



# Shakopee Public Utilities 2021 YEAR IN REVIEW

2021  
REVIEW

This photo was taken and released by James Keltgen.





## MESSAGE FROM GREG DRENT



**When I look back over 2021, it genuinely feels like the year flew by. I officially accepted the general manager role in June after performing as interim general manager for six months.**

It was a busy year filled with collaboration, commitment and growth throughout the utility. Key changes were made in the leadership team with the promotion of Brad Carlson to Electric Superintendent and the addition of James Keltgen

as our IT Supervisor. Further leadership enhancements included changes to our organizational structure with Sharon Walsh becoming Director of Marketing and Key Accounts, and Kelley Willemssen taking on the role of Director of Finance and Administration. These changes, paired with the strength of our established leaders, Joe Adams, Planning and Engineering Director, and Lon Schemel, Water Superintendent, provide the expertise and strategic focus necessary to take on the new opportunities and expectations facing SPU.

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We take great pride in being your local municipal utility provider and we will continue to be dedicated to meeting the needs of our customers and the community.

**GREG DRENT, GENERAL MANAGER**

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In the pages to follow, you will learn more about the significant progress made in 2021. Notable infrastructure expansions, our financial status and community commitments are highlighted. These successes truly represent the culmination of dedication and teamwork by the entire SPU team.

I am honored and excited to lead the utility as we continue to execute our goals in 2022. We take great pride in being your local municipal utility provider and we will continue to be dedicated to meeting the needs of our customers and the community.

Sincerely,

Greg Drent  
General Manager

## THE SPU LEADERSHIP TEAM



**JOE ADAMS**

Director of Planning and Engineering  
jadams@shakopeeutilities.com



**KELLEY WILLEMSEN**

Director of Finance and Administration  
kwillemssen@shakopeeutilities.com



**SHARON WALSH**

Director of Marketing,  
Key Accounts, Special Projects  
swalsh@shakopeeutilities.com  
*Editor: Shakopee Public Utilities  
2021 Year in Review*



**JAMES KELTGEN**

IT Supervisor  
jkeltgen@shakopeeutilities.com



**BRAD CARLSON**

Electric Superintendent  
bcarlson@shakopeeutilities.com



**LON SCHEMEL**

Water Superintendent  
lschemel@shakopeeutilities.com

## GUIDED BY OUR COMMISSION

While the Leadership Team and staff are responsible for the daily operations of the utility, the over-arching direction and policy making are managed by our Commission. The Commission is a panel of five individuals who are appointed by the City of Shakopee. Commissioners hold a three-year term and can be reappointed to their terms. We currently have a City Council Member sitting on the SPU Commission. Commissioners are selected based on their professional skills, experiences, industry knowledge and community-involvement.

*We'd like you to meet —*



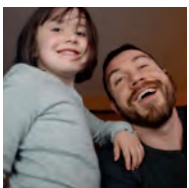
**KATHI MCOL**

2021 President  
kmocol@shakopeeutilities.com



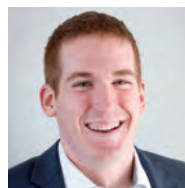
**JUSTIN KRIEG**

Commissioner  
jkrieg@shakopeeutilities.com



**KAYDEN FOX**

2021 Vice President  
kfox@shakopeeutilities.com



**B.J. LETOURNEAU**

Commissioner  
bletourneau@shakopeeutilities.com



**JODY BRENNAN**

Commissioner  
jbrennan@shakopeeutilities.com

# 2021 FINANCIAL HIGHLIGHTS

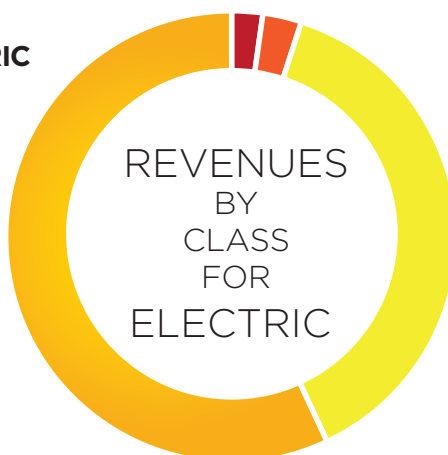
**On the heels of COVID, 2021 was a fresh start. Customer rates across all classes held with no increases. The Water Capacity Charge (paid by developers) was reduced by 8.5%.**

It was also a year of rebuilding for SPU's Finance team, following two staff retirements. ABDO (Abdo, Eick & Myers), a public accounting firm with prior city and utility experience, was contracted to bridge the staffing gaps until key positions were filled late in the year. The following data provides a high-level summary of the financial state of SPU for year ending 2021.



