AGENDA SHAKOPEE PUBLIC UTILITIES COMMISSION REGULAR MEETING May 1, 2023 at 5:00 PM

Call to Order at 5:00pm in the SPU Service Center, 255 Sarazin Street
 Roll Call (JK)

2. Communications

2a) Hillwood Estates Lateral Water Main Connection Charges Info (GD)

3. Consent Agenda

- C=> 3a) Approval of April 3, 2023 Minutes (GD)
- C=> 3b) Approval of May 1, 2023 Agenda (JK)
- C=> 3c) May 1, 2023 Warrant List (KW)
- C=> 3d) Monthly Water Dashboard for March 2023 (LS)
- C=> 3e) PFAS Results (LS)
- C=> 3f) MMPA March 2023 Meeting Update (GD)
- C=> 3g) Engagement Letter with LeVander Gillen & Miller (GD)

4. Report: Financial Items

4a) 2022 Audited Financial Presentation (KW)

5. Liaison Report (JD)

6, **Public Comment Period.** Please step up to the table and state your name and address for the record.

7. **Reports: Water Items**

- 6a) Water System Operations Report Verbal (LS)
- 6b) Water Tank 9 Design (RH)
- 6c) Discussion of Design Criteria and Lateral Watermain Connection Charges (RH)
- 6d) Unsewered Production Water Rate (GD)

8. Reports: Electric Items

- 7a) Electric System Operations Report Verbal (GD)
- 7b) The Bipartisan Infrastructure Law: Grid Innovation Program Grant Applicant and Funding (GD)

8. Reports: Human Resources

9. **Reports: General**

- 9a) Marketing/Key Accounts Report Verbal (SW)
- 9b) AMI Project Status (SW)
- 9c) General Manager Report Verbal (GD)
- 9d) NES WTP Site Search Update (RH) **

** A portion of this meeting may be closed under Minnesota Statutes, Section 13D.05, subdivision 3(c) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase of property located at 3690 Eagle Creek Boulevard.

10. Items for Future Agendas

11. Tentative Dates for Upcoming Meetings

- May 15, 2023 Workshop
- May 23, 2023 Joint Meeting with City of Shakopee
- June 5, 2023 Commission Meeting
- 12. Adjournment



2a

DATE:	April 24, 2023
TO:	Commissioners
FROM:	Greg Drent, General Manager 900
Subject:	Hillwood Estates Lateral Water Main Connection Charges

Background:

On Monday, April 3rd, staff received the attached letters from the Hillwood Estates residents. Because the letters were received after the commission packet was sent out, the letters were not included in the March commission meeting. Also attached is the email communication to and from the Hillwood Estates residents.

Request: This is a communication item only no action requested



March 31st, 2023

RE: Hillwood Estates Lateral Water Main Connection Charge (LWMCC)

Dear Shakopee Public Utilities Commissioners and Joseph Adams

The purpose of this letter to reiterate our concerns outlined at the March 6th, 2023, SPU commissioners meeting, request additional missing information, and obtain answers to our outstanding questions regarding the lateral water main project from Westchester to Hillwood Drive.

As some of you may remember back in 2005, the County Road #79 water main project was initially driven by three distinct parties, all of which stood to derive value and benefit from the lateral water main. To be clear, these original interested parties did <u>not</u> include any of the Hillwood Estate property owners.

Unlike the other aforementioned parties, Hillwood Estate property owners derived no benefit or value from the planned lateral water main project. The initial parties driving the water main project included:

- 1) **City of Shakopee** due to the construction of the new high school, the city of Shakopee had a strong desire to improve county road #79 to accommodate anticipated future traffic volumes.
- 2) CJM Properties this entity owned and initiated development of the vacant land situated between Hillwood Estates and Beckrich Park Estates. As such, CJM Properties had a vested and keen interest in this lateral water main project and was the main driver behind the original request. Currently, this land is owned by South Oaks Realty, Inc. Matt Logeais who stands to benefit from developing the land in the future.
- Beckrich Park given their issues with their septic and well at the time and to take advantage of the situation, Beckrich Park property owners and their respective association pushed hard for the lateral water main project.

Most specifically, Beckrich Park property owners later requested an amendment to the Comprehensive Plan to rezone Beckrich and Hillwood properties from Rural Residential (RR) to Urban Residential (R1B) for them to hook into the new lateral water main. However, this rezoning would have allowed property subdivision, potentially changing the aesthetics of the area.

As such, certain Hillwood Estate property owners were forced to write letters objecting to this Beckrich request and the corresponding lateral water main project. Beckrich later revised their request to change from Rural Residential to Sewered Rural Residential (SRR), which did not allow property subdivision.

Not coincidently, on August 1st, 2005, Resolution #815 was created by the SPU granting themselves the authority to allocate lateral water main connection charges. Previous to Resolution #815, all costs pertaining to lateral water main projects were the responsibility of the initiating developer. This cost was not historically assessed or allocated to property owners, especially not to property owners who had no interest in utilizing subject lateral water main.

Although this policy was created to manage connection charges in a "just and equitable" manner, we strongly believe that is far from the case in this situation. This strong belief is evidenced by the fact only

Hillwood property owners are currently being assessed the connection charge while others, who are benefitting or stand to benefit from the lateral water main are not part of this connection charge allocation.

Therefore, this is not a "just and equitable" management of the connection charges as the policy would suggest. Rather, this is a blatant misuse of perceived authority by the SPU to improve their cash inflows, as discussed later in the March 6th SPU commissioners and make up for the initial mismanagement of the project and not collecting the connection charge the developer and those benefitting at the time.

Please see Exhibit A for a detailed timeline from the start of the lateral water main project to the date of this letter and all activities in-between.

As outlined at the March 6th, 2023, SPU commissioners meeting, the residents of Hillwood Estates have several significant issues, outstanding information requests, and remaining unanswered questions surrounding the lateral water main project and the events that have transpired, or not transpired over the course of the last 17 years.

Issue #1 – No Communication from SPU for 17 Years Later

After <u>17 years</u> of silence on the topic with no communication from the SPU, along with no formal answer to our letter dated April 14, 2006, outlining our intentions, concerns and questions, we understood this matter to be addressed and closed. It was and continues to be our conclusion these connection charges were or should be paid for by those benefiting from the water main, especially since the project was initiated by CJM Properties and Beckrich Park Estates.

We are still waiting for answers to our critical questions regarding this issue. These questions were outlined during the March 6th SPU commissioners meeting.

- 1) Why was there no formal response to our April 14th, 2006, letter on this matter?
- 2) Since there was no decision rendered at the March 3rd, 2006, SPU commissioners meeting attended by Hillwood Estates property owners, why was there not direct follow-up communication with Hillwood Estate property owners?
- 3) Why did we receive a very vague letter demanding a water main connection charge <u>17 years</u> after the project completion?
- 4) Why did we never receive details on the final cost of the project until recently?

Issue #2 - Resolution #815/#2023 - Allocated costs will be "just and equitable"

As stated previously, the SPU created Resolutions #815 and #2023 granting themselves the authority to allocate water main costs in a "just and equitable manner". This was a significant departure from historical practices where the developer or those directly benefiting from the request were the parties responsible for the entire lateral water main project costs.

As outlined at the beginning of this letter, this project was initially requested by CJM Properties and Beckrich Park Estates property owners, both who stood to directly benefit from the project. In fact, Beckrich property owners have enjoyed the benefit of city water for the last <u>17 years</u>. In addition, Glen Ellen properties owners and South Oaks Realty may also benefit in the future from this lateral water main project. Nevertheless, only Hillwood property owners are currently required to cover the cost of the water main from Westchester to Hillwood totaling \$54,511.80. That is a blatant misuse of the policy.

Again, we are still waiting for answers to our critical questions and requests regarding this issue.

- 1) Has or when will the total project cost of \$54,511.80 be allocated to other property owners who derive benefit and value from that section of the lateral water main? Please provide connection charge details assessed to CJM Properties, Beckrich Park and others regarding this project.
- 2) Please provide the project closure audit documentation (all invoices submitted / paid with clear audit trail to the line item in the approved project spend and the financial split between us, the developer, Beckrich Park, and Glen Ellen, include payment(s) and payment dates.
- 3) Please provide your accounting rules regarding depreciation of assets. Are you following accepted accounting rules for the depreciation of water utilities assets (assets used in the gathering, treatment, and commercial distribution of water)? Is the project cost depreciating over a 50-year lifespan on a straight-line basis?
- 4) If this is the case then the value of their investment has already lost 32% of its ORIGINAL cost, so in theory if one were to connect in 2057 the entire system would have zero value and would need to be replaced, how is this obvious circumstance reflected in your connection charge? Please see Exhibit B for additional details regarding depreciation.

Issue #3 – Index or Interest Accrual Starting July 1, 2023

Given our position on issues #1 and #2, we deem this issue to be completely irrelevant. Since we object to the later water main connection fee, indexing such a fee is unnecessary. With that said, the SPU is attempting to apply an index to the connection fee beginning July 1, 2023, forward. It is also our understanding the fee will be indexed on an annual basis using the US Department of Treasury Daily Long-Term Rate LT Composite (>10yrs) rate.

Furthermore, the index rate will be the LT rate from 2006, which we find ironically interesting, completely irrational, and convenient for the SPU. More specifically, the economic environment in 2006 included a normal yield curve. This meant LT rates were much higher than ST rates at the time. Comparatively, we are currently in an economic environment resulting in an inverted yield curve. This means long term rates are lower than short term rates.

We find it very convenient for the SPU to utilize LT rates from 2006 instead of current LT rates, especially given the current LT Composite Rate (>10yrs) is around 3.60% while the same LT Composite Rate (>10 yrs) in 2006 is around 5.30% or higher by approximately 47%.

It seems usurious to go back and utilize a rate from 17 years ago. However, if the previous issues are any indication of how the SPU manages its projects, this is not a surprise, especially in lieu of the fact we have had no communication from the SPU on this matter in the last <u>17 years</u>, the asset today has significantly depreciated, and the costs are only being allocated to Hillwood Estate property owners.

Issue #4 – Connection Charge Recorded Against Property

Although it was a voiced concern of Hillwood property owners during the lengthy March 6th, SPU Commissioners meeting, no one representing the SPU even bothered to mention the fact they recorded Resolutions #815, #816 and #851 against our property. We were forced to discover this critical fact after the meeting by researching public records.

According to the City of Shakopee, recording this on a property is not a practice the City of Shakopee employs. However, for some reason, the SPU felt it was okay to employ such a practice and not communicate such to those impacted. Again, not a surprise given the lack of communication and project mismanagement experienced over the last <u>17 years</u>.

Overall, Hillwood Estate property owners stand firmly against the lateral water main connection charge and are prepared to continue our defense against this charge given the issues previously outlined in this letter and in conversations with the SPU.

We are confident the issues outlined clearly indicate a consistent lack of communication, mismanagement of policy, and an overall misguided attempt to allocate connection charges according to a blatant misuse of perceived authority by the SPU.

Nothing over the past <u>17 years</u> or currently suggests the SPU's management of this project is just and equitable. In fact, the experience to date consistently suggests the SPU has been non-communicative, manipulative, and incompetent in using its self-appointed authority to inappropriately allocate cost for a project from 17 years ago. We strongly believe this will continue to be evident as we object to the connection charge and defend our position.

Sincerely, Hillwood Estates Property Owners

Robert & Wendy Stark	Brian and Cindy Mandt			
Thomas & Anita Wermerskirchen	Gary & Mary Pauly			
Thomas & Sandra Weierke	Andrew & Linda Chmiel			
Sean & Krista Giesen	Carrie and Derek Boegeman			

Dana & Corey Miller

Robert Jeurissen

Exhibit A

Extended Timeline

August 1, 2005 – SPU passed Resolution #815 granting themselves authority to charge fees that are just and equitable for water main connections. Previously, the developer or entity requiring or requesting the water main incurred 100% of the cost.

Early 2006 - request from Beckrich to rezone properties from Rural Residential (RR) to Urban Residential (R1B) allowing them to hook up to city water given CJM Properties planned development of vacant land between Hillwood Estates and Beckrich Park.

February 13th, 2006 – Joe Adams notified Hillwood Estate property owners of Resolutions #815 and #816 six months after Resolution #815 and significantly after the work had been performed.

April 2006, Letter from certain property owners regarding rezoning of property from Rural Residential (RR) to Urban Residential (R1B) creating ability to sub-divide properties into much smaller properties changing the aesthetic layout of the area.

April 14th, 2006 – Letter from all 10 Hillwood Estate property owners objecting to the proposed water main through our properties and documenting several concerns. This letter went unanswered for 17 years. This letter provided the logic as to why Hillwood property owners should not be required to pay for the water main. It clearly indicated our intent to not hook up.

June 5th, 2006 – Commission meeting attended by representatives from Hillwood Estates who communicated our concerns once again. No formal decision was rendered at this meeting.

July 13th, 2006 – AN apparent letter was sent regular mail from Joe Adams to Hillwood property owners informing of us of the intent to discuss the water main further at August 7, 2006 meeting. Unfortunately, not a single property owner has a record of receiving such a letter.

No response to our letter above or follow up as to SPU decisions on the matter. No decision
was made at the June 5th meeting and no communication was sent to affected residents. With
no responses, we assumed the issue was resolved and others who initially required the water
main - CJM Properties - or those who benefited from the water line - Beckrich - were assessed
and paid the related connection fees.

February 1st, 2023 (17 years later) – Hillwood residents received letter informing us of Resolution #2023-02 stating property owners have a one-time opportunity to pay the lateral water main fee by July 1, 2023 or an index (interest charge) will be applied until such time the fee is paid.

• Letter from Joe Adams dated Feb 13, 2006, states "It is important to note that the lateral water main equivalent fee will only apply if and when the properties in Hillwood Estates request municipal water service".

February 15th, 2023 - Bob Stark and Brian Mandt had a conference call with Joe Adams to get more information. Joe was somewhat defensive and made comments that "you don't realize the authority we have" regarding SPU ability to make changes without notifying residents. Joe was to supply us with more information we requested.

February 27th, 2023 – Letter hand delivered to Hillwood residents notifying us of SPU meeting where this topic will be on the March 6, 2023, meeting agenda. We had to email Joe Adams Feb 27 clarifying if we were going get the information we asked for (prior to the upcoming March 6 meeting) during our call two weeks prior.

March 6th, 2023 – SPU meeting where Hillwood residents detailed their concerns and again asked numerous questions awaiting answers.

March 18th, 2023 – Hillwood Residents realize, after reviewing the replay video of the March 6th, 2023, commission meeting in its entirety and researching public records, that the SPU recorded this connection charge against our property deeds. Unclear as to why this was not disclosed to us during the "public" portion of the meeting. Nevertheless, is in line with the lack of communication over the past 17 years regarding this matter.

March 31st, 2023 – Hillwood residents draft another letter to SPU again outlining concerns, asking for answers to our questions, and requesting additional details surround the situation and project.

Resolution #815 – August 1, 2005 – created to avoid public hearings

- establish policy to ensure water main connection fees are "just and equitable"
- "applicable where the equivalent lateral water main cost is not paid be a developer or other person requesting construction of the lateral water main.
- "fee should be indexed on an annual basis and be calculated on an area basis based on the amount of property that will ultimately be served by the lateral water main. The fee should be paid at the time of connection to the water system"

Resolution #816 August 1, 2005

• Using a 12-inch water main estimated the cost of project and potential connection charge to Hillwood Estates property owners only

Resolution #851 - Superceded #816 with no mention of indexing

Resolution #852 - Approved payment by SPU of difference between 12" pipe and 10" pipe

Resolution #2023-02 – Clarifying #815 and stating actual index to be utilize on annual basis. Ironically, this was drafted in January 2023 immediately preceding the letter outlining the connection fee and index sent to Hillwood owners.

 Only mention of rate index is in #815 and later in #2023-02 where is states actual rate being contemplated as the US Department of Treasury Daily LT Rate- LT Composite (>10yrs) – rate in July 2006 was 5.30% rate today is only 3.60%

Exhibit B

DEPRECIATION TABLE

MACRS Asset Life table

The MACRS Asset Life table is derived from Revenue Procedure 87-56 1987-2 CB 674. The table specifies asset lives for property subject to depreciation under the general depreciation system provided in section 168(a) of the IRC or the alternative depreciation system provided in section 168(g). Use this table to determine an asset's class based on the asset's activity type or description. Specific depreciable assets used in all business activities, except as noted

Reference: https://cs.thomsonreuters.com/ua/fixa/cs us en/ass life tbl/hid help asset lives.htm

Asse t Clas s	Water Utilities	Class Life (in years)		
49.3	Includes assets used in the gathering, treatment, and com	mercial distribution of water.	50	
		Project cost	\$54,511.80	
-		Annual straight line depreciation	\$1,090.24	
		Depcn yrs	Residual value	% depcn
	residual value in 2203 (assuming 16 years of depriciation)	16	37,068	32%
	2024	17	35,978	34%
	2025	18	34,888	36%
	2026	19	33,797	38%
	2027	20	32,707	40%
	2028	21	31,617	42%
	2029	22	30,527	44%
	2030	23	29,436	46%
	2031	24	28,346	48%
	2032	25	27,256	50%
	2033	26	26,166	52%
	2034	27	25,075	54%

2035	28	23,985	56%
2036	29	22,895	58%
2037	30	21,805	60%
2038	31	20,714	62%
2039	32	19,624	64%
2040	33	18,534	66%
2041	34	17,444	68%
2042	35	16,354	70%
2043	36	15,263	72%
2044	37	14,173	74%
2045	38	13,083	76%
2046	39	11,993	78%
2047	40	10,902	80%
2048	41	9,812	82%
2049	42	8,722	84%
2050	43	7,632	86%
2051	44	6,541	88%
2052	45	5,451	90%
2053	46	4,361	92%
2054	47	3,271	94%
2055	48	2,180	96%
2056	49	1,090	98%
2057	50 	- No residual value after 50 years - needs to be replaced	100%

Drent, Greg

From:	Adams, Joe
Sent:	Thursday, April 20, 2023 12:47 PM
То:	bwstark1@comcast.net; Drent, Greg; Justin Krieg; Halverson, Ryan
Cc:	giesen21@hotmail.com; babkak1@gmail.com; mazie.pauly@gmail.com; millers0912 @yahoo.com; slweierke@yahoo.com; csboegeman22@gmail.com; wermerskirchenta@gmail.com; bcmandt@usfamily.net; 'andrew chmiel'
Subject:	RE: SPU Follow-Up Letter

Bob –

Thank you for your most recent message along with the letter attached previously received on Monday April 3rd.

It is staff's intention to submit both documents to the Commissioners before the next regular meeting scheduled for May 1st. Before each meeting (usually the Thursday or Friday before the Monday meeting), the Commission receives a packet of information for review, including the proposed agenda, staff memos, reports, and other documents. Staff's receipt of your letter on the day of the meeting did not allow for its inclusion in the April 3rd meeting packet.

Staff is continuing to gather background information on past projects that will be reviewed with the Commission at the May 1st meeting along with your communications. Staff anticipates further discussion but will not be making any recommendation on Commission actions until the June 5th meeting or later. No indexing of the connection charges at issue will occur until the Commission reaches a conclusion and provides direction to staff.

Thank you,

Joe

From: bwstark1@comcast.net <bwstark1@comcast.net>
Sent: Wednesday, April 19, 2023 7:49 PM
To: Adams, Joe <jadams@shakopeeutilities.com>
Cc: giesen21@hotmail.com; babkak1@gmail.com; mazie.pauly@gmail.com; millers0912@yahoo.com;
slweierke@yahoo.com; csboegeman22@gmail.com; wermerskirchenta@gmail.com; bcmandt@usfamily.net; 'andrew chmiel' <chmiel.andrew.j@gmail.com>; bwstark1@comcast.net
Subject: RE: SPU Follow-Up Letter

Joe,

Attached is an unsigned copy of the signed letter we hand delivered to the SPU office on Monday, April 3rd and forwarded certified mail the same day. Please again share this with all SPU commissioners.

