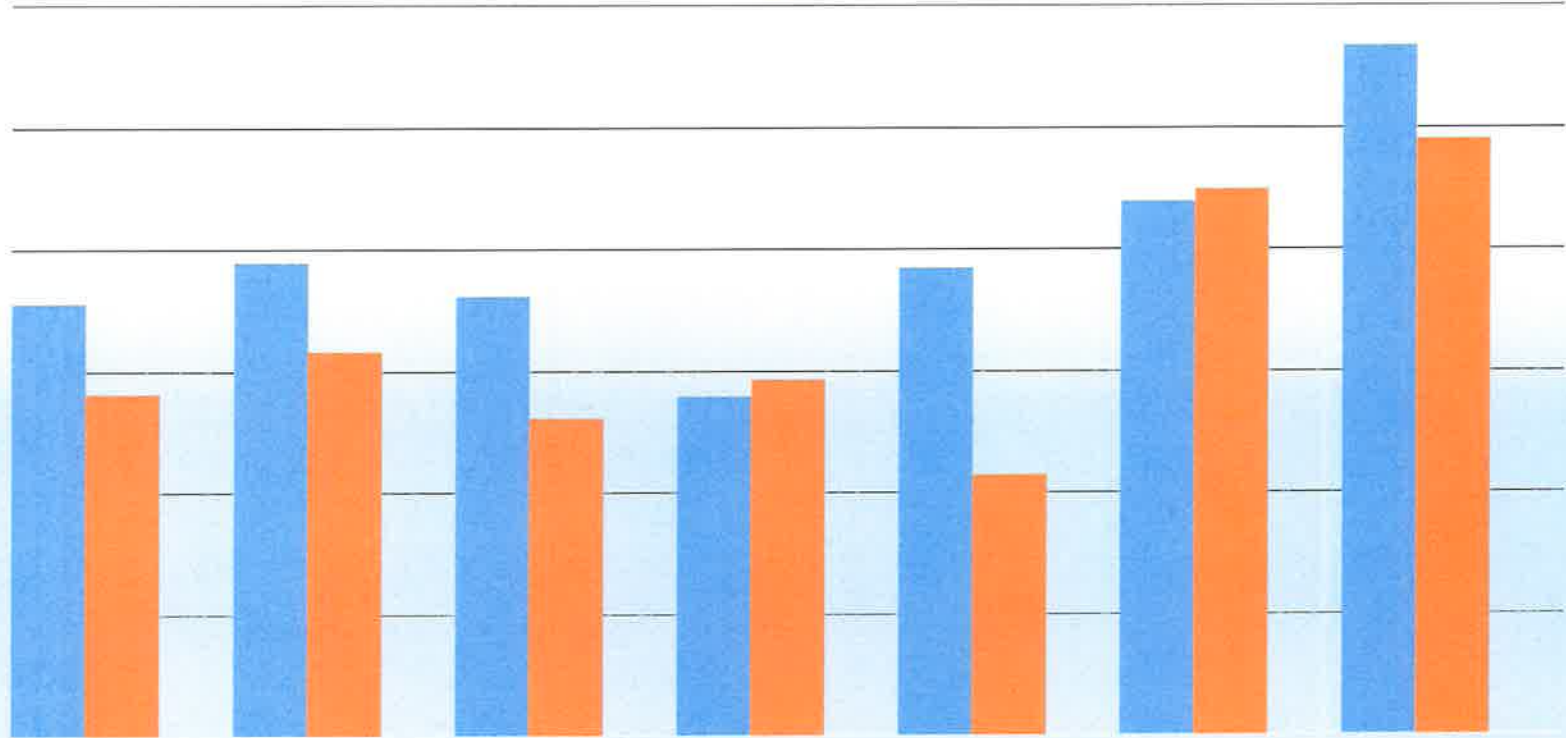


	Jan	Feb	Mar	Apr	May	Jun	July
2021 Electric AR \$ 31-60 days	\$248,413	\$582,771	\$216,346	\$250,796	226,064	290,949	313,036
2022 Electric AR \$ 31-60 days	\$259,013	\$317,615	\$219,866	\$236,072	172,240	200,320	277,762
% Better/(Worse)	-4.3%	45.5%	-1.6%	5.9%	23.8%	31.1%	11.3%