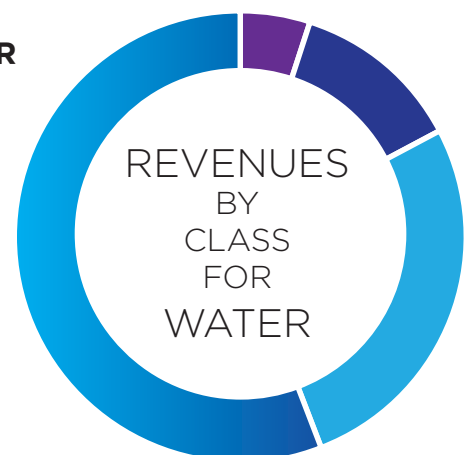
- \$52.8M Electric
- \$6.6M Water

## ELECTRIC



- 57% Industrial
- 38% Residential
- 3% Commercial
- 2% Other

## WATER



- 56% Residential
- 27% Commercial
- 12% Other
- 5% Industrial

## ELECTRIC

	2021	2020
<b>Total Assets</b>	\$ 103.4 Million	\$ 98.7 Million
<b>Revenue</b>	\$ 52.8 Million	\$ 47.2 Million
<b>Operating Expenses</b>	\$ 46.6 Million	\$ 41.4 Million
<b>Operating Income</b>	\$ 6.2 Million	\$ 5.8 Million

- **4.7M+** Electric assets increase
- Operating revenues **increased 12% (\$5.6 Million)**
  - Increased total kWh sales volume + Increased PCA\*
- Total kWh's purchased **up over \$14 million**

449.8M | 463.9M  
2020 | 2021

\*PCA - Power Cost Adjustment

- Purchased power costs are the single largest expense in the electric operating budget

**16%+** from 2020 at \$37.9 million

- Resulting in increased operating expenses – **up 12% (\$5.6 million)**
- **4M+** Net position increase
- No bonds outstanding as of 12/31/21
- Financially strong

## WATER

	2021	2020
<b>Total Assets</b>	\$ 89.3 Million	\$ 80.7 Million
<b>Revenue</b>	\$ 6.6 Million	\$ 5.5 Million
<b>Operating Expenses</b>	\$ 5.5 Million	\$ 4.8 Million
<b>Operating Income</b>	\$ 1.1 Million	\$ 0.7 Million

- **8.7M+** Water assets increase
- Operating revenues **increased 19.5% (\$1.1 Million)**
  - Increased total water gallons sold due to warmer, dryer summer
- Total water gallons pumped **up 15.7%**

1,798,367 | 2,080,182  
THOUSAND | THOUSAND  
2020 | 2021

- Operating expenses increased

**13.9%+**

- Increase in pumping and distribution expenses
- **7.7M+** Net position increase
- No bonds outstanding as of 12/31/21
- Financially strong

# PROJECTS & ACCOMPLISHMENTS



Completed a hiring search – Greg Drent hired as GM



Hired PFM Asset Management to manage investments



Partnered with Scott County and the City of Shakopee on the Community Garden



Purchased land for West Substation



Added feeders to connect the South Shakopee substation to the west side of Shakopee



Restructured SPU organizational chart for improved service and functionality



Held customer rates for 2021 – no increases



Performed an economically-responsible land swap with DR Horton for future Water infrastructure needs



Installed duct bank for Levee Drive project



Retained national RP3 Diamond designation through the American Public Power Association



Completed Water and Electric Rate Studies



Selected NISC as new Finance and CIS Billing platform provider



Contracted with Katama Technologies, LTD for Advanced Metering Infrastructure (AMI) bid process



Lowered Water Capacity Charges for developers



Undergrounded main lines in conjunction with County Road 83 and County Road 42 projects

99.997%

Achieved 2021 Reliability Rating of 99.997%, with an average down time of less than 16 minutes per customer



Redesigned PILOT Agreement with the City of Shakopee, adding an Economic Development Contribution



Implemented new Deposit Policy for customers (deposit is returned with good payment history)



Approved the use of plastic service lines from curb stop to homes (previously copper was required)



Re-opened SPU service center following COVID restrictions



Discussions continued with MVEC for service territory acquisitions



EV charger installed at SPU Service Center. More to come!