We were recently able to review the replay of the last SPU commissioners meeting on Monday, April 3rd. While there was discussion regarding the Hillwood lateral watermain project, the discussion was positioned as an update to the commissioners. This update focused only on research completed or in progress by members of the SPU regarding connection fees. The update compared three things: 1) how the City of Shakopee treated connection fees; 2) how the SPU historically treated connection fees; and 3) how the SPU treated connection fees on the Hillwood lateral watermain project.

More specifically, the City of Shakopee has not historically recorded such fees on property owner deeds, nor do they do such currently. Rather, the City of Shakopee tracks those fees separately to avoid recording such against a property owners deed. Similarly, the SPU historically did not record such fees on property owner deeds. However, in direct contrast, the SPU decided to record the lateral watermain fee on the deed of the Hillwood property owners in 2018. We would like to know why this was done.

Furthermore, why was this was done unbeknownst to Hillwood property owners at the time and, ironically, why did the SPU not inform the Hillwood property owners of this action during the March 6th SPU commissioners meeting when numerous Hillwood property owners attended the meeting? To be consistent, are all other connect fees and other discretionary fees charged against other owner's properties or are Hillwood property owners being treated differently? If this connection fee was charged against our property, we assume all other connection fees and other discretionary charges are also documented as a charge recorded against property for all others as well. It seems very peculiar to us that even though the City of Shakopee and the SPU historical practices were not to record such fees against property deeds that the SPU did such only in this situation.

Unfortunately, and of great concern to Hillwood property owners, there was absolutely no discussion about our letter (attached as well) and the concerns and questions outlined within the letter. There are specific questions and concerns in that letter that remain unanswered. The purpose of the letter was to memorialize our concerns and questions and, more importantly, obtain specific answers to those questions. Unfortunately, like our letter dated April 14, 2006, we have yet to receive any communications from you or any SPU commissioner. In fact, we strongly feel we are being ignored and will simply not tolerate such treatment.

Also, there was a comment in the recent SPU meeting about someone at the SPU attempting to contact a Hillwood property owner. However, to the best of our knowledge, and for the record, none of us have been contacted by the SPU.

Given we have received no response to date, we formally request someone review the letter and provide a detailed response to <u>all</u> our concerns and questions in the letter and expressed at the March 6th meeting. We look forward to

your complete and detailed responses. It is our hope to reach an amicable conclusion to this unusual situation prior to obtaining further assistance.

Take care,

Bob

MINUTES OF THE SHAKOPEE PUBLIC UTILITIES COMMISSION April 3, 2023 Regular Meeting

1. <u>Call to Order.</u> President Mocol called the April 3, 2023 meeting of the Shakopee Public Utilities Commission to order at 5:00 P.M. President Mocol, Vice President Krieg, Commissioner DuLaney, Commissioner Fox, and Commissioner Letourneau were present.

2. <u>Election of Officers.</u> Greg Drent, General Manager, opened the nominations for the offices of President, Vice President, and Secretary, each for a one-year term. President Mocol nominated Commissioner Krieg as President, Commission Letourneau as Vice President, and Mr. Drent as Secretary. No other nominations were presented. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None. Mr. Drent noted that the Governance Handbook states that the General Manager will be the MMPA Representative and the President as the Alternate Representative. Commissioner Krieg agreed to serve as the Alternate Representative.

3. <u>Consent Agenda.</u> Commissioner Krieg asked that item (3g) be pulled for discussion. Commissioner Fox moved approval of the consent agenda: (3a) March 6, 2023 Minutes; (3b) April 3, 2023 agenda; (3c) April 3, 2023 warrant list; (3d) Monthly Water Dashboard for February 2023; (3e) Nitrate Results - Advisory; (3f) 2023 Water Conservation Report; (3h) 2022 Pay Equity Implementation Results; (3i) Revised Resolution Delegating Payment Claims to General Manager; (3j) Backflow Prevention – Customer Reaction and Communications Update. Commissioner Letourneau seconded the motion. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None. Motion carried. On item (3g), PFOS/PFOA Mitigation in the Distribution System, Lon Schemel, Water Superintendent, explained the EPA's updating of hazardous substances and SPU's testing process. Commissioner Krieg moved approval of item (3g); Commissioner Fox seconded the motion. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None.

4. <u>Liaison Report</u>. Commissioner DuLaney noted three items: (1) good follow up information on backflow prevention; (2) questions on remote monitoring; and (3) data privacy policies.

5. <u>Public Comment Period.</u> Mike Lavoie asked about meeting renewable energy requirements by 2040. Mr. Drent explained that MMPA must meet the renewable energy mandates on behalf of its members.

6. <u>Water Report.</u> Mr. Schemel reported that the DNR has accepted the test well at the Windermere Booster Station as SPU's second observation well for water levels. He also congratulated SPU staff Jacki Hanson and Mike Menden on becoming certified backflow testers.

7. <u>Res #2023-09 Resolution Approving Payment for the Pipe Oversizing Cost on the</u> <u>Watermain Project: Emblem at Shakopee</u>. Joseph Adams, Planning and Engineering Director, explained that project costs are higher due to the number of fittings and an additional valve. Commissioner Fox noted that it would be helpful to consider fund balances for this type of approval. Commissioner Fox moved approval of #2023-09 Resolution Approving Payment for the Pipe Oversizing Cost on the Watermain Project: Emblem at Shakopee. Commissioner Krieg seconded the motion. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None.

8. <u>Lateral Water Main Update.</u> Mr. Adams noted that SPU staff continues to gather information. He explained that the City of Shakopee established a similar sewer connection charge to be paid when a customer connects to municipal sewer; the City publishes a fee schedule that includes these fees. Mr. Adams noted that the City uses the Construction Cost Index, which can increase higher than general inflation. He noted that the SPU index is meant to focus on the time value of money from the project cost to hook up. Mr. Drent noted that more information and discussion is expected at the May meeting, with staff recommendations and inviting the affected customers to attend the June meeting.

9. <u>Electric Report.</u> Jamie Vonbank, Electric Supervisor, reported four outages since the last Commission meeting: (1) SPU staff saw the top of a pole burning while tree trimming and deenergized the line; the outage lasted 17 minutes; (2) planned outage on West End to remove two phases, affecting eleven customers; (3) on March 29, an electrical failure affected thirteen customers; (4) heavy snow at Boiling Springs affected three customers. He also discussed electric projects, including continued tree trimming and inspections of facilities; First Article Test (FAT) on meter counts have been completed; the first set of replacement collector streetlight was received and crews are preparing to replace; and performing additional preventive maintenance on overhead lines. Mr. Vonbank also noted that SPU line workers attended the APPA Line Worker Rodeo in Kansas City; results are not yet available.

10. <u>Marketing/Key Accounts Report</u>. Sharon Walsh, Director of Key Accounts/Marketing/Special Project, noted that SPU staff meet with a large customer to provide data analysis of a solar system. For communications, she noted that upfront NISC communications were helpful in minimizing customer complaints and she provided an update on communications as to backflow prevention. Ms. Walsh explained that the AMI project includes metering and learning all the available features, planning for future needs, and integrating NISC into the system.

11. <u>February 2023 Financials.</u> Kelley Willemssen, Director of Finance and Administration, reported that the 2022 audit is completed and will be presented at the next meeting. She then presented the February 2023 financial report.

12. <u>General Manager Report</u>. Mr. Drent reported that SPU has hired an IT Director who starts on April 12th. He noted that design work continues for Tank 9. Mr. Drent reported that SPU participated in a federal grant application, in an applicant pool that combined municipal and cooperative utilities, for electric switches. He also noted that because last month bills were late due to a NISC issue, SPU did not proceed with late charges; NISC provided \$15,000 to SPU to address the delay.

13. <u>AMI Bid Quantity Change</u>. Mr. Drent explained that since the AMI RFP was prepared in 2021, the number of water and electric meters has increased. He noted that this increase, combined with long lead times, led him to recommend ordering additional AMI meters. Commissioner Fox moved to authorize \$1,129,868.99 for additional AMI electric and water meters as presented. Commissioner DuLaney seconded the motion. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None.

14. <u>July 3rd Commission Meeting.</u> Mr. Drent noted that the Commission's regular meeting is July 3rd and some staff will not be available. The consensus of the Commission was to move the meeting to July 10th.

15. <u>NES WTP Site Search Update.</u> Commissioner Letourneau moved, seconded by Commissioner DuLaney, that the Commission go into closed session under Minnesota Statutes, Section 13D.05, subdivision 3(c) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase of property described as 3690 Eagle Creek Boulevard. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None. In open session, President Mocol moved that President Elect Krieg be authorized to provide offers to the seller. Commissioner Fox seconded the motion. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None.

16. <u>Adjourn.</u> Motion by Commissioner Letourneau, seconded by Commissioner Fox, to adjourn to the May 1, 2023 meeting. Ayes: Mocol, Krieg, DuLaney, Fox, and Letourneau. Nays: None.

Greg Drent, Commission Secretary

AGENDA SHAKOPEE PUBLIC UTILITIES COMMISSION REGULAR MEETING May 1, 2023 at 5:00 PM

Call to Order at 5:00pm in the SPU Service Center, 255 Sarazin Street
 Roll Call (JK)

2. Communications

2a) Hillwood Estates Lateral Water Main Connection Charges Info (GD)

3. Consent Agenda

- C=> 3a) Approval of April 3, 2023 Minutes (GD)
- C=> 3b) Approval of May 1, 2023 Agenda (JK)
- C=> 3c) May 1, 2023 Warrant List (KW)
- C=> 3d) Monthly Water Dashboard for March 2023 (LS)
- C=> 3e) PFAS Results (LS)
- C=> 3f) MMPA March 2023 Meeting Update (GD)
- C=> 3g) Engagement Letter with LeVander Gillen & Miller (GD)

4. Report: Financial Items

4a) 2022 Audited Financial Presentation (KW)

5. Liaison Report (JD)

6. **Public Comment Period.** Please step up to the table and state your name and address for the record.

7. **Reports: Water Items**

- 6a) Water System Operations Report Verbal (LS)
- 6b) Water Tank 9 Design (RH)
- 6c) Discussion of Design Criteria and Lateral Watermain Connection Charges (RH)
- 6d) Unsewered Production Water Rate (GD)

8. Reports: Electric Items

- 7a) Electric System Operations Report Verbal (GD)
- 7b) The Bipartisan Infrastructure Law: Grid Innovation Program Grant Applicant and Funding (GD)

8. Reports: Human Resources

9. Reports: General

- 9a) Marketing/Key Accounts Report Verbal (SW)
- 9b) AMI Project Status (SW)
- 9c) General Manager Report Verbal (GD)
- 9d) NES WTP Site Search Update (RH) **

** A portion of this meeting may be closed under Minnesota Statutes, Section 13D.05, subdivision 3(c) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase of property located at 3690 Eagle Creek Boulevard.

10. Items for Future Agendas

11. Tentative Dates for Upcoming Meetings

- May 15, 2023 Workshop
- May 23, 2023 Joint Meeting with City of Shakopee
- June 5, 2023 Commission Meeting
- 12. Adjournment

Proposed As Consent Item

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 1, 2023

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:

WEEK OF 03/31/2023

ALTERNATIVE TECHNOLOGIES INC AMARIL UNIFORM COMPANY JAY T BERKEN ROBERT BERNDTSON CINTAS CORP. #754 CITY OF SHAKOPEE CITY OF SHAKOPEE CORE & MAIN LP DSI/LSI FRONTIER ENERGY, INC. GRAINGER INC ABBY HINTON MATT JOHNSON MATT JOHNSON JT SERVICES PORTIA KLEIN MIDWEST SAFETY COUNS, INC. MINN VALLEY TESTING LABS INC NAGEL COMPANIES LLC GERRY NEVILLE JEFF OLSON BRIAN QUITTSCHREIBER **RESERVE ACCOUNT** RW BECK GROUP, INC, LEIDOS ENG. LL SAMBATEK KATHLEEN M SCHMALZ SHORT ELLIOTT HENDRICKSON INC SOUTHWEST LOGISTICS CENTER, LLC JORDAN STOCKER TESCO - THE EASTERN SPECIALTY COMPANY TRI-STATE BOBCAT INC. GREG TRIPLETT VOSS UTILITY & PLUMBING, INC. VTI SECURITY KELLEY WILLEMSSEN ZIEGLER INC. DELTA DENTAL PLAN OF MN MINNESOTA LIFE CENTERPOINT ENERGY - ACH DIGITAL IMPACT SOLUTIONS

\$66,00 OIL TEST \$185.89 MATT KAHLE CLOTHING \$178,57 REIMB, FOR SCHOOLINGM IT TRAINING \$83,19 3/17-3/23/23 127 MILES REIMB. \$891.39 REPLENISH FIRST AID CABINETS \$318,000,00 2023 PILOT TRANSFER FEE FOR MARCH \$1,031.08 STORM DRAINAGE/SPU PROPERTIES \$2,129.49 METERS \$783.57 FEB. GARBAGE SERVICE \$8,570.46 PROF SVCS FEB SHAKO PROGRMA MGMT C&I \$257.32 REPLACEMENT INNER TUBE \$50.00 2023 RES. ENERGY STAR APPLIANCE REBATE \$50.00 2023 RES, ENERGY STAR REBATE \$125.00 2023 REBATE ENERGY STAR CLOTHES WASHER \$677.55 RED PRIN ON CLEAR FALG WIRE STAFF \$500.00 2023 RES. COOLING & HEATING REBATE \$711.03 25 PERSON FIRST AID KIT \$367.40 COLIFORM \$5,420.00 MARAS & HANSON DIRECTIONAL BORE \$118.56 3/17-3/23/23 181 MILES REIMB. \$50.00 2023 RES. ENERGY STAR APPLIANCE \$125.00 2023 ENERGY STAR CLOTHES WASHER \$4,000.00 REPLENISH POSTAGE MACHINE \$5,679.37 WO#2376 SPU EAST SUBSTATION NOV 22 WORK \$2,370.80 WO#2259 TANK 8 CLOSED POST TO GL342.00 \$350,00 2023 RES. ENERGY EFFICIENT COOLING & HEA \$14,676.25 VARIOUS WO'S \$920.40 WO#2484 SW LOGISTICS WM PLAN PROJ. DEPOS \$250.00 SAFETY BOOT REIMB. \$3,826.32 POLY SEAL ROUND STARTING # WITH 0014001 \$198.05 BLADE BANDIT \$92.36 3/17-3/23/23 141 MILES REIMB. \$1,760.00 WATER METER HORN RETURNED FOR 7359 HENTG \$3,790.18 SERVICE AND TRAVEL \$799.00 ANNUAL STREAMING SUBSCRIPTION \$7,724.01 TROUBLESHOOT ENGINE COOLANT HEATER \$5,696.82 MARCH DENTAL PREMIUMS \$1,301.88 MARCH PREMIUMS/MARCH EE DEDUCTIONS \$5,089.61 2/7-3/8 2023 10TH AVE GAS USAGE \$2,096.71 FIRST CLASS POSTAGE FOR BACKFLOW LETTERS

Total Week of 3/31/2023

\$400,993.26

WARRANT LISTING

May 1, 2023

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:

WEEK OF 4/7/2023 CREDIT REFUNDS KATIE J ADAMS AMARIL UNIFORM COMPANY ARROW ACE HARDWARE BARR ENGINEERING CO. BAUER REAL PROPERTIES LLC ROBERT BERNDTSON DENISE BRAUN JACKIE BUNNELL CUSTOMER CONTACT SERVICES JEFFREY & KIRSTEN DEWAELE DITCHWITCH OF MINNESOTA DSI/LSI INC. EDM INTERNATIONAL FERGUSON US HOLDINGS, INC. FERRELLGAS MARTIN GLYNN GOPHER STATE ONE-CALL GRAYBAR ELECTRIC COMPANY INC TYLER HANSON HAWKINS INC ABBY HINTON HR SPECIALIST-EMPLOYMT LAW IRBY - STUART C IRBY CO LANO EQUIPMENT INC LYNNE LOEWING MASTER MECHANICAL INC MIDAS MINN VALLEY TESTING LABS INC NAPA AUTO PARTS GERRY NEVILLE NISC TYLER O'BRIEN DUY PHAM POWERPLAN BRIAN OUITTSCHREIBER JUSTIN ROTERT JACK SCHINTZ ANDREA SMIEJA JORDAN STOCKER GREG TRIPLETT UPS STORE # 4009 STEVEN VACIK VERIZON WIRELESS MICHAEL VOURLOS WESCO RECEIVABLES CORP. MICHAEL WILLARD MINN DEPT OF COMMERCE FURTHER - ACH HEALTHPARTNERS BENEFITS & TAXES FOR 4.7.23 PAYROLL DIRECT DEPOSIT 4.7.23

\$3,834.12 APRIL CREDIT REFUNDS \$69.17 JAN-MAR 2023 MILEGE REIMB, 105.6 MILES \$1,187.18 EMMETT L. CLOTHING \$8.98 BOLT AND BUILDERS HARDWARE \$6,733.50 WO2683 PROF SVCS 1/28-2/24 2023 \$1,136.00 EXTERIOR LIGHTING REBATE ACCT#133228007 \$17.68 REIMURSE 27 MILES \$100.00 ENERGY STAR DISHWASHER WATER REBATE \$175.00 ENERGY STAR CLOTHES WASHER REBATE \$394.39 ANSWERING SVC 4/1-5/1 2023 \$75.00 RESIDENTIAL ENERGY STAR REFRIG REBATE \$1,167.33 SERVICE CALL MINI EXCAVATOR \$383,97 APRIL TRASH SERVICE \$290.00 ANNUAL RENEWAL CELL SVC PHSE TRAKKER \$11,982.59 SDR SWVL/BPF BLK COAT \$51.54 500 GAL DISPENSER RENTAL 3/1/23-2/29/24 \$325.42 TRAVEL REIMB AWWA WATER SCHOOL MARCH \$174.15 MARCH TICKETS \$956.78 CVR BD 12X12HE-BLANK \$117.70 PER DIEM/TRAVEL WO#2705 RODEO \$330.00 CHLORINE CYLINDER \$100.00 ENERGY STAR DISHWASHER WATER REBATE \$199.00 12 ISSUE RENEWAL HR SPECIALIST EMPL LAW \$219.05 HIGH PRESS SODIUM \$86.36 TUBELINE \$100.00 ENERGY STAR DISHWASHER WATER REBATE \$8,794.49 HEATER ISSUES @ DEAN LK SUB \$1,093.00 LIGHTING REBATE ACCT#131611001 \$71.50 NITRATES \$94.06 EPOXY SYRINGLE/ANTIFREEZE \$64.84 REIMBURSE 99 MILES \$166,009 95 FEBRUARY 2023 MISC WO#2605 NISC CONV \$213.96 PER DIEM /TRAVEL WO#2705 RODEO \$20.00 ENERGY STAR LED LIGHTING REBATE \$200.00 SHAPENING KNIVES-ELECTRIC \$50.00 ENERGY STAR CLOTHES WASHER REBATE \$73.99 PER DIEM TRAVEL WO#2705 RODEO \$145.15 PER DIEM/TRAVEL WO#2705 RODEO \$150.00 ENERGY STAR DISHWASHER REBATE \$187.99 PER DIEM/TRAVEL WO#2705 RODEO \$103 49 REIMBURSE 158 MILES \$98.11 ELECTRIC SHIPMENT \$280.00 ENERGY STAR DISHWASHER REBATE \$2,990.35 FEB 24 - MAR 23 2023 CELL PHONES \$10.49 JAN-MAR 2023 MILEAGE REIMB 9.60 MILES \$180.69 INDICATOR PHASE SEQ/MOTOR \$500.00 ENERGY EFFICIENT COOLING/HEATING REBATE \$9,801.42 4TH QTR FISCAL YR 2023 INDIRECT ASSESSMN \$580.18 MEDICAL/DAYCARE CLAIM REIMB \$72,484,33 APRIL PREMIUMS/MARCH CHRG MONTH(EE DED) \$128,824.97 BENEFITS & TAXES FOR 4.7.23 \$122,856.14 PAYROLL DIRECT DEPOSIT 4.7.23