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	Jun	July
■ 2021 Water AR \$ 31-60 days	\$35,560	\$38,920	\$36,130	\$27,966	38,456	43,929	56,679
■ 2022 Water AR \$ 31-60 days	\$28,146	\$31,629	\$26,151	\$29,330	21,497	44,939	49,038
■ % Better/(Worse)	20.8%	18.7%	27.6%	-4.9%	44.1%	-2.3%	13.5%

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%

Jun
 107,147
 67,108
 37.4%

July
 93,319
 60,390
 35.3%

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)

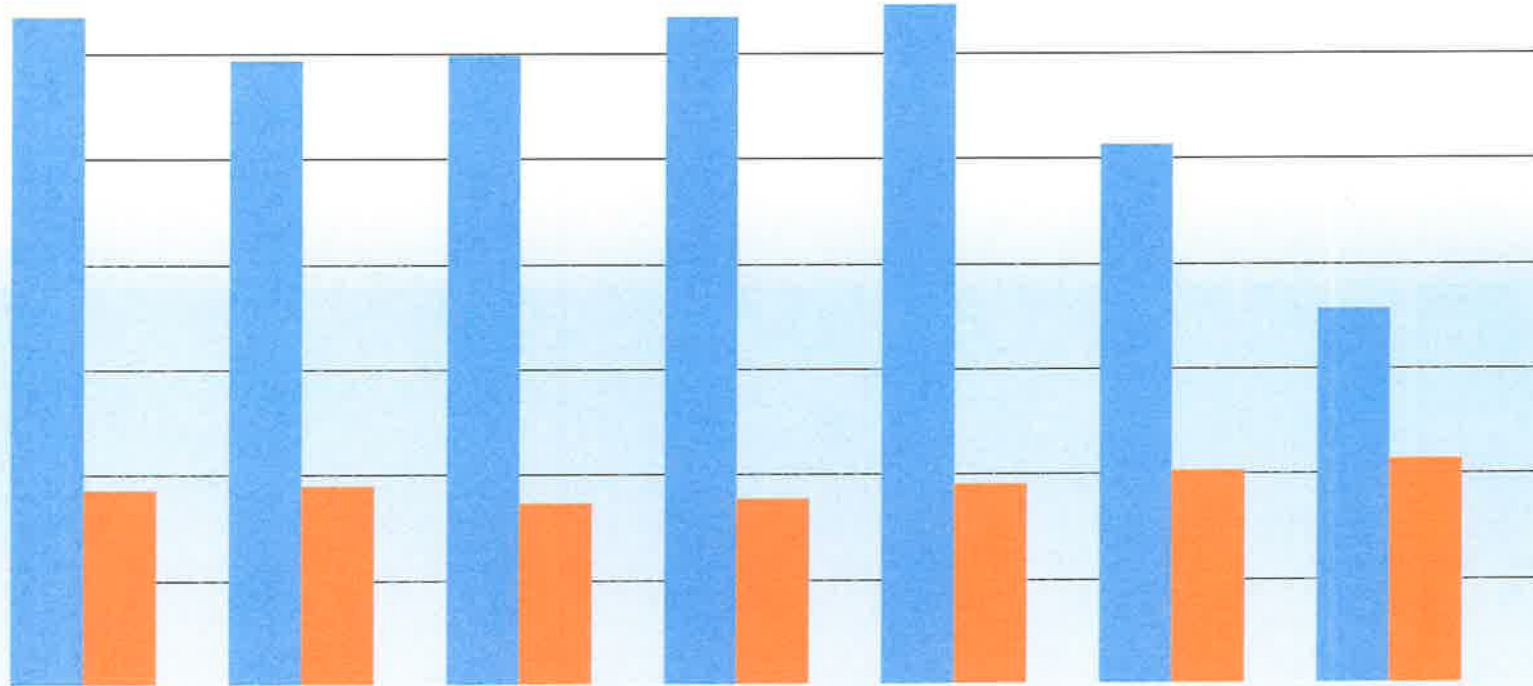
	Jan	Feb	Mar	Apr	May	Jun	July
2021 Water AR \$ 61 - 120 days	\$37,454	\$27,890	\$24,315	\$24,446	22,817	21,197	18,383
2022 Water AR \$ 61 - 120 days	\$27,244	\$17,850	\$12,675	\$11,057	10,483	10,947	10,816
% Better/(Worse)	27.3%	36.0%	47.9%	54.8%	54.1%	48.4%	41.2%