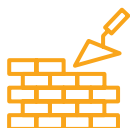
Conducted a Compensation Study



Continued work on potential water treatment needs and PFAS sampling



Offered financial assistance to customers via new payment plans, policies and SPU Support funding



Construction began on facility additions at the SPU service center



Adopted an EV Charging rate for 2022



# PLANNING & ENGINEERING

*West side expansion includes new electric and water infrastructure*



*Discussing plans onsite are L to R: Martin Drouillard, Engineering Supervisor; Brad Carlson, Electric Superintendent; and Greg Drent, GM.*

In preparation for expansion on the west side of our community, SPU secured 2.46 acres of land in 2021 for a new electric substation. This new capacity will support the additional load requirements generated from organic growth and annexation by the City of Shakopee south and west of County Road 15.

Joe Adams, Director of Planning and Engineering, shared “this [land] location couldn’t be better.” Located south of Hwy 169 on Old Brick Yard Road, this parcel of land sits adjacent to existing transmission lines, meets zoning requirements and is the correct size, with no excess land.

The goal — or balancing act — is to be one-step ahead of growth to support economic development, but not overbuild. Buying land today that will accommodate future infrastructure growth is the most cost-effective approach. This concept proved true with SPU’s Dean Lake substation in 2000. Originally built with two power transformers, the site easily accommodated a third transformer sixteen years later when Amazon came to town. The new West Shakopee substation will be built with one power transformer, control building and exit circuit, with space to double this capacity when needed.

A similar, beneficial land acquisition occurred near the Windermere development for our water system. 6.8 acres, located between Old Brick Yard Road and County Road 15, is home to not only the new water tower constructed in 2021, but can also accommodate up to three wells and a future water treatment plant, if needed. Again, Adams couldn’t be happier about this site which is situated in the second high pressure zone of Shakopee’s three-zone geography, at its highest point – a definite benefit for water infrastructure placement.



*New substation to sit adjacent to existing transmission lines.*



*2.46 acre site secured south of 169, west of Old Brick Yard Road.*

# WATER DEPARTMENT

*Building for the future*



*This photo was taken and released by William J. Schleper Photography*

**Atop the hill near Jackson Townhall sits the newest addition to SPU's water storage family – Water Tower #8.**

Constructed in 2021, this spheroid tower holds 750,000 gallons of potable water (drinking water). Originally recommended to be a 500,000 gallon tower the size was increased to align with the rapidly growing west-end development.

This tower, the first to display the *new* SPU logo, will serve both the second-high and first-high zones.

Nearly seven acres in size, this site can accommodate future wells and a potential water treatment plant.

While state testing has shown no treatment beyond fluoride and chlorine is currently needed, the additional space makes SPU well-positioned for future treatment needs. Plans for a new well to be drilled on this parcel are

already underway. Drilling a well on this site provides an alternative to the booster station located further north on County Road 15, further improving fire protection coverage for these residents.

## 2021 DROUGHT

**The drought of 2021 created record-breaking pumping numbers for SPU.**

In 2020, SPU pumped 1,798,367,000 gallons compared to 2,080,182,000 in 2021. According to Lon Schemel, Water Superintendent, we were never in jeopardy of exceeding our capacity, but we did cease flushing activities to conserve water and actively promoted our watering restrictions.

Water wasn't the only thing affected by the drought — SPU used nearly 530,000 additional kWhs operating the water pumps in 2021 than the previous year!



# ELECTRIC DEPARTMENT

*Improved operation efficiencies and synergies*

**A pandemic, rising costs and material shortages didn't slow down SPU's electric department. 2021 proved to be as active, if not more so, than previous years. Brad Carlson, Electric Superintendent, attributes this to the continuing growth of Shakopee within SPU's territory. Six housing developments, commercial/industrial projects, two major under-grounding efforts and more than seventy-five solar installations kept crews busy year-round. Construction did not seem to be affected by the weather or the economy last year.**

Aside from being extremely busy, Brad and his electric team also faced the unique challenge of keeping crews healthy and on the job during a pandemic. To ensure SPU could always manage the day-to-day operations of providing reliable electricity to our customers, crews divided into staggered work shifts to minimize overlap and exposure. This required additional meetings and communications, and logistical changes within the service center, but the extra efforts guaranteed continuous coverage throughout 2021.