WEEK OF 4/7/2023

\$546,094.01

WARRANT LISTING

May 1, 2023

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:

WEEK OF 4/14/2023 ABDO LLP ALTERNATIVE TECHNOLOGIES INC ARAMARK REFRESHMENT SERVICES INC BOLTON & MENK INC. BORDER STATES ELECTRIC SUPPLY MERVYN CARRABON DAKOTA SUPPLY GROUP DILIP DESAI DIVERSIFIED ADJUSTMENT SERVICES INC EMERGENCY AUTOMOTIVE TECHNOLOGIES I FERGUSON US HOLDINGS, INC. FLYTE HCM LLC GRANT FRIENDSHUH GRAINGER INC TYLER HANSON INC HARRIS ST PAUL HARRIS MECHANICAL SERVICES INNOVATIVE OFFICE SOLUTIONS LLC IRBY TOOLS - STUART C IRBY CO RICHARD KABLAN DAI LE LYNNE LOEWING LOFFLER COMPANIES - 131511 JUSTIN LOYLAND HITCH KIMBERLY MAREK MCGRANN SHEA CARNIVAL MID AMERICA METER INC MINN VALLEY TESTING LABS INC MN DEPT OF HEALTH BRETT MOSBARGER GERRY NEVILLE HETAL PATEL INC., PLUNKETT'S PEST CONT **RDO-VERMEER LLC** RW BECK GROUP, INC, LEIDOS ENG. LL SAMBATEK SHANE SCEPUREK SOUTHWEST NEWS MEDIA GREG TRIPLETT TWIN CITY GARAGE DOOR CO. **UPS STORE # 4009** VESSCO, INC VTI SECURITY WESCO RECEIVABLES CORP. CURTIS WEYRAUCH XCEL ENERGY JASON ZANDER ZIEGLER INC MMPA C/O AVANT ENERGY MN DEPT OF REVENUE ACH PAYMENTS

\$22,991.25 ABDO FS AUDIT PREP 2022 \$82.50 OIL TEST W/KF MOISTURE \$167.57 COFFEE \$188.00 WO#2568 W END LOWER BLUFF TRUNK WM \$2,030.03 BLANK CORE ITEM \$75,00 ENERGY STAR REFRIGERATOR REBATE \$403.73 VALVE BOX LID \$500.00 ENERGY EFFICINET COOLING HEATING REBATE \$56,19 DUE TO AGENCY MARCH STMT \$482.12 LIGHTBAR \$1,261.96 LF 3 BRS MTR FLG KIT \$91.00 MARCH 2023 COBRA PLATFORM/RIGHTS NOTICE \$147.50 PER DIEM REIMB SUB SCHOOL BRAINERD MN \$224.98 WASP & HORNET KILLER \$147.50 PER DIEM REIMB SUB SCHOOL BRAINERD MN \$862.50 BOILER DOWN \$7,646.00 WO#2470 (CLOSED) REPLACE SENSORS \$501.05 OFFICE SUPPLIES \$2,040.39 GLOVE TESTING \$75.00 ENERGY STAR REFRIGERATOR REBATE \$75.00 ENERGY STAR REFRIGERATOR REBATE \$50,00 ENERGY STAR DISHWASHER REBATE \$1 712.52 OVERAGE CHARGES \$500.00 ENERYG EFFICIENT COOLING HEATING \$50.00 ENERGY EFFICIENT CLOTHES WASHER REBATE \$9,685.00 WO#2545 LAND EXCHANGE AGREEMENT \$1,461.50 MAIN CARE GASKET-O RING \$246.40 NITRATES \$28,737.00 1/1/23-3/31/23 COMM WATER SVC CONNECTION \$1,000.00 ENERGY EFFICIENT COOLING & HEATING REBAT \$101.52 REIMBURSE 155 MILES \$50,00 ENERGY STAR DISHWASHER REBATE \$145.29 GENERAL PEST CONTROL WELL/PUMPHOUSE 4 \$200.00 SHARPENING KNIVES \$12,521.57 FEB. SPU WEST SHAK SUB DESIGN \$225.00 SPU PRODUCTION WELL #23 THRU 3/11/23 \$150.00 ENERGY EFFICIENT DISHWASHER REBATE \$461.09 FEB 6TH APPORVED MINUTES \$129.03 REIMBURSE 197 MILES \$3,646.00 RPI DOCK SEAL INSTALL \$48.65 WATER DEPT SHIPMENT \$4,737.85 STAINLESS STEEL BUSHING \$469.74 STRIKE KIT \$620.39 GROUND SLEEVE \$150.00 ENERGY EFFICIENT DISHWASHER REBATE \$3,142.93 AMBERGLEN CIR GAS USAGE 2/25-3/29 2023 \$150.00 ENERGY STAR DISHWASHER REBATE \$1,391.92 PARTS AND LABOR \$3,005,490.69 MARCH POWER BILL

WEEK OF 4/14/2023

\$3,378,796.36

\$261,473.00 MARCH 2023 SALES TAX PAYABLE

WARRANT LISTING

May 1, 2023

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:

WEEK OF 4/21/2023 ALTEC INDUSTRIES INC BARNUM GATE SERVICES INC ROBERT BERNDTSON BORDER STATES ELECTRIC SUPPLY DARRYL BUTTERFASS CHOICE ELECTRIC INC CORE & MAIN LP EMEDCO INC FIRE SAFETY USA JOHN FLETCHER FRONTIER ENERGY, INC. GRAINGER INC GRAYBAR ELECTRIC COMPANY INC HACH COMPANY JACKLYN HANSON HAWKINS INC HERMAN'S LANDSCAPE SUPPLIES INC. IRBY - STUART C IRBY CO JOHN HENRY FOSTER MINNESOTA INC. JOHNSON CONTROLS FIRE PROTECTION LP JT SERVICES MATTHEW KAHLE RONI KLEIN SHARON KLEIN DAI LE LEAGUE OF MINN CITIES INS TRUST MASTER MECHANICAL INC MCGRANN SHEA CARNIVAL MIDWEST SAFETY COUNS INC. MINN VALLEY TESTING LABS INC MMUA NAPA AUTO PARTS NCPERS GROUP LIFE INS. GERRY NEVILLE NISC NORTHERN STATES POWER CO ORACLE AMERICA INC. PRINCIPAL LIFE INS. COMPANY QMV III EMBLEM SHAKOPEE HOLDINGS, LP RW BECK GROUP, INC, LEIDOS ENG, LL KISHORE SALICKDAS TESCO - THE EASTERN SPECIALITY COMPANY TEST GAUGE & BACKFLOW SUPPLY INC GREG TRIPLETT INC. UNITED SYSTEMS & SOF WESCO RECEIVABLES CORP. WSB & ASSOCIATES INC AMERICAN NATL BANK MASTERCARD ACH DELTA DENTAL PLAN OF MN MINNESOTA LIFE PAYMENTUS CORPORATION - ACH BENEFITS & TAXES FOR 4,21,23 PAYROLL DIRECT DEPOSIT 4 21 23

Total Week of 4/21/2023

Grand Total

\$2,852.15 BOX WRENCHES,SHANK,SCREWDRIVER \$966.99 DUAL GATE COMMUNICATION ERROR \$108.07 REIMB 165 MILES \$246.77 VAUL75012BN AL COMP TERM \$175.00 ENERGY EFFICIENT CLOTHES WASHER REBATE \$767.00 WELLHOUSE PICK UP NEW LED PUSH BUTTON \$3,218.39 TOUCHPAD BLACK \$495.93 CAUTION LOOK UP POW \$2,455.00 GATE VALVE \$75.00 ENERGY EFFICIENT REFRIGERATOR REBATE \$10,208.39 PROF SVCS MARCH 2023 PRGM MGMT C&I IMPLE \$555.02 CREDIT MEMO APPLLIED TO INV9658544326 \$12,408.67 PVC-4 GENERIC \$665.50 RCC DR REPAIR FT CHG. \$242.35 REIMB MILAGE FOR BACKFLOW SCHOOL ANOKA \$2,748,41 HYDORFLUOSILICIC/CHLORINE \$559.75 RED ROCK \$5,145.96 GLOVE TESTING \$1,099.59 MAINT CONTRACT RIVERVIEW BOOSTER \$1,174.39 5/1/23-4/30-24 ALARM/DETECTION MONITOR \$3,417.17 2 BACK ORDERED ALUM POLES \$100.21 REIMB MILAGE/MEAL SCHOOL PLYMOUTH APRI \$125.00 ENERGY STAR CLOTHES WASHER REBATE \$50.00 ENERGY EFFICIENT CLOTHES WASHER REBATE \$200.00 IRRIGATION CONTROLLERS REBATE \$273.72 W.C. CLAIM WATER DEPT \$1,879.86 SYSTEM PUMP#1 FAILURE \$27,699.44 PROF SERVICE FEES \$485.62 25 PERSON FIRST AID KIT \$478.50 COLIFORM \$10,364.75 SAFETY MGMT PROGRAM APRIL-JUNE 2023 \$170,99 BATTERY \$192.00 APRIL PREMIUMS \$89.73 REIMB 137 MILES \$24,315.60 MARCH MISC 2023/CR ERROR SEND OUT SPEC B \$3,636.80 MARCH POWER BILL \$52,191.49 OPWER CHANNEL FEE/CLOUD SVC JAN-MAR 2023 \$3,952.45 APRIL PREMIUMS \$232,682,12 WO#2603 EMBLEM @ SHAKOPEE OVERSIZING \$5,380.00 WO#24863 WEST SUB DESIGN \$1,000.00 RESIDENTIAL SOLAR REBATE \$250.00 4/1-6/30 2023 QRTLY ADAPTIV HUB SERVICES \$257.38 SWIVEL QUICK CONNECT TEST COCK \$104.80 REIMB 160 MILES \$9,077.63 ITRON ENCODER REMOTE \$192.35 PCB TEST \$844.06 FEB. SERVICE (SEE COMMENT ON INV) \$7,089.05 MARCH CREDIT CARD STMT \$6,064.50 APRIL DENTAL PREMIUMS \$1,298.22 APRIL PREMIUMS MN LIFE \$552.70 MARCH TRANSACTION FEES \$126,013.28 BENEFITS & TAXES FOR 4,21,23 \$123,778.16 PAYROLL DIRECT DEPOSIT 4.21.23

	\$690,375.91
H	
	\$5 016 259 54

WARRANT LISTING

May 1, 2023

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:

Willemssen lu

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President



* Actual gallons pumped vs. Plan



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

Greg Drent, General Manager hb TO:

Lon R. Schemel, Water Superintendent FROM:

PFAS Results -- Advisory SUBJECT:

DATE: April 27, 2023

Beginning with the August 17th, 2022 results, the Minnesota Department of Health will be conducting quarterly sampling of SPU's production wells. Sampling results will be presented at the Commission meeting immediately following the receipt of results. Staff expects that PFAS results will take 3 months to receive after sampling.

The 6 PFAS compounds that are used in the Health Risk Index are graphed and the averages are calculated. From the Minnesota Department of Health website:

MDH has developed health-based guidance values to represent levels for several PFAS in drinking water. The guidance values are levels that MDH considers safe for all people to consume, including sensitive populations. The guidance values apply to short time periods as well as a lifetime of exposure. The table below shows the health-based guidance values (in parts per billion, or ppb) and parts per trillion (ppt) for six PFAS that MDH uses to evaluate sample results. Because the guidance values are low, they are often reported in parts per trillion (ppt). One ppb is 1,000 ppt.

PFAS Detected in Minnesota	Drinking Water Guidance Value (ppb)
Perfluorobutane sulfonate (PFBS)	0.1 [same as 100 ppt]
Perfluorohexane sulfonate (PFHxS)	0.047 [same as 47 ppt]
Perfluorooctane sulfonate (PFOS)	0.015 [same as 15 ppt]
Perfluorobutanoic acid (PFBA)	7 [same as 7,000 ppt]
Perfluorohexanoic acid (PFHxA)	0.2 [same as 200 ppt]
Perfluorooctanoic acid (PFOA)	0.035 [same as 35 ppt]

Holund





The following calculation is used to determine the Health Risk Index using the sample result and the Water Guidance Value: (PFOS/0.015)+(PFOA/0.035)+(PFBS/0.1)+(PFBA/7)+(PFHxS/0.047)+(PFHxA/0.2)

The following factors are why Minnesota Department of Health chose these 6 compounds:

- Frequency of detection in Minnesota
- Available toxicological information on the compounds
- Similar health effects in the body

An HRI value of less than 1 is not expected to cause an adverse health effect.

Attached are the graphed testing results and the information sheets for each compound from the Minnesota Department of Health.



Minnesota Department of Health PFAS HRI Testing Results



All values are in µg/L A value of 0.00000 indicates that a compound is below detection.

PFAS Testing of Minnesota Community Water Systems

Minnesota Department of Health PFAS HRI Testing Results

MDH - (651) 201-4562



PFAS Testing of Minnesota Community Water Systems



PFAS Testing of Minnesota Community Water Systems

https://tinyurl.com/PFAS-MDH

Minnesota Department of Health PFAS HRI Testing Results

MDH - (651) 201-4562



All values are in µg/L A value of 0.00000 indicates that a compound is below detection. PFAS Testing of Minnesota Community Water Systems

PFAS Shakopee Public Utilities Collect Date: 1-10-2023

			All Values	in µg/L				
Sampling Point	PFOS	PFOA	PFBS	PFBA	PFHxS	PFHxA	HRI*	Comments
Well 2	0.00240	0.00000	0.00180	0.01400	0.00000	0.00000	0.18	
Well 4	0.00220	0.00280	0.00340	0.03600	0.00000	0.01700	0.35	
Well 5	0.00230	0.00290	0.00360	0.03700	0.00000	0.01800	0.37	
Well 6	0.00000	0.00000	0.00180	0.01600	0.00000	0.00270	0.03	
CD1	0.00180	0.00000	0.00000	0.01400	0.00000	0.00200	0.13	6, 7, 10 combined
Well 7	0.00420	0.00230	0.00240	0.02100	0.00000	0.00320	0.39	
Well 8	0.00000	0.00000	0.00000	0.01900	0.00000	0.00510	0.03	
Well 9	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 10	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 11	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 12	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 13	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 15	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 16	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 17	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 20	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
Well 21	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00	
							0.00	
							0.00	
							0.00	
							0.00	
							0.00	
							0.00	
Health Risk	Index Calcu	lation					0.212	Average

(PFOS/0.015)+(PFOA/0.035)+(PFBS/0.1)+(PFBA/7)+(PFHxS/0.047)+(PFHxA/0.2)



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

To: SPU Commissioners

From: Greg Drent, General Manager SUR

Date: April 7, 2023

Subject: MMPA March 2023 Member Meeting Update

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on March 28, 2023, at Chaska City Hall in Chaska, Minnesota and via videoconference.

The Board reviewed the Agency's financial and operating performance for February 2023.

Customer penetration for the residential Clean Energy Choice program increased to 4.5%. There was an increase of 62 customers participating in the residential Clean Energy Choice program from January to February.

The Board discussed the current business environment.

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







April 13, 2023

Shakopee Public Utilities Commission c/o Greg Drent, General Manager VIA EMAIL gdrent@shakopeeutilities.com

RE: Water Treatment Site Acquisition – Mac Equities, LLC Property Engagement Letter

Dear Mr. Drent:

Thank you for retaining LeVander, Gillen & Miller, P.A. as special counsel for the Shakopee Public Utilities Commission ("SPU") with respect to the matter described below.

Scope of Representation

The nature of our representation will be to offer the SPU legal advice and assistance with regard to the following project: Water Treatment Site Acquisition – Mac Equities, LLC Property. The scope of our representation will include representation for the voluntary purchase of the site and, if necessary, the use of eminent domain. Eminent domain proceedings include pre-condemnation statutory requirements, pleadings, viewings, appearances before the court and court-appointed commissioners, and if the commissioners' award is appealed, a civil jury trial. We will also represent the SPU in settlement negotiations and meet with the SPU board as requested. We will coordinate all efforts with SPU's general counsel and ensure that she remains informed.

Personnel

I will have primary responsibility for this matter. However, other professionals, including other lawyers, paralegals, legal assistants and others may be utilized to provide the most cost-effective expertise appropriate to your needs. We will see that you are kept updated at all stages of this matter.

Fees and Expenses

LeVander, Gillen & Miller will charge the City the following hourly rates: shareholders - \$240; associates - \$195; paralegals \$140. Our rates will increase 2.5% effective January 1, 2024, and another 2.5% effective January 1, 2026.

In addition to the fees for our services, the firm may incur expenses related to providing legal services, such as legal research and computer database search fees, courier and mail services,

Page 2 April 13, 2023

printing, photocopying, etc. These costs will be noted separately on your monthly billing statement, but are to be paid along with the attorney and paralegal fees each month.

Billing and Payment

Bills are due and payable upon receipt. We will provide you with monthly, itemized billing statements showing time expended billed in increments of one-tenth hours.

Termination of Services

If at any time you wish to terminate our services, you may do so by notifying us in writing. Similarly, if the terms of this engagement agreement are not met, we reserve the right to terminate our representation in accordance with the applicable Minnesota rules. However, we will not withdraw our representation without providing you sufficient and timely notice of our intention. Upon termination of our services, you have a right to the return of a copy of your client file. It is your responsibility to notify us if you would like a copy of your client file. However, LeVander, Gillen & Miller retains the right to charge a reasonable fee for copy costs related to your request.

Ownership of "the File"

The papers and property that you give to us will be returned to you promptly upon your request. We will see to it that you have copies of all relevant correspondence and originals of final legal documents that are related to our representation of you. Our own files, including notes, drafts, research materials, internal memoranda, and other attorney work product, whether or not created during the course of our representation of you, belong to the firm and will not be subject to copying or delivery to you.

Retention of Documents

Any documents retained by the firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to copy, digitally save, and/or destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement. Our records retention program will apply to this engagement, plus any engagements undertaken for you for which separate engagement letters are not prepared.

If we retain any original documents, we reserve the right to return them to you by delivering them to your last known address. We will retain either photocopies or electronic copies of originals and file copies for at least five years.

Page 3 April 13, 2023

<u>Client Communication</u>

We regularly communicate by email and telephone. We are continually monitoring the security of our network and updating our virus detecting software, however, we cannot guarantee the security of any correspondence sent to us or by us over the Internet. In addition, we may contact you, on occasion, by cellular telephone. Due to the nature of cellular communication, it is not necessarily secure at all times. By signing this letter, you agree to the use of e-mail and occasional cellular telephone calls as possible methods of communication between you and our firm, and accept that we make no guarantees as to the security of the transmissions using these means.

Minnesota Government Data Practices Act

Subject to the Rules of Professional Responsibility, pursuant to Minn. Stat. § 13.05, Subd. 11, LeVander, Gillen & Miller, P.A. acknowledges that the data collected, received, stored, used, maintained or disseminated in the performance of this assignment are subject to the requirements of the Minnesota Government Data Practices Act.

Sign and Return Letter

This letter is your fee agreement with our firm. If you find that the terms of this letter correctly express our understanding, please sign and date the bottom of this letter, and return it to our office. Once a signed copy of this letter is received by our office, we can begin work on your case.