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
 \$92,845
 70.8%

Feb
 \$297,057
 \$94,977
 68.0%

Mar
 \$299,580
 \$86,462
 71.1%

Apr
 \$317,578
 \$88,569
 72.1%

May
 323,382
 95,407
 70.5%

Jun
 256,460
 101,403
 60.5%

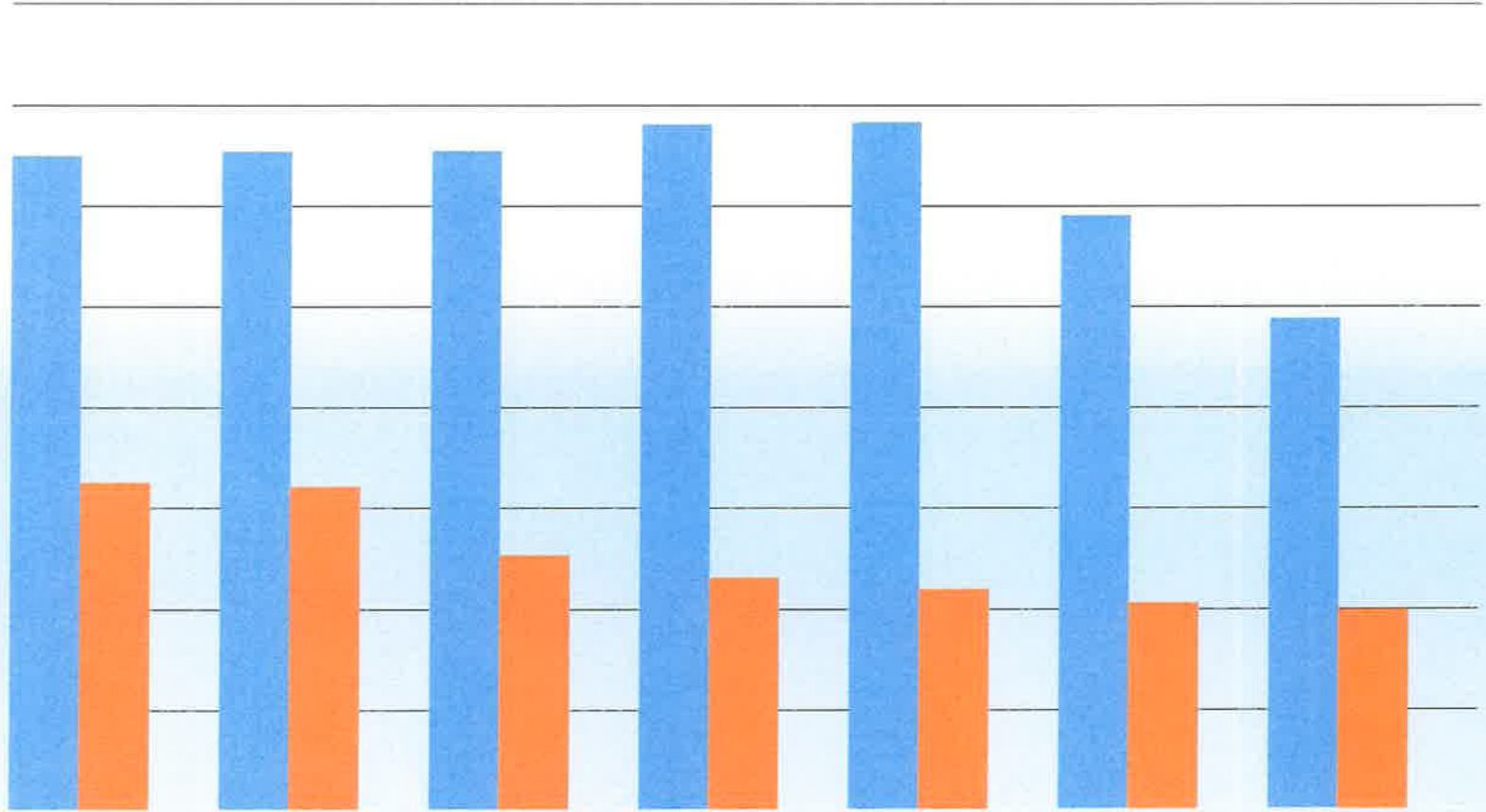
July
 178,429
 106,874
 40.1%

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)

Month	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%
Jun	59,028	20,637	65.0%
July	48,833	19,990	59.1%