## TO UNDERGROUND OR NOT TO UNDERGROUND



An incident involving a contractor vehicle and an overhead power line at 4th Ave and Gorman Street last November demonstrated just how dangerous power lines are. (We are very grateful to report no one was injured in this event.) So many people ask, "Why aren't all power lines underground?"

Underground lines are more desirable from an aesthetic perspective (you can't see them!), but they are more expensive to install. Both the type of wires and transformers required for undergrounding are more costly. When it comes to maintenance and reliability, overhead lines are more likely to be subject to weather, animals and debris causing more outages

than underground lines, but can be easier to repair than underground lines. Electric Superintendent Carlson states, "The SCADA technology we have is great, but we like the visual overhead lines provide when it comes to quickly troubleshooting problems. It is more difficult to identify where the wire is bad when everything is underground." So, while underground outages happen less frequently they may take longer to repair.

Typically, all new installation is underground, but the relocation of existing overhead lines underground is reserved for public improvements (i.e., road widening or new developments) requested by the city, county and/or a developer, or when SPU may determine it is in the best interest of the operating system to do so. It is simply not financially prudent to move all overhead power lines underground without justification. There may be a day when it will be hard to find an overhead line, but that day is not in the near future.

# WORKING IN AND FOR THE COMMUNITY

*Giving back to the community through skills and resources*



SPU is the “Power Provider” sponsor for Shakopee’s summer concert series, Rhythm on the Rails. Stop by our informational booth located in the Lewis Street parking lot. SPU Representatives (L to R): Matt Griebel, Lyle Nagel, Sharon Walsh, Penny Thielhorn, Jamie VonBank.



SPU waived WCC for Shakopee’s first splash pad, located at Lion’s Park.



Gardens are thriving at the Community Garden off 10th and Spencer. SPU ran water lines from the pump house to these gardens to make watering easier.



**As your local utility provider, SPU is committed to more than just providing exceptional electric and water services.**

We work here, and many of us live here, so the strength and vitality of this community are important to us. Volunteering our time, resources and skills is one way we can give back to the community of Shakopee. Supporting economic development is another. And always, being here for our customers is an everyday commitment. Investing in sound infrastructure, working on capital plans and partnering with local governments are huge priorities, but so are the smaller, more neighborly things SPU is involved in. Like having a presence in the community and getting to know the customers we serve. Whether we’re providing educational utility information to others or getting feedback in return, these are valuable interactions. We appreciate the opportunities to connect with you.

***Here’s a look at 2021, with more to come in 2022!***





SPU delivered a presentation and provided a facility tour to help local Girl Scout Troop 27297 earn their energy Journey Badge.



SPU Service Center was a drop-site for Toys for Tots and Gifts for Seniors.



Visitors of all ages enjoyed a sugar cookie, including Shakopee Police Officer Joe Theis.



SPU participated in Shakopee's Holiday Fest for the first time and our gingerbread house was a huge hit with families. So were the cookies and candy canes! Cooper Schuett, son of SPU lineman Cody Shuett, kept a watchful eye for Santa...



SPU partners with the City of Shakopee to bring these beautiful flower baskets to our downtown streets.



SPU installed its first EV charger in 2021. The public is welcome to charge here while enjoying the park across the street or one of the many walking paths.



SPU's Digger Derek truck was on display at the ECCE Big Vehicle Fair. Commissioner Krieg's family was in attendance.



# Renewable. Responsible. Reliable.



SPU's power provider, Minnesota Municipal Power Agency (MMPA) supports our customer needs and the MN Renewable Energy Standard (RES), which requires 25% of power generated come from renewable resources by the year 2025.

Currently, 20% of all SPU customer power comes from a renewable energy resource. This renewable energy is generated locally in Minnesota between wind, solar and biomass facilities.