We intend to represent the City's interests to the best of our abilities and look forward to a successful professional relationship with you. If you have any questions or concerns, please feel free to call our office.

Best Regards,

LEVANDER, GILLEN & MILLER, P.A.

/s/ Peter G. Mikhail

Cc: Kaela Brennan (KMB@mcgrannshea.com)

I have read, understand, and am authorized to agree to the foregoing on behalf of the Shakopee Public Utilities Commission

By:___

Date:_____

Greg Drent, General Manager



DATE:	April 26, 2023
то:	Greg Drent, General Manager
FROM:	Kelley Willemssen, Director of Finance & Administration
SUBJECT:	2022 Audited Financials and Presentation

Background:

SPU staff met with Clifton Larsen Allen, LLP (CLA) on February 15th to kick off the 2022 audit. Preliminary audit details were collected by SPU staff throughout the month of February. Auditors were onsite for fieldwork during the week of March 13th.

Their time onsite was spent assessing internal controls, compliance, transaction testing, reviewing records, and performing other procedures necessary to accomplish the objectives of the audit. There were no issues or concerns throughout this process, and the fieldwork went smoothly.

The fieldwork exit meeting was completed on March 17th, where CLA staff reviewed the audit process and communicated to SPU that there weren't any findings or issues to report.

Attached are the 2022-year-end Financial Statements for review. Chris Knopik and Lance Lauinger from CLA will be presenting results at the commission meeting.

Requested Action

The commission is requested to accept the Financial Statements for year-ended December 31, 2022



Board of Commissioners Shakopee Public Utilities Commission Shakopee, Minnesota

We have audited the financial statements of each major fund of a Shakopee Public Utilities Commission (the Commission) as of and for the year ended December 31, 2022, and have issued our report thereon dated CHARGE CODE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated December 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Shakopee Public Utilities Commission are described in Note 1 to the financial

As described in Note 1, the entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, Leases, in 2022. Accordingly, there is no cumulative effect of the accounting change as of the beginning of the year.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

- Management's estimate of the depreciation expense is based on the estimated of useful lives of the underlying Commission plant assets.
- The collectability of accounts receivable is based on historical experience and management's knowledge of current trends.
- Management's estimate of the liability for compensated absences is based on amounts earned by employees and past data.
- Management's estimate of the Commission's proportionate share of PERA's net pension liability and related deferred inflows and outflows is based on guidance from GASB Statement No. 68, and the plan's allocation table. The plan's allocation table allocates a portion of the plan's net pension liability based on the Commission's contributions during the plan's fiscal year as a percentage of total contributions received for the related fiscal year by the plan.
Board of Commissioners and Management Shakopee Public Utilities Commission

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shakopee Public Utilities Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota CHARGE CODE Board of Commissioners Shakopee Public Utilities Commission Page 2

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes the uncorrected misstatement of the financial statements:

• In the electric fund fixed assets were understated by \$603,44 due to prior contributed capital amounts being recorded a value other than cost. As this is immaterial to the electric fund, this will be correct through current year activity for fiscal year 2022 so that ending fixed assets and net position is accurate at December 31, 2022.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated CHARGE CODE.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the individual fund statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated CHARGE CODE.

The other information accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the board of commissioners and administration listing. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information included in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do

Board of Commissioners Shakopee Public Utilities Commission Page 4

not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the [Identify the body or individual(s) charged with governance] and management of Shakopee Public Utilities Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Minneapolis, Minnesota CHARGE CODE

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners Shakopee Public Utilities Commission Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, of Shakopee Public Utilities Commission as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated CHARGE CODE.

In connection with our audit, nothing came to our attention that caused us to believe that Shakopee Public Utilities Commission failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota CHARGE CODE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners and Management Shakopee Public Utilities Commission Shakopee, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Shakopee Public Utilities Commission, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements, and have issued our report thereon dated CHARGE CODE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shakopee Public Utilities Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

SHAKOPEE PUBLIC UTILITIES COMMISSION SEPARATE ENTERPRISE FUNDS OF THE CITY OF SHAKOPEE, MINNESOTA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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INTRODUCTORY SECTION

SHAKOPEE PUBLIC UTILITIES COMMISSION BOARD OF COMMISSIONERS AND ADMINISTRATION DECEMBER 31, 2022

Officials	Position	Term Expires
Kathi Mocol	President/MMPA Alternate Rep	March 31, 2025
Justin Krieg	Vice President	March 31, 2024
Kayden Fox	Commissioner	March 31, 2023
Benedict Letourneau	Commissioner	March 31, 2024
Jody Brennan	Commissioner/City Council Member	Appointment by Council

Administration

Greg Drent

General Manager/MMPA Rep

Kelley Willemssen

Director of Finance and Administration

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners Shakopee Public Utilities Commission Shakopee, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Shakopee Public Utilities Commission, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shakopee Public Utilities Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shakopee Public Utilities Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shakopee Public Utilities Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Shakopee Public Utilities 2021 financial statements, and we expressed unmodified opinions on major fund in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general employees fund schedule of commission's proportionate share of net pension liability, and general employees fund schedule of commission contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shakopee Public Utilities Commission's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated CHARGE CODE, on our consideration of the Shakopee Public Utilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shakopee Public Utilities Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shakopee Public Utilities Commission's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Minneapolis, Minnesota CHARGE CODE

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ended December 31, 2022. You are invited to read this narrative in conjunction with the Utilities' financial statements.

FINANCIAL HIGHLIGHTS

- The electric utility's net position increased \$3,259,234 to \$96,790,942 in 2022, an increase of 3.5%. Total assets increased by \$4,496,786 due to increases in net capital assets of \$3,594,457, increases in accounts receivable of \$934,655 and other assets of \$518,675. Deferred outflows of resources decreased \$154,224 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities increased by \$2,788,836 due to an increase in net pension liability of \$1,795,615, accounts payable of \$479,847, partially offset by a decrease in Due to Other Funds of \$200,000 and customer advances of \$44,497. Deferred inflows of resources decreased \$1,705,508 (see Table 1).
- The electric utility's operating revenue increased by \$6,194,090 or 11.7%, driven by an increase in power cost adjustment revenue, driven by higher-than-average purchase power costs per kilowatt hour, an increase in monthly service charge and demand fee revenue and \$771k in conservation revenue. Total kWh sales volume decreased 0.4%. The electric utility added 183 new customers in 2022, an increase of 1.0% (see Table 3).
- The electric utility's operating expenses in 2022 increased \$6,493,602 or 13.9%, due to increases in purchased power costs of \$4,889,337 driven by higher purchased power costs per kWh, increases in employee benefit and material expenses, and an increase in depreciation expense of \$115,676.
- The water utility's net position increased \$8,651,904 to \$95,299,177 in 2022, an increase of 9.9%. Total assets increased by \$8,303,347 due to an increase in net capital assets of \$3,522,317, increase of \$2,321,251 in cash and investments, increase of \$1,107,868 in the connection account, and an increase in other accounts receivable of \$2,015,528, slightly offset by a decrease in Due from the Electric Fund of \$200,000, and water reconstruction account of \$152,382. Deferred outflows of resources decreased \$76,557 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$347,547 due to increase in net pension liability of \$787,503, customer advances of \$67,630, and other current liabilities of \$144,080 with decreased in accounts payable of \$598,390 and Due to the City of Shakopee of \$52,309. Deferred inflows of resources decreased \$772,661 due to GASB 68 pension reporting activity (see Table 2).
- The water utility's 2022 operating revenues, generated mostly by sales of water, increased \$22,278, or 0.3% due to an increase in water rates, slightly offset by a decrease in water gallons sold. The water utility added 204 new customers in 2022, an increase of 2.0% (see Table 4).
- The water utility's operating expenses in 2022 increased \$213,819 or 5.8% driven by an increase in distribution, maintenance, and administrative expenses. Total gallons pumped decreased 4.79%.
- Capital contributions for the utility increased from 2021 to 2022 by \$1,953,256 due to increases in water connection fees and developer capital contributions.

Municipal contributions expenses to the City of Shakopee increased from 2021 to 2022 by \$1,205,920 due to an increase in power cost adjustment revenue, which was driven by higher purchase power costs, and an increase in the transfer rate from 2021 to 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The electric and water utilities are self-supporting entities and separate enterprise funds of the City of Shakopee. The utilities provide electric and water service to properties within the City of Shakopee and some areas outside the municipality. Water service is provided within the corporate limits of the City of Shakopee. The electric utility service territory is a matter of state law, which became effective in 1975 and is supported by official maps. The areas generally served are the City of Shakopee, Townships of Jackson and Louisville, and part of the City of Prior Lake lying north of Prior Lake and abutting the City of Shakopee.

The electric and water utility is managed by a utilities commission and operates under *Minnesota Statutes* 453. The Commission has, and continues to establish, rates and charges without approval, review, or veto authority of the City Council. The Commission also establishes the policies and service rules that guide the administration and management of the Shakopee Public Utilities. The City Council created the utility commission in the mid- 1950s.

The current utility commission is made up of five members having authority under the Power Agency Law, *Minnesota Statutes* 453, adopted by the State Legislature in 1976. The Power Agency Law replaces the original empowerment authority and provides the legal platform for the Commission to operate as the governing body of the "electric utility" and join other utilities to solve the issues of generation and transmission.

This annual report consists of two parts: Management's Discussion and Analysis and the financial statements as well as the Independent Auditors' Report.

An analysis of the utilities' financial position begins with a review of the statement of net position and the statement of revenues, expenses, and changes in net fund position. These two statements report the Utilities' Net Position and changes therein. The Utilities' Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, are important in measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions, and new regulations.

UTILITY FINANCIAL ANALYSIS

The Statement of Net Position includes all of the Utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amount of investments in resources and the obligations to creditors. This Statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utilities.

A summary of the Utilities' Statement of Net Position is presented in Tables 1 and 2.

UTILITY FINANICAL ANALYSIS (CONTINUED)

TABLE 1

CONDENSED STATEMENT OF NET POSITION ~ ELECTRIC UTILITY

	2022	2021	Change
ASSETS		100	
Current and Other Assets	\$ 54,961,572	\$ 54,059,243	\$ 902,329
Net Capital Assets	52,953,032	49,358,575	3,594,457
Total Assets	107,914,604	103,417,818	4,496,786
DEFERRRED OUTFLOWS OF RESOURCES	1,205,443	1,359,667	(154,224)
Total Assets and Deferred Outflows			
of Resources	\$ 109,120,047	\$ 104,777,485	\$ 4,342,562
LIABILITIES			
Net Pension Liability	\$ 3.662.141	\$ 1,866,526	\$ 1 795 615
Other Liabilities	8,330,605	7,337,384	993,221
Total Liabilities	11,992,746	9,203,910	2,788,836
DEFERRRED INFLOWS OF RESOURCES	336,359	2,041,867	(1,705,508)
NET POSITION			
Net Investment in Capital Assets	52,953,032	49,358,575	3.594.457
Unrestricted	43,837,910	44,173,133	(335,223)
Total Net Position	96,790,942	93,531,708	3,259,234
Total Liabilities, Deferred Inflows			
of Resources, and Net Position	\$ 109,120,047	\$ 104,777,485	\$ 4,342,562

As can be seen from the table above, the electric utility net position increased \$3,259,234 to \$96,790,942 in 2022, an increase of 3.5%. Total assets increased by \$4,496,786 due to increases in net capital assets of \$3,594,457 reflecting investments in underground lines, capital equipment and the service center, offset by increased accumulated depreciation and construction in progress, increases in accounts receivable of \$934,655 and other assets of \$518,675, offset by a decrease in customer deposits of \$33,638. Deferred outflows of resources decreased \$154,224 reflecting an increase in GASB 68 pension reporting activity.

Total liabilities increased by \$2,788,836 due to an increase in net pension liability of \$1,795,615, accounts payable of \$479,847, due to the City of Shakopee of \$342,836, and other liabilities of \$381,397, partially offset by decreases in customer advances of \$44,497, and Due to Other Funds of \$200,000. Deferred inflows of resources decreased \$1,705,508 reflecting changes in GASB 68 pension reporting activity.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

TABLE 2

CONDENSED STATEMENT OF NET POSITION - WATER UTILITY

	2022	2021	Change
ASSETS			
Current and Other Assets	\$ 35,283,202	\$ 30,103,489	\$ 5,179,713
Net Capital Assets	62,361,364	59,237,730	3,123,634
Total Assets	97,644,566	89,341,219	8,303,347
DEFERRRED OUTFLOWS OF RESOURCES	536,023	612,580	(76,557)
Total Assets and Deferred Outflows			
of Resources	\$ 98,180,589	\$ 89,953,799	\$ 8,226,790
LIABILITIES			
Net Pension Liability	\$ 1,628,441	\$ 840,938	\$ 787.503
Other Liabilities	1,187,766	1,627,722	(439,956)
Total Liabilities	2,816,207	2,468,660	347,547
DEFERRRED INFLOWS OF RESOURCES	65,205	837,866	(772,661)
NET POSITION			
Net Investment in Capital Assets	62,361,364	59,237,730	3,123,634
Restricted	18,729,524	17,775,005	954,519
Unrestricted	14,208,289	9,634,538	4,573,751
Total Net Position	95,299,177	86,647,273	8,651,904
Total Liabilities, Deferred Inflows			
of Resources, and Net Position	\$ 98,180,589	\$ 89,953,799	\$ 8,226,790

As can be seen from the table above, the water utility net position increased by \$8,651,904 to \$95,299,177 in 2022, an increase of 9.9%. Total assets increased by \$8,303,347 due to an increase in net capital assets of \$3,123,634, increase of \$2,322,218 in cash and investments, increase of \$1,107,868 in the connection account, and an increase in other receivables of \$2,016,413, offset by a decrease the Due from the Electric Fund of \$200,000, and water reconstruction account of \$152,382. Deferred outflows of resources increased \$498,593 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$641,680 due to increase in current liabilities of accounts payable \$487,275, increase in customer advances of \$316,754 and decrease in net pension liability of \$156,936. Deferred inflows of resources decreased \$76,557 due to GASB 68 pension reporting activity.

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

Customer Deposit Account - Restricted resources from customers required to deposit monies before the utility will begin service. These deposits are subject to repayment when the customer leaves the utility's service area.

Connection and Trunk Water Accts - Restricted resources, per enabling legislation, to be used for future water production and trunk distribution facility acquisitions.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

The specific nature or source of these changes becomes more evident in the statement of revenues, expenses, and changes in fund net position as shown in Tables 3 and 4.

The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

	TABL	E 3				
CONDENSED STATEMENT OF RE POSIT	VENUES, E ION - ELEC	EXPENSES, A TRIC UTILIT	AND O Y	CHANGES IN	I FUN	ID NET
		2022		2021		Change
OPERATING REVENUES	\$	59,047,102	\$	52,853,012	\$	6,194,090
OPERATING EXPENSES						
Operation, Customer, and Administrative		50,505,871		44.127.945		6.377.926
Depreciation Expense		2,597,768		2,482,092		115.676
Total Operating Expenses	-	53,103,639		46,610,037		6,493,602
OPERATING INCOME		5,943,463		6,242,975		(299,512)
Nonoperating Revenues (Expenses)		165,676		120.106		45,570
Capital Contributions		726,118		98,931		627,187
Transfers to Municipality		(3,576,023)	_	(2,370,103)		(1,205,920)
CHANGE IN NET POSITION		3,259,234		4,091,909		(832,675)
Net Position - Beginning of Year	_	93,531,708		89,439,799	÷	4,091,909
NET POSITION - END OF YEAR	\$	96,790,942	\$	93,531,708	\$	3,259,234

As can be seen in Table 3, the electric utility's operating revenues increased in 2022 by \$6,194,090 or 11.7% from 2021, driven by an increase in power cost adjustment revenue which was driven by higher than average purchased power costs, an increase in monthly service charge and demand fee revenue and \$771k in conservation revenue, partially offset by a decrease in total kWh's sold of 1,746,255 or 0.4%. Operating expenses increased \$6,493,602 or 13.9%, primarily due to an increase in purchased power costs of \$4,899,337. Purchased power costs totaled \$42,865,031 in 2022, an increase of 12.9% from 2021. Purchased power is the single largest expense item in the electric system operating budget. Nonoperating income increased \$45,570 due to lower investment income partially offset by an increase in rentals and miscellaneous income of \$815,637 and gains on disposition of property \$25,000. Capital contributions increased \$555,047 due to decreases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased \$1,205,920 from \$2,370,103 to \$3,576,023 driven by higher electric sales revenue.



UTILITY FINANCIAL ANALYSIS (CONTINUED)

Year	 Residential	Commercia	and Industrial Service	Other
2015	\$ 16,120,599	\$	25,957,296	\$ 1,029,814
2016	16,889,535		28,283,314	1,094,571
2017	16,496,838		29,341,945	1,100,006
2018	17,891,566		31,414,834	1,158,891
2019	17,314,820		31,261,142	1,135,968
2020	18,032,655		28,553,793	870 373
2021	19,996,991		31,752,298	1 022 634
2022	21,548,095		36,255,304	1,315,038

Residential, Commercial, Industrial, and other sales of electricity (without bad debt) increased in 2022 by \$6,346,515 or 12.0%. Higher than average purchase power costs contributed to an increase in power cost adjustment revenue and an increase in forfeited discounts of \$180,028, slightly offset by lower kWh sales. Purchase power costs increased in 2022 by \$6,772,718 or 18.8%. Purchased power is the single largest expense item in the electric system operating budget.

Total kWh purchased in 2021 was 462,160,248 as compared to 463,906,473 in 2021, reflecting a decrease of 0.3% year over year. Total kWh sold in 2022 was 441,586,600 as compared to 443,409,817 in 2021, reflecting a decrease of 0.4% for the year 2022. Electric operating revenues, including bad debt totaled \$59,047,102 in 2022 compared to \$52,853,012 in 2021, an increase of \$6,194,090 or 11.7% driven by higher power cost adjustment revenue due to increased power cost revenue.

The utility purchases power from MMPA and joined MMPA as a full member in 2004, with a long-term Purchase Power Agreement extending to 2050.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

The following is the total cost of kilowatt-hours purchased, total kilowatt-hours purchased, system peak demand, and total kilowatt-hours delivered for the past ten years.

	Historical Power and Energy Requirements						
		Energy (kWh)					
	Total kWh	Cost of kWh	System Peak	Total kWh			
Year	Purchased	Purchase	Demand	Delivered			
2022	462,160,248	\$ 42,865,031	108,770	441,586,600			
2021	463,906,473	37,956,344	108,103	443,409,817			
2020	449,885,399	32,729,485	100,447	431,784,931			
2019	459,120,703	34,198,101	104,661	446,158,441			
2018	469,262,264	35,555,031	102,853	454,234,398			
2017	452,309,391	33,180,393	99,725	429,261,118			
2016	449,534,290	32,282,815	100,501	426,048,194			
2015	425,268,243	29,939,985	92,605	406,459,331			
2014	417,376,994	29,426,606	93,549	401,272,664			
2013	413,119,096	28,499,899	95,148	394,596,477			

Kilowatt (kWh) Hours

METERED ELECTRIC CUSTOMERS

The following are the number of metered connections for the past ten years.