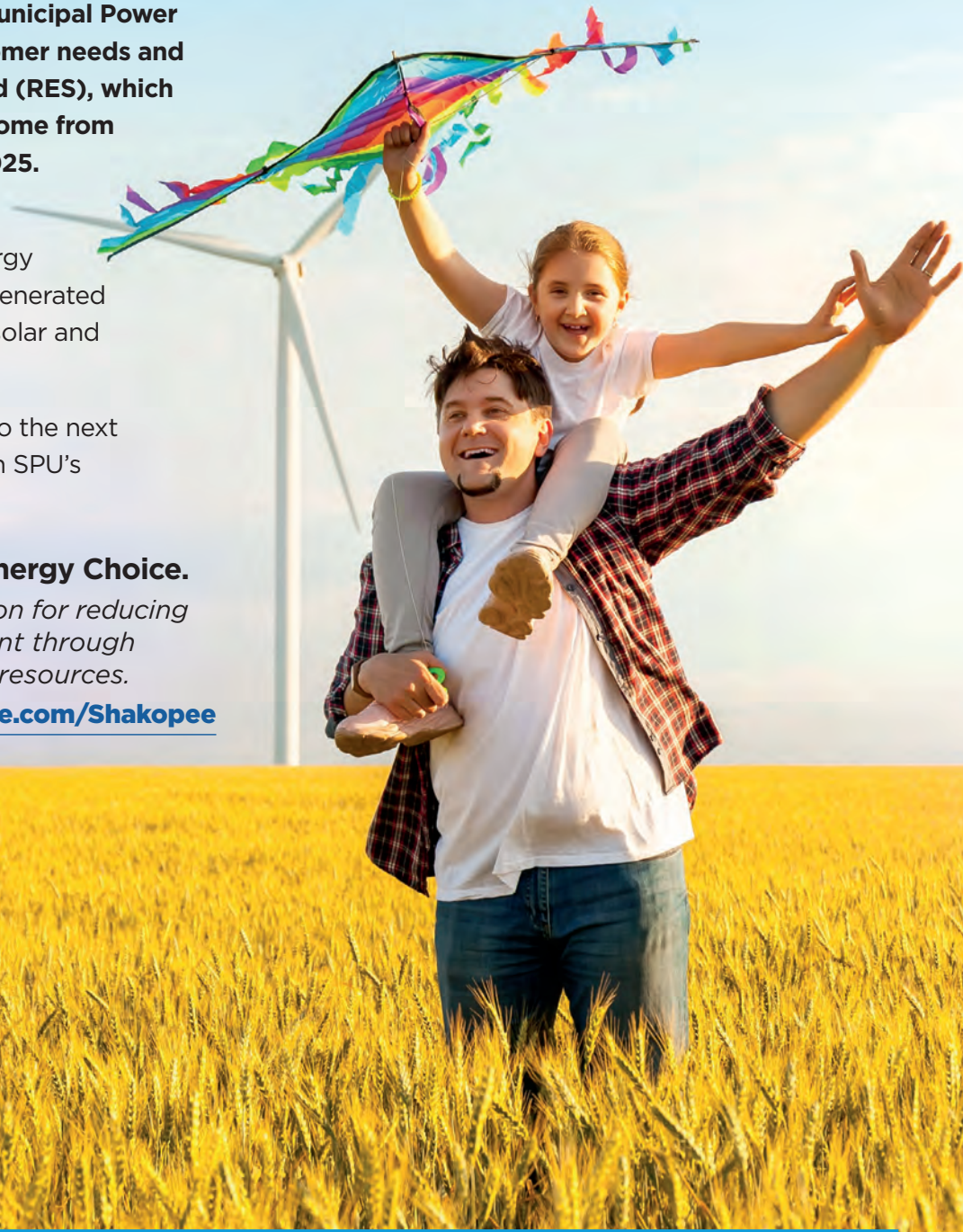
Take your renewable energy usage to the next level – 50%, 75% or even 100% – with SPU's Clean Energy Choice program.



## **Enroll in Clean Energy Choice.**

*An affordable option for reducing our carbon footprint through renewable energy resources.*

**[CleanEnergyChoice.com/Shakopee](https://CleanEnergyChoice.com/Shakopee)**



**Call:**  
952.445.1988



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[shakopeeutilities.com](https://shakopeeutilities.com)



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