Year	Meters
2022	19,020
2021	18,837
2020	18,562
2019	17,960
2018	17,575
2017	17,126
2016	17,084
2015	16,885
2014	16,700
2013	16,508

UTILITY FINANICAL ANALYSIS (CONTINUED)

TABLE 4

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - WATER UTILITY

	7.1	2022	-	2021	Change
OPERATING REVENUES	\$	6,632,813	\$	6,610,535	\$ 22,278
OPERATING EXPENSES					
Operation, Customer, and Administrative		3,900,258		3,686,439	213.819
Depreciation Expense		1,860,949		1,777,894	83,055
Total Operating Expenses	-	5,761,207		5,464,333	 296,874
OPERATING INCOME		871,606		1,146,202	(274,596)
Nonoperating Revenues (Expenses)		116,508		144,827	(28,319)
Capital Contributions		8,012,023		6,685,954	1,326,069
Transfers to Municipality		(348,233)		(253,115)	(95,118)
CHANGE IN NET POSITION		8,651,904		7,723,868	928,036
Net Position - Beginning of Year		86,647,273	2	78,923,405	 7,723,868
NET POSITION - END OF YEAR	\$	95,299,177	\$	86,647,273	\$ 8,651,904

In 2022 the water utility's operating revenues increased by \$22,278 or 0.3% from \$6,610,535 in 2021 to \$6,632,813. The increase in operating revenues is the result of a water rate increase in 2022, offset by a decrease in water gallons sold. Operating expenses increased \$296,874 or 5.4%. The increase in expenses is the result of an increase in operation, customer, and administrative expenses of \$213,819 and an increase in depreciation expense of \$83,055. Nonoperating income decreased \$28,319 from \$144,827 to \$116,508 reflecting a decrease in investment income of \$66,614 and an increase in the municipal contribution to the City of Shakopee, offset by an increase in miscellaneous income of \$38,257. Capital contributions increased \$1,326,069, primarily due to increases in water connection fees of \$3,031,301, offset by a decrease in trunk water fees of \$247,781 and contributed capital water mains of \$1,513,914.

UTILITY FINANCIAL ANALYSIS (CONTINUED)



		.,,.	201,210	110.000
2018	3,043,443	1,496,789	306,868	759,531
2019	2,844,970	1,322,398	268,467	433,911
2020	3,257,458	1,358,234	259,951	706,486
2021	3,684,101	1,769,298	304,968	846 419
2022	3,780,680	1,710,132	309,566	828,935
				,

Sales of water (without bad debt) increased in 2022 by \$24,527 or 0.3%. The increase in operating revenues is the result of an increase in water rates in 2022, offset slightly by a decrease in water gallons sold. The water utility added 204 new customers in 2022.

Water gallons pumped in 2022 totaled 2,006,943 thousand gallons as compared to 2,080,182 thousand gallons in 2021, reflecting a decrease of 3.52% for the year 2022. Water gallons sold including hydrant sales in 2022 totaled 1,864,700 thousand gallons as compared to 1,961,462 thousand gallons in 2021, reflecting a decrease of 4.9% for the year 2022. Water operating revenues excluding reconstruction fees totaled \$5,850,411 in 2022 as compared to \$5,788,799 in 2021, an increase of 1.1%.

UTILITY FINANCIAL ANALYSIS (CONTINUED) WATER DEMAND

The following is the average daily demand and peak daily demand for the past ten years.

		Peak Daily
	Demand	Demand
Year	(MGD)	(MGD)
2022	5.498	13.254
2021	5.699	14.655
2020	4.927	12.810
2019	4.559	11.149
2018	5.054	11.122
2017	4.873	13.234
2016	4.792	11.582
2015	4.556	9.936
2014	4.631	10.878
2013	4.987	13.379

WATER METERS/PRODUCTION

The following shows the number of meters and production for the water utility for the past ten years.

	Average		Total		
	Daily Water	Service	Service	Residential	Non-Residential
Year	Pumped (Gallons)	Population*	Connections	Usage	Usage
2022	5,498,474	40,096	12,057	61	39
2021	5,699,129	39,592	11,853	61	39
2020	4,927,033	38,506	11,741	64	34
2019	4,559,496	38,506	11,567	60	40
2018	5,053,767	38,519	11,438	59	41
2017	4,873,381	37,643	11,299	59	41
2016	4,792,447	37,254	11,277	60	40
2015	4,555,603	37,254	11,170	60	40
2014	4,631,167	35,300	11,085	62	38
2013	4,987,855	35,120	10,956	62	38

*Total City Population per Metropolitan Council estimates less population served by private and community wells.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

TABLE 5 CONDENSED STATEMENT OF CASH FLOWS – ELECTRIC UTILITY

CASH FLOWS FROM:	2022	2021
Operating Activities Noncapital Financing Activities Capital and Related Financing Activities Investing Activities	\$ 11,383,461 (3,751,023) (5,818,341.00) <u>1,582,877</u>	\$ 6,866,651 (2,138,358) (4,714,315) (1,451,237)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,396,974	(1,437,259)
Cash and Cash Equivalents - Beginning of Year	246,083	1,683,342
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,643,057	\$ 246,083

TABLE 6

CONDENSED STATEMENT OF CASH FLOWS - WATER UTILITY

12 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		2022		2021
CASH FLOWS FROM:	3			
Operating Activities	\$	490,010	\$	4,787,465
Noncapital Financing Activities		200,000	- 10	(200,000)
Capital and Related Financing Activities		2,679,210		(815,324)
Investing Activities	2	(986,184)	-	(748,840)
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,383,036		3,023,301
Cash and Cash Equivalents - Beginning of Year		4,326,792		1,303,491
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	6,709,828	_\$	4,326,792

UTILITY FINANCIAL ANALYSIS (CONTINUED)

TABLE 7 CAPITAL ASSETS – ELECTRIC UTILITY

	2022	2021
CAFITAL ASSETS		
Distribution	\$ 62,205,179	\$ 59,836,793
General	22,042,239	18,826,212
Total Capital Assets	84,247,418	78,663,005
Less: Accumulated Depreciation	(36,017,540)	(33,113,187)
Construction in Progress	4,723,154	3,808,757
Net Capital Assets	\$ 52,953,032	<u>\$ 49,358,575</u>

The electric utility's net capital assets increased \$3,594,457 or 7.3% from 2021. Capital assets increased \$5,584,413 due to investments in new underground construction and transformation driven by new development, substation improvements, capital equipment, and the addition to the service center. These increases were offset by increases in accumulated depreciation of \$2,904,353 and increases in construction in progress of \$914,397.

TABLE 8 CAPITAL ASSETS – WATER UTILITY

	2022	2021
CAPITAL ASSETS		
Distribution	\$ 83,903,927	\$ 77,079,402
General	1,941,394	1 910 454
Total Capital Assets	85,845,321	78,989,856
Less: Accumulated Depreciation	(26,564,937)	(24,703,991)
Construction in Progress	3,080,980	4,951,865
Net Capital Assets	\$ 62,361,364	\$ 59,237,730

During 2022, the water utility's net capital assets increased by \$3,123,634 or 5.3% from 2021. Distribution and other assets increased by \$6,855,465 due to investments in a water tank and pumping equipment and contributed watermains. In addition, construction in progress decreased \$1,870,885. These changes in the value of assets were offset by accumulated depreciation of \$1,860,946.

Please refer to the notes to the financial statements for further detail of the utilities' capital assets.

LONG-TERM DEBT

The electric and water utilities have no bonds outstanding as of December 31, 2022. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of \$7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

If the commission were to issue bonds, they would be payable from and secured by a pledge of income and revenue to be derived from the operation of the electric and water utilities and are primarily issued for various infrastructure projects. Expansion of the water and electric utilities is dependent on (1) cash flow from operations (after expenses) for the electric utilities, (2) special water connection and trunk charges for the water utilities, and (3) the ability to access the capital markets to borrow funds. Bonds are issued only on an as needed basis and for projects described within the capital improvement program approved annually by the Commission.

Issued Bonds are limited obligations of the Shakopee Public Utilities Commission, payable solely from net revenues of the Commission. The Bonds are not general obligations of the Commission, and neither the full faith and credit nor the taxing powers of the City of Shakopee, the County.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City of Shakopee is located approximately 25 miles southwest of downtown Minneapolis. Shakopee is the county seat of Scott County. The City was organized in 1870 and became a statutory city, Plan A, in April 1975. It is organized under a mayor/council form of government as outlined in Minnesota Statutes 412. A Mayor is elected for a four-year term and four City Council Members are elected to staggered four-year terms. The community is served by US No. 169 and Scott County Highway No. 101; US No. 169 connects Scott County with Hennepin County and the Metro Center of Minneapolis-Saint Paul.

The City Council has the obligation to appoint the members to the Shakopee Public Utilities Commission.

CONTACTING UTILITY MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact the Director of Finance and Administration, Post Office Box 470, 255 Sarazin Street, Shakopee, Minnesota 55379.

General information relating to the Shakopee Public Utilities can be found at the Utility web site: https://www.spucweb.com.

FINANCIAL STATEMENTS

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

		2021		
	Electric	Water	Total	Total
ASSETS			·····	
CURRENT ASSETS				
Cash and Investments	\$ 45,030,615	\$ 13,657,068	\$ 58,687,683	\$ 55,539,293
Emergency Repairs	100,000	125	100,000	100,000
Accrued Interest Receivable	89,019	20,881	109,900	49,977
Customer Accounts Receivable	5,168,856	422,231	5,591,087	4,626,649
Allowance for Uncollectible Amounts	(80,288)	(25,167)	(105,455)	(113,203)
Other Accounts Receivable	364,160	2,356,989	2,721,149	2.725.621
Due from City of Shakopee	637,579	65,578	703,157	108,769
Due from Other Fund	-	(m)		200.000
Inventory	1,844,103	37,229	1,881,332	1.471.972
Prepaid Expenses	171,420	18,869	190,289	76,179
Total Current Assets	53,325,464	16,553,678	69,879,142	64,785,257
NONCURRENT ASSETS				
Restricted Assets:				
Customer Deposit Accounts	1,636,108	95.282	1.731.390	1 698 719
Connection Account		16,882,468	16,882,468	15,774 600
Water Reconstruction Account		1.751.774	1.751.774	1.904 156
Capital Assets:			.,	100 1,100
Plant in Service	84,247,418	85.845.321	170.092.739	157 652 861
Accumulated Depreciation	(36,017,540)	(26,564,937)	(62,582,477)	(57 817 178)
Construction in Progress	4,723,154	3,080,980	7.804.134	8 760 622
Total Noncurrent Assets	54,589,140	81,090,888	135,680,028	127 973 780
Total Assets	107,914,604	97,644,566	205,559,170	192,759,037
DEFERRRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	1,205,443	536,023	1,741,466	1,972,247
Total Assets and Deferred Outflows				
Resources	\$ 109,120,047	\$ 98,180,589	\$ 207,300,636	\$ 194,731,284

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION (CONTINUED) DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

		2021		
	Electric	Water	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 4,632,238	\$ 374,138	\$ 5,006,376	\$ 5,124,919
Due to City of Shakopee	563,284	-	563,284	272.757
Due to Other Fund	-	-		200.000
Other Current Liabilities	648,383	275,551	923,934	398,457
Total Current Liabilities	5,843,905	649,689	6,493,594	5,996,133
LIABILITIES PAYABLE FROM RESTRICTED				
ASSETS CUSTOMER DEPOSITS	1,636,108	95,282	1,731,390	1,698,719
Customer Advances	850,592	442,795	1,293,387	1,270,254
Net Pension Liability	3,662,141	1,628,441	5,290,582	2,707,464
Total Noncurrent Liabilities	4,512,733	2,071,236	6,583,969	3,977,718
lotal Liabilities	11,992,746	2,816,207	14,808,953	11,672,570
DEFERRED INFLOWS OF RESOURCES				
Regulatory Collections to Cover Future Costs	189,722	-	189,722	182 161
Pension Related Amounts	146,637	65,205	211.842	2.697.572
Total Deferred Inflows of Resources	336,359	65,205	401,564	2.879.733
NET POSITION				
Net Investment in Capital Assets	52,953,032	62,361,364	115,314,396	108,596,305
Restricted		18,729,524	18,729,524	17,775,005
Unrestricted	43,837,910	14,208,289	58,046,199	53,807,671
Total Net Position	96,790,942	95,299,177	192,090,119	180,178,981
Total Liabilities Deferred Inflows of				
Resources, and Net Position	\$ 109,120,047	\$ 98,180,589	\$ 207,300,636	\$ 194,731,284

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022							2021
		Electric	-	Water	Total			Total
OPERATING REVENUES Sales	\$	59,047,102	\$	6,632,813	\$	65,679,915	\$	59,463,547
OPERATING EXPENSES								
Operation, Customer and Administrative		50.505 871		3 900 258		54 406 129		47 814 384
Depreciation of Capital Assets		2.597.768		1 860 949		4 458 717		47,014,304
Total Operating Expenses	_	53,103,639	_	5,761,207		58,864,846	_	52,074,370
OPERATING INCOME		5,943,463		871,606		6,815,069		7,389,177
NONOPERATING REVENUES (EXPENSES)								
Rentals and Miscellaneous		987.452		202,912		1 190 364		336 470
Interdepartmental Rent from Water		90,000				90,000		90,000
Investment Income		(934,228)		(86,257)		(1.020,485)		(188,455)
Interest Expense		(2,548)		(147)		(2,695)		(4,139)
Gain (Loss) on Disposition of Property		25,000				25,000		31,057
Total Nonoperating Revenues					-			
(Expenses)	_	165,676		116,508		282,184		264,933
Income Before Contributions								
and Transfers		6,109,139		988,114		7,097,253		7,654,110
Capital Contributions		726 118		8 012 022		0 720 444		6 704 005
Municipal Contributions		(3 576 022)		(248.222)		(2,024,050)		0,704,000
	-	(0,070,020)	-	(340,233)		(3,924,230)		(2,623,218)
CHANGE IN NET POSITION		3,259,234		8,651,904		11,911,138		11,815,777
Net Position - Beginning of Year		93,531,708		86,647,273		180,178,981		168,363,204
NET POSTION - END OF YEAR	\$	96,790,942	\$	95,299,177	\$	192,090,119	\$	180,178,981

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022					2021		
		Electric		Water	_	Total	Total	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers and Users	\$	60,614,923	\$	4,811,253	\$	65,426,176	\$	58,807,160
Payments to Employees		(3,200,796)		(1,462,872)		(4,663,668)		(5,491,512)
Payments to Suppliers	_	(46,030,666)		(2,858,371)		(48,889,037)		(41,661,532)
Net Cash Provided by							_	
Operating Activities		11,383,461		490,010		11,873,471		11,654,116
CASH FLOWS FROM NONCAPITAL								
FINANCING ACTIVITIES								
Payments to City of Shakopee		(3,576,023)				(3.576.023)		(2.370.103)
Proceeds from Sale of Assets		25,000				25.000		31.745
Transfers Between Funds		(200,000)		200,000				
Net Cash Provided (Used) by						i i	_	
Noncapital Financing Activities		(3,751,023)		200,000		(3,551,023)		(2,338,358)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of Capital Assets		(5,818,341)		2,175,547		(3,642,794)		(8,741,783)
Installation Fees				139,561		139,561		83.098
Connection Charges						=		2,517,163
Trunk Charges		- 10 m		364,102		364,102		611.883
Net Cash Provided (Used) by Capital		1. 2	1	- 4.H.				
and Related Financing Activities		(5,818,341)		2,679,210		(3,139,131)		(5,529,639)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Investments		2,570,802		(893,701)		1,677,101		(2.057.317)
Interest and Dividends Received		(987,925)		(92,483)		(1,080,408)		(142,760)
Net Cash Provided (Used) by					-			
Investing Activities	_	1,582,877	_	(986,184)	_	596,693		(2,200,077)
NET CHANGE IN CASH AND								
CASH EQUIVALENTS		3,396,974		2,383,036		5,780,010		1,586,042
Cash and Cash Equivalents -								
Beginning of Year		246,083		4,326,792		4,572,875	_	2,986,833
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	3,643,057	\$	6,709,828	\$	10,352,885	\$	4,572,875

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS (CONTINUED) YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022					2021		
		Electric		Water		Total	-	Total
RECONCILIATION OF OPERATING INCOME			_				-	
TO NET CASH FLOWS OPERATING								
ACTIVITIES								
Operating Income	\$	6,081,567	\$	871,606	\$	6,953,173	\$	7,505,490
Adjustments to Reconcile Operating								
Income to Cash Provided by Operating								
Activities:								
Free Electric Service to City								
of Shakopee		(138,104)		-		(138,104.00)		(116,313)
Nonoperating Revenues		1,074,904		202,765		1,277,669.00		422,331
Depreciation Expense		2,950,002		1,860,946		4,810,948.00		4,260,677
Pension Related Activity		236,770		91,399		328,169.00		(346,012)
Allowance for Uncollectible Accounts				(7,373)		(7,373.00)		(21,375)
Change in Assets and Liabilities								
Customer Accounts Receivable		(935,030)		(29,783)		(964,813.00)		(455,944)
Other Accounts Receivable		2,020,885		(2,016,413)		4,472.00		(1,538,766)
Due from City of Shakopee		(556,002)		(38,386)		(594,388.00)		3,905
		(403,884)		(5,476)		(409,360.00)		(436,027)
Prepaid Items		(114,791)		681		(114,110.00)		(11,236)
Accounts Payable		479,847		(598,390)		(118,543.00)		1,852,879
Customer Deposits		(33,638)		(967.00)		(34,605.00)		710,040
		7,561				7,561.00		(1,825)
Customer Advances		(10,859)		67,630.0		56,771.00		210,536
Other Linkilling		342,836		(52,309.0)		290,527.00		(258,988)
Other Liabilities	-	381,397	_	144,080	_	525,477.00	_	(134,554)
Not Crock Devided by	-	5,301,894	_	(381,596)		4,920,298		4,139,328
Operating Activities	•	11 000 101						
Operating Activities	-	11,383,461	\$	490,010	\$	11,873,471	\$	11,644,818
RECONCILIATION OF CASH AND CASH								
EQUIVALENTS TO THE STATEMENT								
OF NET POSITION								
Customer Deposits Account	\$	1,636,108	\$	95,282	\$	1,731,390	\$	1,698,719
Emergency Repairs Account		100,000		3 . =3		100,000		100,000
Connection Account				16,882,468		16,882,468		15,774,600
Water Reconstruction Account		-		1,751,774		1,751,774		1,904,156
Cash and Investments		45,030,615		13,657,068		58,687,683		55,539,293
Total		46,766,723	-	32,386,592	-	79,153,315	-	75,016,768
Less: Long-Term Investments	-	(43,123,666)		(25,676,764)	-	(68,800,430)		(70,443,893)
Total Cash and Cash					-		_	
Equivalents	\$	3,643,057	\$	6,709,828	\$	10,352,885	\$	4,572,875
NONCASH INVESTING, CAPITAL, AND								
FINANCING ACTIVITIES								
Contributions of Capital Assets from the								
Municipality and Developers	\$	726.118	\$	3 2 5	\$	726 118	\$	527 653
Free Electric Service to City of Shakopee		138,104	+	-	Ŧ	138.104	¥	114 758
						.,		,

SHAKOPEE PUBLIC UTILITIES COMMISSION NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The electric and water utilities of the Shakopee Public Utilities Commission (the "Commission") are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the "City"). The Commission provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The Commission accounts for the costs of electric and water operations on a continuing basis and is managed by the Commission. The Commission consists of five members who serve three-year terms.

Customer and service rates are established by the Commission.

FUND FINANCIAL STATEMENTS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

DESCRIPTION OF FUNDS

Proprietary Funds:

- Electric Fund This fund accounts for the operations of the Commission's electric utility.
- Water Fund This fund accounts for the operations of the Commission's water utility.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric and Water Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY

1. DEPOSITS AND INVESTMENTS

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the Commission are reported at fair value as disclosed in Note 2. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. <u>RECEIVABLES AND PAYABLES</u>

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2022. Bad debts are expensed annually when deemed uncollectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY (CONTINUED)

3. INVENTORY, PREPAID ITEMS, AND OTHER ASSETS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Inventory is valued at average cost and using the first-in, first-out (FIFO) method.

Other assets include the Emergency Repairs Account, and the asset and related amortization relating to the Electric Plant Acquisition.

4. <u>RESTRICTED ASSETS</u>

Customer Deposit Account - Restricted resources from customers required to deposit monies before the Commission will begin electric or water service. These deposits are subject to repayment when the customer leaves the Commission's service area.

Connection Account - Restricted resources, per enabling legislation, to be used for future expansion of the water system.

Water Reconstruction Account - Restricted resources to be used for future water reconstruction projects.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of capital assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the Commission are depreciated using a half year convention the first year with the straight-line method over the remaining estimated useful lives.

	Years
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY (CONTINUED)

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions.

7. Leases

For lease payables, the Commission determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Commission's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchangelike transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Commission will exercise that option.

The Commission has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Commission has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY (CONTINUED)

8. ELECTRIC PLANT ACQUISITION

The Commission acquired a plant from Minnesota Valley Electric Cooperative, including legal, engineering, and plant costs, which was amortized over 25 years using the straight-line method and is shown net of the accumulated amortization and depreciation on the Statement of Net Position. The electric plant became fully amortized in 2015.

9. CUSTOMER ADVANCES FOR CONSTRUCTION

This account represents customer advances for construction which may be refundable in part or in whole.

10. CUSTOMER DEPOSITS

This account represents required deposits to be used to guaranty electric and water utility billings.

11. COMPENSATED ABSENCES

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. A liability has been recorded in the Statement of Net Position for accrued vacation and compensatory pay. Employees also earn sick leave which is paid out at separation to the employee's HCSP based on years of Commission service.

12. PENSIONS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. LONG-TERM OBLIGATIONS

Long-term debt and other obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

14. CAPITAL CONTRIBUTIONS

Cash and capital assets are contributed to the Commission from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenues on the statement of revenues, expenses, and changes in fund net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY (CONTINUED)

15. MUNICIPAL CONTRIBUTIONS

Municipal contributions include the contribution in lieu of taxes to the municipality and free service to the municipality for streetlights.

16. NET POSITION

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

17. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

18. COMPARATIVE DATA

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

NOTE 2 CASH AND INVESTMENTS

Cash balances of the Commission's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

In accordance with applicable *Minnesota Statutes*, the Commission maintains deposits at depository banks authorized by the Commission Board.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

A. Deposits

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2022, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

The Commission's deposits had a book balance as follows:

20	22
\$ 10,3	51,284
5,6	51,499
2	41,195
\$ 16,2	43,978
	20 \$ 10,3 5,6 2 \$ 16,2

B. Investments

As of December 31, 2022, the Commission had the following investments:

				Years to Maturity							
	Rating	Total V	alue		Less than 1 Year		1-5 Years		Over 5 Years		No Maturity
U.S. Agencies	AAA	\$ 8,37	6,951	\$	3,235,386	\$	4,696,993	\$	444,572	\$	
U.S. Treasuries	N/A	36,05	9,472		12,211,275		23,848,197				
Commercial Paper	N/A	4,32	27,076		4,327,076				-		
4M Fund	NR	1,37	4,049						<u>_</u>		1.374.049
4M Plus Fund	NR	8,12	27,729								8.127.729
Municipal Bonds	AA	79	7,155		-		797,155				<u>s</u>
Money Market	NR	3,84	5,305	_		-					3,845,305
Total		\$ 62,90	7,737	\$	19,773,737	\$	29,342,345	\$	444,572	\$	13,347,083

The Commission has the following recurring fair value measurements as of December 31, 2022:

		Fair Value Measurement Using					
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs			
Inventoria da las Fala Malva I a val	Total	(Level 1)	(Level 2)	(Level 3)			
Investments by Fair Value Level							
U.S. Agencies	\$ 8,376,951	\$ -	\$ 8,376,951	\$			
U.S. Treasuries	36,059,472	36,059,472	¥	-			
Commercial Paper	4,327,076		4,327,076				
Municipal Bonds	797,155	-	797,155	-			
Total	49,560,654	\$ 36,059,472	\$ 13,501,182	\$ -			
Investments Measured at Amortized Cost	13,347,083	7					
Total Investments	\$ 62,907,737						

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2022, to address the following risks:

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

Concentration of Credit Risk – Investments - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota, and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

As of December 31, 2022, the Commission was not exposed to concentration of credit risk. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

Interest Rate Risk - This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The Commission's policy states it will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Credit Risk- Investments - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits and Investments

Summary of cash, deposits, and investments as of December 31, 2022:

Deposit (Note 2.A) Investments (Note 2.B.)	\$ 16,243,97 62,907,73	8
Petty Cash	1,60	0
Total Deposits	\$ 79,153,31	5

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of Net Position	
Current Assets	
Cash and Investments	\$ 58,687,683
Noncurrent Assets	
Restricted Assets	
Customer Deposit Account	1,731,390
Connection Account	16,882,468
Water Reconstruction Account	1,751,774
Other Assets	
Emergency Repairs Account	100,000
Total	\$ 79,153,315

NOTE 3 CAPITAL ASSETS

Electric capital asset activity for the year ended December 31, 2022 is as follows:

		Beginning						Ending
		Balance Increases		Decreases		Balance		
CAPITAL ASSETS NOT BEING DEPRECIATED						2		
Land and Land Rights	\$	4,381,196	\$	8	\$	÷ .	\$	4,381,196
Construction in Progress		3,808,757		3,934,952		(3,020,555)		4,723,154
Total Capital Assets	9							
Not Being Depreciated		8,189,953		3,934,952		(3,020,555)		9,104,350
CAPITAL ASSETS BEING								
DEPRECIATED								
Distribution		59,006,926		2,368,385		2		61,375,311
General		15,274,883		3,261,677		(45,649)		18,490,911
Total Capital Assets				1 A A	1			
Being Depreciated		74,281,809	_	5,630,062		(45,649)	<u>.</u>	79,866,222
Less: Accumulated Depreciation	_	(33,113,187)		(2,950,002)		45,649		(36,017,540)
Total Capital Assets Being								
Depreciated, Net		41,168,622	2.1	2,680,060				43,848,682
Capital Assets, Net	\$	49,358,575	\$	6,615,012	\$	(3,020,555)	\$	52,953,032

Water capital asset activity for the year ended December 31, 2022 is as follows:

		Beginning				Ending
	-	Balance	 Increases		Decreases	Balance
CAPITAL ASSETS NOT BEING DEPRECIATED		1000				
Land and Land Rights	\$	1,948,506	\$ -	\$	-	\$ 1,948,506
Construction in Progress		4,951,865	2,413,464		(4,284,349)	3,080,980
Total Capital Assets			 			
Not Being Depreciated		6,900,371	2,413,464		(4,284,349)	5,029,486
CAPITAL ASSETS BEING						
DEPRECIATED						
Distribution		75,130,896	6,824,525			81,955,421
General		1,910,454	30,940		250	1,941,394
Total Capital Assets				-		
Being Depreciated		77,041,350	 6,855,465		125	 83,896,815
Less: Accumulated Depreciation		(24,703,991)	 (1,860,946)	-		 (26,564,937)
Total Capital Assets Being						
Depreciated, Net		52,337,359	 4,994,519			 57,331,878
Capital Assets, Net	\$	59,237,730	\$ 7,407,983	\$	(4,284,349)	\$ 62,361,364

Depreciation expense for 2022 for Electric and Water totaled \$2,950,002 and \$1,860,946, respectively.

NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS

Amounts receivable from and payable to the City of Shakopee as of December 31, 2022, are as follows:

Receivable Fund/Municipality	Payable Fund/Municipality	Amount		
Electric Fund	City of Shakopee	\$	637,579	
City of Shakopee	Electric Fund		563,284	
Water Fund	City of Shakopee		65,578	
City of Shakopee	Water Fund			

The receivables and payables generally represent billing expenses, general operating expenses, and capital projects.

The composition of municipal contributions as of December 31, 2022, was as follows:

Contributions To	Contributions From	Amount			
City of Shakopee	Electric Fund	\$	3,576,023		
City of Shakopee	Water Fund	-	348,233		
Total		\$	3,924,256		

Contributions were made from the Water and Electric Funds to the City for contributions in lieu of taxes and for free service to the City.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE

A. Plan Description

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2022, were \$401,135. The Commission's contributions were equal to the required contributions as set by state statute.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the Commission reported a liability of \$5,290,582 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$155,198.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0668% at the end of the measurement period and .0634% for the beginning of the period.

Commission's Proportionate Share of the Net Pension Liability	\$ 5,290,582
State of Minnesota's Proportionate Chare of the	
Net Pension Liability Associated with the Commission	 155,198
Total	\$ 5,445,780

For the year ended December 31, 2022, the Commission recognized pension expense of \$729,766 for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2022, the Commission reported its proportionate share of the General Employees Plans' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		ו R	Deferred nflows of esources
Differences Between Expected and Actual Economic Experience	\$	44,191	\$	56,516
Changes in Actuarial Assumptions		1,197,355		21,518
Net Difference Between Projected and Actual Earnings on Pension Plan Investments Changes in Proportion and Differences Between Commission Contributions and Proportionate		91,770		
Share of Contributions		203,900		133.808
Commission Contributions Subsequent to the				,
Measurement Date		204,250		
Total	\$	1,741,466	\$	211,842

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

\$204,250 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

		Pension		
	Expense			
Year Ending June 30,		Amount		
2022	\$	504,875		
2023		463,380		
2024		(121,337)		
2025		478,456		

E. Long-Term Expected Return on Investments

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

		Long-Term Expected
	Target	Real Rate
Asset Class	Allocation	of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	100.0 %	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

F. Actuarial Assumptions (Continued)

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan through December 31, 2054 and 1.5 percent thereafter.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

• The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.
- G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

H. Pension Liability Sensitivity

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase ir Discount Rate				
General Employees Fund Discount Rate	5.50 %	6.50 %	7.50 %				
Commission's Proportionate Share of the General Employees Fund Net Pension							
Liability	\$ 8,356,751	\$ 5,290,582	\$ 2,775,850				

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 6 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 7 COMMITMENTS

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2022, outstanding commitments for these multi-year projects total approximately \$3,365,217.

NOTE 8 NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The following are accounting standards which have been issued by the Governmental Accounting Standards Board but have not been implemented and may have a significant impact on the Commission.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government and users (governments). The standards included in GASB Statement No. 96 are based on the standards established in GASB Statement No. 87 noted above. The requirements of this statement are effective for fiscal year 2023 for the Commission.

REQUIRED SUPPLEMENTARY INFORMATION

SHAKOPEE PUBLIC UTILITIES COMMISSION GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED DECEMBER 31, 2022

	Measurement Date June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Commission's Proportion of the Net Pension Liability	0.0668 %	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %	0.0608 %
Commission's Proportionate Share of the Net Pension Liability	\$ 5,290,582	\$ 2,707,464	\$ 4,064,920	\$ 3,532,888	\$ 3,578,196	\$ 4,111,253	\$ 5,042,212	\$ 3,150,972
State's Proportionate Share of the Net Pension Liability Associated								
with the Commission	155,198	82,761	125,364	109,829	117,344	51,656	65,842	
Total	\$ 5,445,780	\$ 2,790,225	\$ 4,190,284	\$ 3,642,717	\$ 3,695,540	\$ 4,162,909	\$ 5,108,054	\$ 3,150,972
Commission's Covered Payroll	\$ 5,009,118	\$ 4,553,229	\$ 3,516,627	\$ 3,854,427	\$ 4,145,653	\$ 4,333,280	\$ 3,854,427	\$ 3,516,627
a Percentage of Its Covered Payroll	105.62 %	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %	89.60 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %	7 8 .19 %

The Amounts Presented for Each Fiscal Year were determined as of 6/30.

Ten years of data is not yet available, but years will be added going forward until ten years are present.

SHAKOPEE PUBLIC UTILITIES COMMISSION GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2022

	Fiscal Year Ended December 31,														
		2022		2021		2020		2019		2018	_	2017	 2016	_	2015
Statutorily Required Contribution	\$	401,135	\$	359,999	\$	360,080	\$	350,018	\$	339,188	\$	315,791	\$ 299,473	\$	277,221
Contributions in Relation to the Statutorily Required Contribution		(401,135)		(359,999)		(360,080)		(350,018)		(339,188)		(315,791)	 (299,473)	_	(277,221)
Contribution Deficiency (Excess)	\$		\$		\$	_	\$		\$		\$		\$ 	\$	
Commission's Covered Payroll	\$5	,348,467	\$ 4	4,799,987	\$	4,801,067	\$	4,666,907	s	4,522,507	\$	4,210,547	\$ 3,992,973	\$	3,696,280
Contributions as a Percentage of Covered Payroll		7.50%		7.50%		7.50%		7,50%		7.50%		7.50%	7.50%		7.50%

Ten years of data is not yet available, but years will be added going forward until ten years is present.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

• The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021 Changes in Plan Provisions

There were no changes in plan provisions since the previous valuation.

2021 Changes:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

• There were no changes in plan provisions since the previous valuation.

2020 Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

Changes in Plan Provisions:

 Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes:

Changes in Actuarial Assumptions:

The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

• The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- · Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2017 Changes:

Changes in Actuarial Assumptions:

 The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

2017 Changes (Continued):

Changes in Actuarial Assumptions (Continued):

 The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions:

 The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

Changes in Plan Provisions:

 On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

SUPPLEMENTARY INFORMATION ELECTRIC UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION – ELECTRIC UTILITY DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 45.030.615	\$ 44,204,443
Emergency Repairs	100.000	100,000
Accrued Interest Receivable	89,019	35.322
Customer Accounts Receivable	5,168,856	4,234,201
Allowance for Uncollectible Amounts	(80,288)	(80,663)
Other Accounts Receivable	364,160	2.385.045
Due from City of Shakopee	637,579	81.577
Inventory	1,844,103	1,440,219
Prepaid Expenses	171,420	56,629
Total Current Assets	53,325,464	52,456,773
NONCURRENT ASSETS		
Restricted Assets:		
Customer Deposit Accounts	1,636,108	1,602,470
Capital Assets:		
Plant in Service	84,247,418	78,663,005
Accumulated Depreciation	(36,017,540)	(33,113,187)
Construction in Progress	4,723,154	3,808,757
Total Noncurrent Assets	54,589,140	50,961,045
Total Assets	107,914,604	103,417,818
DEFERRRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	1 205 443	1 359 667
Total Assets and Deferred Outflows		
Resources	\$ 109,120,047	<u>\$ 104,777,485</u>

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION – ELECTRIC UTILITY (CONTINUED) DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Accounts Pavable	\$ 4 632 238	\$ 1 152 301
Due to City of Shakonee	φ 7,052,250 563,284	Ψ 4,132,391 220 449
Due to Other Fund	505,204	220,440
Other Current Liabilities	649 292	200,000
	<u> </u>	200,980
	5,643,905	4,039,825
LIABILITIES PAYABLE FROM RESTRICTED		
ASSETS CUSTOMER DEPOSITS	1,636,108	1,602,470
NONCURRENT LIABILITIES		
Customer Advances	850,592	895,089
Net Pension Liability	3,662,141	1,866,526
Total Noncurrent Liabilities	4,512,733	2,761,615
Total Liabilities	11,992,746	9,203,910
DEFERRED INFLOWS OF RESOURCES		
Regulatory Collections to Cover Future Costs	180 722	192 161
Pension Related Amounts	146 627	1 950 706
Total Deferred Inflows of Resources	226 250	1,039,700
	550,559	2,041,007
NET POSITION		
Net Investment in Capital Assets	52.953.032	49 358 575
Unrestricted	43.837.910	44 173 133
Total Net Position	96,790,942	93,531,708
Total Liabilities, Deferred Inflows of		
Resources, and Net Position	\$ 109,120,047	\$ 104,777,485

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – ELECTRIC UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021			
OPERATING REVENUES Sales	\$ 59,047,102	\$ 52,853,012			
OPERATING EXPENSES					
Operation, Customer and Administrative	50,505,871	44.127.945			
Depreciation of Capital Assets	2,597,768	2,482,092			
Total Operating Expenses	53,103,639	46,610,037			
OPERATING INCOME	5,943,463	6,242,975			
NONOPERATING REVENUES (EXPENSES)					
Rentals and Miscellaneous	987 452	171 815			
Interdepartmental Rent from Water	90,000	90,000			
Investment Income	(934,228)	(168,812)			
Interest Expense	(2,548)	(3.954)			
Gain (Loss) on Disposition of Property	25,000	31.057			
Total Nonoperating Revenues (Expenses)	165,676	120,106			
Income Before Contributions and Transfers	6,109,139	6,363,081			
Capital Contributions	726,118	98.931			
Municipal Contributions	(3,576,023)	(2,370,103)			
CHANGE IN NET POSITION	3,259,234	4,091,909			
Net Position - Beginning of Year	93,531,708	89,439,799			
NET POSTION - END OF YEAR	<u>\$ 96,790,942</u>	\$ 93,531,708			

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS – ELECTRIC UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 60,614,923	\$ 50,952,596
Payments to Suppliers	(3,200,796)	(4,039,994)
Payments to Employees	(46,030,666)	(40,045,951)
Net Cash Flows Provided by		
Operating Activities	11,383,461	6,866,651
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(3 576 023)	(2 370 103)
Proceeds from Sale of Assets	25 000	31 745
Transfers Betweeen Funds	(200,000)	200,000
Net Cash Flows Provided by	(200,000)	200,000
Noncapital Financing Activities	(3,751,023)	(2,138,358)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(5 818 341)	(4 714 315)
Net Cash Flows Used by Capital	(0,010,011)	(4,714,010)
and Related Financing Activities	(5,818,341)	(4,714,315)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	2.570.802	(1.323.544)
Interest and Dividends Received	(987,925)	(127.693)
Net Cash Provided by Investing Activities	1,582,877	(1,451,237)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,396,974	(1,437,259)
Cash and Cash Equivalents - Beginning of Year	246,083	1,683,342
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,643,057	\$ 246,083

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS -- ELECTRIC UTILITY (CONTINUED) YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022			2021
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS OPERATING ACTIVITIES				
Operating Income	\$	6,081,567	\$	6,359,288
Adjustments to Reconcile Operating Income to Cash				
Provided by Operating Activities:				
Free Electric Service to City of Shakopee		(138,104)		(116.313)
Nonoperating Revenues		1.074.904		257,861
Depreciation Expense		2,950,002		2,482,782
Pension Related Activity		236,770		(484,600)
Allowance for Uncollectible Accounts				(,
Change in Assets and Liabilities:				
Customer Accounts Receivable		(935,030)		(451,453)
Other Accounts Receivable		2.020.885		(2.326,901)
Due from City of Shakopee		(556,002)		3.369
Inventory		(403,884)		(437,922)
Prepaid Items		(114,791)		(8,230)
Accounts Payable		479,847		1.356.293
Customer Deposits		(33,638)		715,453
Unearned Revenue		7.561		(1.825)
Customer Advances		(10,859)		(106.218)
Due to City of Shakopee		342,836		(283,571)
Other Liabilities		381,397		(100,660)
Total Adjustments		5,301,894		498,065
Net Cash Provided by				
Operating Activities	\$	11,383,461	\$	6,857,353
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Customer Deposits Account	\$	1,636,108	\$	1,602,470
Emergency Repairs Account		100,000		100,000
Cash and Investments		45,030,615		44,204,443
Total		46,766,723		45,906,913
Less: Investments		(43,123,666)		(45,660,830)
Total Cash and Cash Equivalents	\$	3,643,057	\$	246,083
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of Capital Assets from the Municipality and Developers	\$	726,118	\$	527.653
Free Electric Service to City of Shakopee		138,104	Ŧ	114,758

SHAKOPEE PUBLIC UTILITIES COMMISSION DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – ELECTRIC UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
OPERATING REVENUES		
Sales of Electricity:		
	\$ 21,548,095	\$ 19,996,991
Commercial	36,255,304	31,752,298
Uncollectible Accounts	(71,335)	81,089
I otal Sales of Electricity	57,732,064	51,830,378
Forfeited Discounts	314,715	134,686
Free Service to City of Shakopee	138,104	116,313
Conservation Program	862,219	771,635
Total Operating Revenues	59,047,102	52,853,012
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	42,864,366	37,965,029
Distribution Operation Expenses	537,637	437,040
Distriution System Maintenance	809,858	779,450
Maintenance of General Plant	392,233	261,657
Total Operation and Maintenance	44,604,094	39,443,176
Customer Accounts:		
Meter Reading	139.090	133,206
Customer Records and Collection	823,914	635,858
Energy Conservation	872,705	771,634
Total Customer Accounts	1,835,709	1,540,698
Administrative and General:		
Administrative and General Salaries	710.282	571,493
Office Supplies and Expense	278,240	152,169
Outside Services Employed	237,010	621,638
Insurance	141,787	141,380
Employee Benefits	2,501,204	1,351,876
Miscellaneous General	197,545	305,515
Total Administrative and General	4,066,068	3,144,071
Total Operation, Customer, and		
Administrative Expenses	50,505,871	44,127,945
Depreciation of Capital Assets	2,597,768	2,482,092
Total Operating Expenses	53,103,639	46,610,037
Total Operating Income	\$ 5,943,463	\$ 6,242,975

SHAKOPEE PUBLIC UTILITIES COMMISSION SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY YEAR ENDED DECEMBER 31, 2022

	Balance				Ret	rements/	Balance		
	1;	2/31/2021	Additions		Adjustments		12/31/2022		
CAPITAL ASSETS									
Distribution:									
Land and Land Rights	\$	829,867	\$	-	\$	-	\$	829,867	
Structures and Improvements		460,701						460,701	
Station Equipment		23,037,208				-	2	23,037,208	
Station Battery		1,857		-		-		1,857	
Poles, Towers, and Fixtures		527,824		-		(+)		527,824	
. Overhead Conductors and Devices		3,060,968				· · · ·		3,060,968	
Underground Conduit		906,281		(` =)				906,281	
Underground Conductors and Devices		22,873,425		1,833,708			2	24,707,133	
Line Transformers		6,435,737		254,323				6,690,060	
Services		50,643				12		50,643	
Meters		1,652,282		280,353		-		1,932,635	
Total Distribution	_	59,836,793	п	2,368,384			- 6	62,205,177	
General:									
Land and Land Rights		3,551,329						3,551,329	
Structures and Improvements		9,454,994		2,327,889		(3)	·	11,782,883	
Office Furniture and Equipment		1,216,524		10,023		-		1,226,547	
Computer Equipment		985,093		176,181				1,161,274	
Transporation Equipment		2,462,910		268,059				2,730,969	
Tools, Shop, and Garage Equipment		199,148		2,319				201,467	
Laboratory Equipment		20,041		17,619				37,660	
Power Operated Equipment		579,052		459,588		45,649		992,991	
Communication Equipment		357,121		£		014R		357,121	
Total General	1	18,826,212	-	3,261,678	: :	45,649		22,042,241	
Total Plant in Service	\$	78,663,005	\$	5,630,062	\$	45,649	\$	84,247,418	
	-						-		

SUPPLEMENTARY INFORMATION WATER UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION – WATER UTILITY DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 13,657,068	\$ 11,334,850
Accrued Interest Receivable	20,881	14,655
Customer Accounts Receivable	422,231	392,448
Allowance for Uncollectible Amounts	(25,167)	(32,540)
Other Accounts Receivable	2,356,989	340,576
Due from City of Shakopee	65,578	27,192
Due From Electric Fund		200,000
Inventory	37,229	31,753
Prepaid Expenses	18,869	19,550
Total Current Assets	16,553,678	12,328,484
NONCURRENT ASSETS		
Restricted Assets:		
Customer Deposit Accounts	95,282	96.249
Connection Account	16.882.468	15,774,600
Water Reconstruction Account	1.751.774	1.904.156
Capital Assets:		.,
Plant in Service	85,845,321	78,989,856
Accumulated Depreciation	(26,564,937)	(24,703,991)
Construction in Progress	3,080,980	4,951,865
Total Noncurrent Assets	81,090,888	77,012,735
Total Assets	97,644,566	89,341,219
DEFERRED OUTELOWS OF RESOURCES		
Pension Related Amounts	536 023	612 590
r choich Related Amounta	000,020	012,000
Total Assets and Deferred Outflows Resources	<u>\$ 98,180,589</u>	\$ 89,953,799

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF NET POSITION – WATER UTILITY (CONTINUED) DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	374.138	\$ 972,528
Due to City of Shakopee		52.309
Other Current Liabilities	275,551	131,471
Total Current Liabilities	649,689	1,156,308
LIABILITIES PAYABLE FROM RESTRICTED		
ASSETS CUSTOMER DEPOSITS	95,282	96,249
NONCURRENT LIABILITIES		
Customer Advances	442 795	375 165
Net Pension Liability	1 628 441	840 938
Total Noncurrent Liabilities	2 071 236	1 216 103
Total Liabilities	2,816,207	2,468,660
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	65,205	837,866
NET POSITION		
Net Investment in Capital Assets	62,361,364	59,237,730
Restricted	18,729,524	17,775,005
Unrestricted	14,208,289	9,634,538
Total Net Position	95,299,177	86,647,273
Total Liabilities, Deferred Inflowe of		
Resources, and Net Position	<u>\$ 98,180,589</u>	\$ 89,953,799

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – WATER UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
OPERATING REVENUES	\$ 6,632,813	\$ 6,610,535
OPERATING EXPENSES		
Operation, Customer and Administrative	3,900,258	3,686,439
Depreciation of Capital Assets	1,860,949	1,777,894
Total Operating Expenses	5,761,207	5,464,333
OPERATING INCOME	871,606	1,146,202
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	202,912	164,655
Investment Income	(86,257)	(19,643)
Interest Expense	(147)	(185)
Total Nonoperating Revenues (Expenses)	116,508	144,827
Income Before Contributions and Transfers	988,114	1,291,029
Capital Contributions	8,012,023	6,685,954
Municipal Contributions	(348,233)	(253,115)
CHANGE IN NET POSITION	8,651,904	7,723,868
Net Position - Beginning of Year	86,647,273	78,923,405
NET POSTION - END OF YEAR	\$ 95,299,177	\$ 86,647,273

SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS – WATER UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 4,811,253	\$ 7,854,564
Payments to Suppliers	(1,462,872)	(1,451,518)
Payments to Employees	(2,858,371)	(1,615,581)
Net Cash Flows Provided by		
Operating Activities	490,010	4,787,465
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Betweeen Funds	200.000	(200,000)
Net Cash Flows Provided by		(200,000)
Noncapital Financing Activities	200,000	(200,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
ACTIVITIES		
Acquisition of Capital Assets	2,175,547	(4,027,468)
Installation Fees	139,561	83,098
Connection Charges	· ·	2,517,163
Trunk Charges	364,102	611,883
Net Cash Flows Used by Capital	E.	
and Related Financing Activities	2,679,210	(815,324)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purcahses of Investments	(893,701)	(733,773)
Interest and Dividends Received	(92,483)	(15,067)
Net Cash Provided by Investing Activities	(986,184)	(748,840)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,383,036	3,023,301
Cash and Cash Equivalents - Beginning of Year	4,326,792	1,303,491
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,709,828	<u>\$ 4,326,792</u>
SHAKOPEE PUBLIC UTILITIES COMMISSION STATEMENT OF CASH FLOWS – WATER UTILITY (CONTINUED) YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

		2022		2021
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS			(
OPERATING ACTIVITIES				
Operating Income	\$	871,606	\$	1,146,202
Adjustments to Reconcile Operating				
Income to Cash Provided by Operating				
Nonoperating Revenues		202,765		164,470
Depreciation Expense		1,860,946		1,777,895
Pension Related Activity		91,399		138,588
Allowance for Uncollectible Accounts		(7,373)		(21,375)
Change in Assets and Liabilities				
Customer Accounts Receivable		(29,783)		(4,491)
Other Accounts Receivable		(2,016,413)		788,135
Due from City of Shakopee		(38,386)		536
Inventory		(5,476)		1,895
Prepaid Items		681		(3,006)
Accounts Payable		(598,390)		496,586
Customer Deposits		(967)		(5,413)
Customer Advances		67,630		316,754
Due to City of Shakopee		(52,309)		24,583
Other Liabilities		144,080		(33,894)
Total Adjustments		(381,596)	3	3.641.263
Net Cash Provided by			S	
Operating Activities	\$	490,010		4,787,465
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE				
STATEMENT OF NET POSITION	•			
Connection Account	\$	95,282	\$	96,249
Woter Recentration Account		16,882,468		15,774,600
Cash and Investments		1,751,774		1,904,156
		13,657,068		11,334,850
		32,386,592		29,109,855
Less investments		(25,676,764)		(24,783,063)
Total Cash and Cash Equivalents	\$	6,709,828	\$	4,326,792

SHAKOPEE PUBLIC UTILITIES COMMISSION DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Sales of Water	\$ 6,605,809	\$ 6,592,104
Fonelled Discounts	23,504	12,682
Total Operating Bevenues	3,500	5,749
Total Operating Revenues	6,632,813	6,610,535
OPERATING EXPENSES		
Operation and Maintenance:		
Pumping and Distribution Operation	664,876	608,725
Pumping and Distribution Maintenance	482,629	578,202
Power for Pumping	342,270	328,995
Maintenance of General Plant	80,606	47,251
Total Operating and Maintenance	1,570,381	1,563,173
Customer Accounts:		
Meter Reading	7/ 013	73 205
Customer Records and Collection	255.640	106 524
Energy Conservation	3 301	190,024
Total Customer Accounts	333.944	274.074
Administrative and General:		
Administrative and General Salaries	433,018	379,982
Office Supplies and Expense	75,445	45,631
Outside Services Employed	136,037	320,973
Insurance	47,262	47,127
Employee Benefits	1,059,653	874,443
Miscellaneous General	244,518	181,036
Total Administrative and General	1,995,933_	1,849,192
Total Operation, Customer, and		
Administrative Expenses	3,900,258	3,686,439
Depreciation of Capital Assets	1,860,949	1,777,894
Total Operating Expenses	5,761,207	5,464,333
Total Operating Income	\$ 871,606	\$ 1,146,202

SHAKOPEE PUBLIC UTILITIES COMMISSION SCHEDULE OF PLANT IN SERVICE – WATER UTILITY YEAR ENDED DECEMBER 31, 2022

	Balance		Retirements/	Balance
	12/31/2021	Additions	Adjustments	12/31/2022
CAPITAL ASSETS			·	
Distribution:				
Land and Land Rights	\$ 1,948,506	\$	\$	\$ 1,948,506
Wells	4,575,255	76,801	-	4.652.056
Electric Pumping Equipment	8,668,303	198,603		8,866,906
Towers and Pump Houses	7,673,242	4,380,871	94) 1941	12.054.113
Distribution system	51,090,764	1,959,896	-	53,050,660
Meters	3,123,332	208,354	24 C	3,331,686
Total Distribution	77,079,402	6,824,525		83,903,927
General:				
Office Furniture and Equipment	151,177	3,341	-	154,518
Computer Equipment	227,940	16,449	-	244,389
Transporation Equipment	459,278	-		459,278
Tools, Shop, and Garage Equipment	22,396			22,396
Laboratory Equipment	64,427			64,427
Power Operated Equipment	10,268		₩2	10,268
Communication Equipment	22,480	5 4 0	540	22,480
Scada Equipment	601,157	11,150	-	612,307
Building Improvements	351,331			351,331
Total General	1,910,454	30,940		1,941,394
Total Plant in Service	\$ 78,989,856	\$ 6,855,465	<u>\$ -</u>	\$ 85,845,321



DATE:	April 27, 2023
TO:	SPU Commissioners
FROM:	Greg Drent, General Manager MW Ryan Halverson, Water Engineering Supervisor
SUBJECT:	Water Tank 9 Design

ISSUE:

Staff is seeking Commission selection of the tank type for a future elevated water tank proposed at Wood Duck Trail and Marschall Road.

BACKGROUND:

An elevated water storage tank is proposed at the intersection of Wood Duck Trail and Marschall Road (CR17) directly adjacent to ground storage reservoir 7. The existing site and ground storage reservoir has an approved conditional use permit (CUP) for a 250,000-gallon spheroid steel tank. However, the existing CUP did not include adequate height variance to accommodate an elevated water tower. Additionally, staff is now recommending a 500,000-gallon tank which was not considered or approved in the existing CUP.

During development of the most recent comprehensive water plan, it was determined that a 500,000gallon elevated tank could be constructed at the site to provide adequate storage and pressure for the second high zone and for Jackson Township under fully developed conditions. Changing the tank volume from 250,000-gallons to 500,000-gallons will provide redundancy in case tank 8 needs to be taken out of service, while providing the pressure and flow needed. An amended Comp Water Plan incorporating the hybrid water treatment plan and recent development is necessary to identify the options and most cost effective solutions to meet the system needs. While the proposed tank will provide eventual benefit to the developing land in Jackson Township, continued development and new construction in the second high zone and near the future tank site warrant construction of the tank at this time to defer the need for a potential booster station or individual jockey pumps in the adjacent new construction.

The future tank site is immediately adjacent to Marschall Road, which carries a significant volume of traffic, and at one of the highest elevations in the area. The tank will be prominent and seen by residents and motorists. During preliminary evaluation of the site and tank, staff directed the consultant, BARR Engineering, to evaluate both a spheroid and composite elevated storage tank. The evaluation report from Barr Engineering is attached to this memo and includes additional background





information, tank style comparisons, water tower shadow analysis and renderings of the tanks (see attached report, Water Tower 9 Concept Design).

Selection of a tank style by the Commission will allow staff to proceed with an application to the City Planning Commission for the necessary CUP amendment/variance. Staff will continue to prepare final construction plans and specifications this summer and plan to bid the tank in early fall 2023. Construction of the tank could start in late 2023 with final completion of the tank by the end of 2024. The 2023 Capital Improvement Plan budget for Tank 9 is \$3,180,000. The preliminary engineer's estimate for the spheroid tank is \$3,580,000 and the composite tank is \$4,025,000.

Formal approval of the final tank plans, advertisement for bid and bid award actions will be brought back to the Commission for consideration.

ACTION REQUESTED:

Staff recommends selection of the spheroid tank style for future water tank 9.



WATER TANK No. 9

500,000 GALLON WATER TANK – PRE-CONCEPTUAL DESIGN

Prepared for Shakopee Public Utilities

May 5th, 2023

4300 MarketPointe Drive, Suite 200 Minneapolis, MN 55435 952.832.2600 www.barr.com

List of Appendices

- Appendix 1: Conditional Use Permit Dated February of 2014 with Resolution No. PC14-005
- Appendix 2: Scott County ROW Plat No. 90
- Appendix 3: Existing Conditions Plan
- Appendix 4: Tank Renderings
- Appendix 5: Proposed Site Plan
- Appendix 6: Water Tower Shadow Analysis

1 Introduction

1.1 Summary

This Water Tank No. 9 Pre-Conceptual Design Memo presents information to assist Shakopee Public Utilities Commission in the review of the Water Tank No. 9 criteria for the type and "style" of water tower. Tank types assessed for Shakopee Public Utilities include:

- 1. Spheroid Water Tower
- 2. Composite Water Tower

The water tower will have a capacity of 500,000-gallons with approximate height of 130-feet and will be located adjacent to Groundwater Storage Tank No. 7.

The selected tank will be included in a Conditional Use Permit (CUP) for height variance with the City of Shakopee.

The address of the proposed tank location is: 1415 Wood Duck Trail, Shakopee Minnesota 55379

1.2 Background

The water tower concept was evaluated as part of the ground storage reservoir (GSR) No. 7 Conditional Use Permit (CUP) in February of 2014 with Resolution No. PC14-005 (Appendix 1). However, the water tower design included in the CUP did not include a variance for tank height. After Commission review and tank type is selected, a height variance will be applied for with the City of Shakopee.

Additionally, Marschall Road was reconstructed after the time of the 2014 CUP and the Scott County designated a new right of way (ROW) along Marschall Road included in the Scott County ROW Plat No. 90 (Appendix 2). The proposed water tower location will be slightly adjusted when compared to the approved CUP location to prevent the need for a setback variance. No setback variance will be required for the new water tower.

2 Existing Site Conditions

2.1 Existing Site and Utilities

The site is located at the northeast corner of the intersection of Wood Duck Trail and Marschall Road in Shakopee, Minnesota and includes the existing ground storage reservoir (GSR) No. 7 which was designed and constructed between 2014 and 2015. The property was designed to allow for construction of a new elevated water storage tank (tank no. 9) to be installed between the existing GSR and Marschall Road. Water Storage Tank No. 7 is a 2,000,000-gallon at-grade pre-stressed concrete GSR. During construction of tank 7, underground infrastructure was installed to prepare for future elevated water tower utilities. See Appendix 3 for utility location. Property conditions:

1. A 30-inch steel casing is installed under Marschall Road for 12-inch watermain to connect with proposed Tank 9. The casing runs from the NE corner of Wood Duck Trail and Marschall Road to the NW corner of the intersection where it terminates with a concrete plug.

An existing stormwater infiltration basin located on the site will require modifications to allow for construction efforts. The Barr design team is consulting with SPU and City of Shakopee staff to confirm allowable modifications.

2.2 Conditional Use Permit Application

An existing Conditional Use Permit (CUP) was completed in February of 2014 with Resolution No. PC14-005. This CUP had planned for a 250,000-gallon spheroid steel tank, and modification to allow for a 500,000-gallon spheroid or composite water tower will be required. The existing CUP did not include adequate height variance to accommodate an elevated water tower. A new CUP will be applied through the City to allow height variance and modify tank volume.

3 Water Tower Design

3.1 Water Tower Type Comparison

Two tank types are considered for the Shakopee Public Utility Water Tank No. 9:

1. Spheroid: As shown in Figure 1 below, a spheroid tank is a single pedestal mounted tank with standard sizes available of up to 2,000,000-gallons of storage capacity. For best economical costs typical storage tanks range from 150,000 to 750,000-gallons. Spheroid storage tanks are favorable in situations that require a small construction footprint. Sleek tower design provides an aesthetic appearance, and the bowl allows for client logo placement. Telecommunications equipment may be installed on the outside of the tank. Maintenance cost for a spheroid tank is higher than maintenance cost for a composite tank. Major tank maintenance typically occurs every 25-years. Do to the limited space inside the tank cone, a valve vault will be required for installation of an altitude valve.



Figure 1: SPU Water Tower No. 8 (spheroid)

2. Composite: Per Figure 2 below, a composite tank includes a single concrete pedestal supporting a welded steel tank. Composite tanks are commonly available in sizes from 150,000 to 3,000,000-gallons. For best economical cost general use sizes of 500,000-gallons and up are common. Maintenance cost for a composite style tank is lower than for a spheroid type, due to concrete column support not needing paint. The bowl allows for client logo placement. Exterior architectural finishes are available for the concrete column if desired by the client. Telecommunications equipment may be installed on the outside of the tank. Additional equipment storage space is available in column with optional overhead door access. The additional storage allows for installation of valves normally located inside underground vaults. The top of bowl of a composite tank is generally flatter than spheroid type tanks and allows for additional guardrail resulting in ability to include additional rental space for antenna service contracts. The composite guard rail is approximately 60% larger in circumference compared to the spheroid tank guardrail.



Figure 2: Example composite style tank

Each tank type dimensional properties are shown in Table 1 below.

				*Top EL (ft)
Tank Type	Bowl Dia (ft)	Stem Dia (ft)	Cone Dia (ft)	Estimate
500,000-gallon				
Spheroid	55'-6"	10'-0"	32'-0"	130
500,000-gallon				
Composite	52'-0"	24'-0"	n/a	128.5
*Assume 42" handrail and estimate tank height above overflow elevation				

Table 1: Tank Dimension Comparison

SPU will have an opportunity to select tank aesthetics during design of the selected tank type. To assist in evaluation of the two tank options, renderings of each tank shown from the north and south directions are included in Appendix 4. The renderings include aesthetics that complement the existing Tank 7 GSR located on the site. The city name is displayed on the tank bowl in both the north and south directions and the SPU logo is displayed on the tank bowl in both the east and west directions.

3.2 Site Plan and Water Tower Shadow Analysis

A preliminary site plan has been prepared and is shown in Appendix 5. To prepare for future water tower maintenance, the proposed water tower and existing GSR No. 7 are required to maintain a minimum 15-feet clear separation. The composite water tower allows for additional clearance as the bowl diameter is slightly smaller than the spheroid bowl diameter. Both water tower options meet the minimum clearance requirement and do not require setback variance.

A shadow analysis study was performed on the proposed water tower. The water tower was evaluated on both the winter and summer solstice to identify the maximum limits of the shadow throughout the year. The analysis shows that the tower's shadow will project onto residents' properties and houses over the period of the year. Appendix 6 shows the shadow projection as anticipated for both the winter and summer solstice.

3.3 Project Cost Comparison

The project cost analysis is described below in two categories to allow for identification of cost for each individual water tower type and associated common site improvements. The project design is currently at a pre-conceptual design stage and cost estimate confidence for the included work is low. Cost is anticipated to fluctuate based on timing of construction, materials and equipment lead times and shortages, market uncertainty, contractor availability, site constraints, etc. It is important to note that in recent years', construction cost have been resulting in contractor bids of double anticipated construction cost estimates and the presented cost below is not guaranteed.

Category 1: Water tower type cost comparison. Table 2 below outlines costs related to each water tower type.

- The spheroid tank type will require an underground altitude valve vault
 - Vault cost estimate (spheroid tower only) = \$65,000
 - The base design of the composite tank type will not be require an altitude valve vault.
- Each tank type will include materials and labor for installation, testing, coating, and electrical. (Cost estimate obtained from Phoenix Fabricators and Erectors, LLC)
 - Spheroid = \$2,815,000
 - Composite = \$3,325,000
- The spheroid tank will require higher maintenance costs at the 25-year maintenance cycle compared to the composite tank type.
 - Spheroid 25-year maintenance = \$600,000
 - Composite 25-year maintenance = \$480,000

				25-Year Estimated
Tank Type	Tank Cost	Valve Vault	Total	Maintenance Cost
Spheroid	\$2,815,000	\$65,000	\$2,880,000	\$600,000
Composite	\$3,325,000	N/A	\$3,325,000	\$480,000

Table 2: Summary of estimated tank cost

Category 2: Common site improvement costs.

The overall project will include modifications to water utility, electrical utility, landscaping, irrigation, bituminous, stormwater utilities and infiltration basin. The cost for site improvements is estimated to be \$700,000.

Table 3 summarizes estimated total project cost including site improvements for each water tower type. The composite style water tower is estimated to be a higher cost option, however lower maintenance costs of the composite water tower, as shown in Table 2 above, will reduce total life cycle cost.

	*Total Project	*Total Project	
	(Spheroid)	(Composite)	
Tank Cost	\$2,880,000	\$3,325,000	
Site Improvements	\$700),000	
Total	\$3,580,000	\$4,025,000	
*Cost do not include evaluation of maintenance costs.			

Table 3: Summary of estimated project cost

We appreciate the opportunity to prepare this pre-conceptual design memo for Water Tank No. 9. As the project design progresses, additional project details will be defined, and higher confidence cost estimation will be available.

Please contact Mike (mburdorf@barr.com; 507-380-6521) if you have any questions.

Sincerely,

Mike Burdorf, PE Sr. Water/Wastewater Engineer, Project Manager

Appendix 1:

Conditional Use Permit Dated February of 2014 with Resolution No. PC14-005

Doc. No. A 953741



OFFICE OF THE COUNTY RECORDER SCOTT COUNTY, MINNESOTA

Certified Filed and/or Recorded on

02-11-2014 at 11:00 Recpt: 242660

James L. Hentges, County Recorder 01

Fee: \$46.00

CERTIFICATION

I, Lori J. Hensen, Deputy City Clerk, City of Shakopee, do hereby certify that the above Resolution No. PC14-005 is an accurate copy of the Resolution adopted by the Board of Adjustments and Appeals of the City of Shakopee at an authorized meeting held on the 6th day of February, 2014 as shown by the minutes of the meeting in my possession.

Lori J. Hensen, Deputy City Clerk





RESOLUTION NO. PC14-005

A RESOLUTION OF THE CITY OF SHAKOPEE APPROVING A VARIANCE TO ALLOW A CONCRETE WATER STORAGE TANK AND AN ELEVATED STEEL WATER TOWER WITH REDUCED FRONT YARD SETBACKS, AND APPROVING A CONDITIONAL USE PERMIT TO ALLOW OVERHEIGHT STRUCTURES, AN OVERHEIGHT FENCE, AND MULTIPLE PRINCIPLE STRUCTURES ON ONE LOT IN THE RURAL RESIDENTIAL (RR) ZONE, AT THE NORTHEAST CORNER OF MARSCHALL ROAD AND WOOD DUCK TRAIL

WHEREAS Shakopee Public Utilities Commission, applicant and property owner, has filed an application received December 26, 2013, for a Variance to allow a front yard setback (Wood Duck Trail) of 30 feet for the concrete water storage tank, where 40 feet is the minimum requirement, and a front yard setback of 30 feet from Marschall Road for the elevated steel water tower, where 65 feet is the minimum requirement, and a Conditional Use Permit to allow an overheight fence (8'-6"), overheight structure (36 feet), and multiple principle structures on one lot under the provisions of Chapter 11, Land Use Regulation (Zoning), of the Shakopee City Code, Section 11.24, Subd. 3. N & O; and

WHEREAS, this parcel is presently zoned Rural Residential (RR) Zone; and

WHEREAS, the property upon which the request is being made is legally described as; 271750010 Lot 1, Block 1, Maple Trail Estates 1st Addition, Scott County, Minnesota; and

WHEREAS, notice was provided and on February 6, 2014, the Board of Adjustment and Appeals conducted a public hearing regarding this application, at which it heard from the Community Development Director and invited members of the public to comment.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ADJUSTMENT AND APPEALS OF THE CITY OF SHAKOPEE, MINNESOTA, AS FOLLOWS:

That the application for Variance is hereby APPROVED, based on the following findings with respect to City Code Sec. 11.89, Subd. 2, "Criteria for Granting Variances."

Criterion 1

Finding 1.A.

1.A. The inability to construct the buildings at the size and with the materials proposed, which are the industry standards for these types of structures, would make it practically difficult for the applicant to successfully provide adequate functions and services to present and future residents of the City.

Finding 1.B. The plight of the landowner is due to circumstances unique to the property; as it is practically difficult to construct the utility structures in such a fashion that they could comply with the city requirements, yet provide the necessary capacity to serve this area of the City.

Finding 1.C.	The circumstances were created by the property owner's desire to establish their operation. Staff believes that this project goes beyond the scope of the property owner, as the benefit of the proposed project is broad and has an impact on the neighborhood and city in general.
Finding 1.D.	The variance would not alter the essential character of the locality. There are a number of similar structures located throughout the city in similar settings (adjacent to residential properties) that have not created adverse situations in those neighborhoods.

Finding 1.E. The considerations are not economic for this request.

Criterion 2

It has been demonstrated that a variance as requested will be in keeping with the spirit and intent of this Chapter.

Finding 2 The proposed variance would be in keeping with the spirit and intent of Chapter 11 (Zoning).

Criterion 3

The request is not for a use variance.

Finding 3 The request for a variance of the setback standards is not a use variance.

Criterion 4

Conditions to be imposed by the Board of Adjustment and Appeals will insure compliance to protect the adjacent properties.

Finding 4 (Not applicable since no conditions are proposed.)

Criterion 5

Variances in the flood plain overlay zone also shall meet the following criteria: Finding 5 (Not applicable since the property is not located in the flood plain overlay zone.)

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE BOARD OF ADJUSTMENT AND APPEALS OF THE CITY OF SHAKOPEE, MINNESOTA, AS FOLLOWS:

That the application for Conditional Use Permit is hereby APPROVED, based on the following findings with respect to City Code Sec. 11.85, Subd. 1, "Criteria for Granting Conditional Use Permits.":

- Finding #1 The Board finds that the proposed over height concrete water tank and steel water tower will not be injurious to the use and enjoyment of other property in the immediate vicinity, nor would it substantially diminish or impair property values in the area, provided the conditions of the resolution are met.
- Finding #2 The Board finds that the establishment of the conditional use permit, as proposed, will help facilitate the normal and orderly development and improvement of surrounding property for uses allowed in the area, provided the conditions of the resolution are met.

rinaing #3	facilities exist to serve the proposed use, provided the conditions identified in the resolution are met.
Finding #4	The Board finds that the proposed use of the subject property is consistent with the purposes of the Rural Residential (RR) Zone, provided the conditions identified in the resolution are met.
Finding #5	The Board finds that the use is not in conflict with the Comprehensive Plan. The proposed use is consistent with the purposes of the Comprehensive Plan, which

The Dear of Goods that a description approach and draining and other processors

AGAIN, BE IT FURTHER RESOLVED BY THE BOARD OF ADJUSTMENT AND APPEALS OF THE CITY OF SHAKOPEE, MINNESOTA, AS FOLLOWS:

guides the subject property for residential and utility services uses.

That the application for Conditional Use Permit No. PC14-005 is hereby **GRANTED**, subject to the following conditions:

- 1. The buildings and tanks shall be constructed generally consistent with the submitted plans (Exhibits C1.01, C1.02 & L. 2.01), provided the plans do not conflict with City Code, Building Code, and Fire Code regulations and/or conditions incorporated into this Resolution.
- 2. The Performance Standards (Section 11.60) and Design Standards (Section 11.24, Subd. 5) shall be complied with, particularly concerning Building Design and Materials, Landscaping Requirements, Exterior Lighting, and Odor/Noise/Smoke and Vibration requirements, except for those variances as allowed by this approval.
- 3. This request does not approve any signage for this project; any proposed signage requires approval of the appropriate sign permit(s).
- 4. Building & fence permit applications shall be submitted for staff review and approval.
- 5. The applicant will dedicate drainage and utility easements per requirements set forth in Section 10.1.A of the City of Shakopee's Design Criteria.
- 6. The applicant will provide electronic (AutoCAD) files, with datum on the Scott County coordinate system, of the lot showing all approved drainage and utility easements.
- 7. The applicant will attempt to route surface water runoff generated from all proposed impervious surfaces to the north and west in order to avoid additional volumes flowing to a problem area located east of this property.
- 8. If the soil types allow, infiltration of surface water runoff generated from all proposed impervious surfaces will be strongly encouraged.
- 9. The minimum culvert size for each access in a rural subdivision is eighteen (18) inches. Plastic pipe is prohibited.
- 10. There is the potential for construction related traffic to cause damage to Wood Duck Trail. If this occurs, the applicant will reimburse the City of Shakopee for all expenses incurred to repair the street.
- 11. Prior to any work in the Wood Duck Trail right-of-way and the installation of the proposed fence, approved permits will be required. Please contact Jim Henderson at (952) 233-9368 for details.
- 12. Approval of the CUP does not constitute approval of the submitted drawings.
- 13. The proposed facilities shall comply with all applicable City, State and Federal Fire Code regulations.

- 14. Xcel Energy requests an opportunity to review the proposed grading plans before final approval of a grading and/or building permit.
- 15. The following trees are not accepted as replacement or landscaping trees*:
 - a. Maple (Acer)

1 ...

- b. Ash (Fraxinus)
- c. Spruce (Picea)

Contact the City Natural Resources Technician for recommended alternatives.

- 16. Final grading requires the placement of 6 inches of topsoil meeting requirements set in MnDOT's "Select Topsoil Borrow" (spec. 3877.2 B, Table 3877-2).
- 17. Replacement trees shall be planted according to the following conditions:
 - a. Trees shall be planted a minimum of six feet from impervious surfaces.
 - b. Trees shall be planted a minimum of ten feet from property lines.
 - c. Trees shall not be planted in easements containing utilities.
 - d. Trees shall not be planted in City owned right-of-way.
 - e. Trees shall not be planted below overhead utilities.
- 18. Soil compaction testing fee for landscaped areas shall be paid to the City.
- 19. 'The City of Shakopee, MN Tree Planting Detail' or planting detail displaying the same specifications shall be placed on the landscaping plan.
- 20. Soil compaction for all non-structural landscaped areas (including landscaping islands) shall be between 75%-80% of Standard Proctor (maximum dry density) for a minimum of the top 18" of soil. Compaction samples are to be taken after final grading of the site is complete. Results of the compaction samples are to be received and approved by the Natural Resource Department before installation of landscaping begins. Please contact Jacob Busiahn at 952-233-9511 or jbusiahn@ci.shakopee.mn.us to arrange testing prior to final grade. This specification must be placed on the grading and landscaping sheet.
- 21. The warranty period will not begin until installed plants are inspected by City staff and determined acceptable. Call the Shakopee Natural Resources Dept. to schedule inspection, 952-233-9511.
- 22. A 5 year management plan for the filtration basin and prairie planting must be provided to the City and followed.

If the Native Wet Prairie (MN Seed Mix 34-262) and Wetland Fringe (MN Seed Mix 35-651) do not meet the following requirements for the specified year, a qualified contractor must complete work necessary to meet requirements listed.

Requirements by year:

Year 1

These requirements are for the first full growing season after planting occurs. For fall plantings it is the following growing season and for spring plantings it is the current growing season (considering that forbs are pre-stratified for the spring planting). Cover species (for uplands) should be present over the entire site by the end of the growing season.

Year 2

These requirements are for the second full growing season of wetland and upland establishment. The site should have 50% cover of native grasses/sedges or native forbs. The site should contain 70% of the middle successional species contained in the specified seed mixes. There should be no more than 10% cover of exotic, non-native invasive vegetation.

Year 3-5

These requirements are for years 3 through 5 after wetland and upland establishment. The site should have 70% cover of native grasses/sedges and native forbs. The site should contain 50% of all species contained in the specified seed mixes. There should be no more than 10% cover of exotic, non-native invasive vegetation.

Adopted by the Board of Adjustment and Appeals of the City of Shakopee, Minnesota this 6th day of February 6, 2014.

Hya Magin Chair of the Board of Adjustment

and Appeals

ATTEST:

Community Development Director



. .

http://geolink/shakopee app/layout3.html?xmin=450073.6222817685&ymin=201644.91... 12/31/2013

Appendix 2:

Scott County ROW Plat No. 90

Receipt:# 529990

\$0.00

EAS

Return to: SCOTT COUNTY HWY DEPT/RANDY RONNING 600 COUNTRY TRL E JORDAN MN 55352



6/10/2015 8:24 AM

Office of the County Recorder Scott County, Minnesota James L Heniges, County Recorder

HIGHWAY EASEMENT

SP 70-617-024 (CP 17-32) Parcel No. 19

FOR VALUABLE CONSIDERATION, Shakopee Public Utilites Commission, a Minnesota municipal utilites commission, Grantor, whether one or more, hereby grants and conveys unto the County of Scott, Grantee, an easement(s) for highway purposes to grade, construct, operate, maintain, use, alter, repair and remove a public highway, trails, sidewalks, bridges, structures, storm sewer, sanitary sewer, other transportation-related use(s), public facilities and utilities, boulevards and appurtenances, including for drainage and utility purposes and for other public and/or quasi-public uses and appurtenances permitted under Grantee's Management of Public Right-of-Way Ordinance, including as may be amended or superseded, together with all other rights necessary and convenient for the enjoyment and unrestricted use of same over, under and across the real property situated in Scott County, State of Minnesota, as described, to wit:

That part of Lot 1, Block 1, MAPLE TRAIL ESTATES 1ST ADDITION, according to the record plat thereof, on file in the Office of the County Recorder in and for Scott County, Minnesota, which is denoted and shown as Parcel 20 on Scott County Right of Way Plat No. 90, according to the record plat thereof, on file in the Office of the County Recorder, Scott County, Minnesota.

PID 27-175-001-0

Grantor hereby conveys all grass, shrubs, trees, natural growth, earthen materials, landscaping, improvements and structures existing or that may planted or grown on the easement(s) described herein. Grantor hereby agrees to not damage, destroy or remove any grass, trees, shrubs or natural growth on the easement(s) described herein.

Grantor hereby releases Grantee from any and all claims for damages to the premises resulting from the uses and purposes granted herein and lying within the boundaries of the easement(s) described herein. Grantee shall have the right to use and remove all grass, shrubs, trees (including overhanging branches), earthen materials, structures and improvements, which lie within the boundaries of the easement(s) described herein.

To have and hold same, together with all of the rights belonging thereto, all of which shall run with the land and be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

(Signature page follows on the next page)

EXECUTED as of this 4th day of MAY 2015.

SHAKOPEE PUBLIC UTILIITES COMMISSION

By:

William Mars Its: President

By:

Its: Vice President

STATE OF MINNESOTA))SS.COUNTY OF SCOTT)

On this $\underline{\neg}_{\underline{\neg}}$ day of $\underline{\neg}_{\underline{\neg}}$, 2015, before me, a Notary Public within and for said County, personally appeared William Mars and Terry Joos, to me personally known, who by me duly sworn did say that they are the President and Vice President of Shakopee Public Utilities Commission, a Minnesota municipal utilities commission, named in the foregoing instrument, and that they are authorized to sign said instrument as the free act and deed for and on behalf of said municipal utilities commission.



storia Race menty

This instrument drafted by: Scott County Highway Department, 600 Country Trail East, Jordan, MN 55352

SCOTT COUNTY RIGHT OF WAY PLAT NO. 90 County Highway Project No. S.A.P. 70-617-024

THE BOARD OF COUNTY COMMISSIONERS FOR SCOTT COUNTY, MINNESOTA, PURSUANT TO BOARD RESOLUTION NUMBER 2005-173, DATED DECEMBER 20, 2005, IS HEREBY DESIGNATING THE DEFINITE LOCATION OF THE RIGHT OF WAY OF COUNTY STATE AD HIGHWAY NO. 78 IN THE CITY OF SHAKOPEE. THAT PORTION OF SAID HIGHWAY IS LOCATED IN SECTION 19, TOWNSHIP 115 NORTH, RANGE 22 WEST, SCOTT COUNTY, MINNESOTA.

That partian of said County State Aid Highway Number 17 located in Section 19, Township 115 North. Range 22 West, as shown on this plat effected by the County of Scott, Department of Highways, is hereby certified to be the official plat of that partian of said County State Aid Highway within sold sections pursuant to Minnesola Statutes Chapter 160,085 and Chapter 160,14 Subdivision 1.

Date: 2-5-15 (Interim) Scott County Engineer

I hereby certify that this plat was prepared by ms or under my direct supervision and that I am a day Licensed Land Surveyor under the laws of the State of Monesota; that the monuments indicating the boundary lines will be correctly placed in the ground as shown after completion of construction; that all measurements are correctly shown on this plat; and that the right of way boundary lines are correctly designated on this plat.



DOCUMENT No. <u>A973559</u> I hereby certify that this instrument was filed in the Office of the County Recorder for record on this In the day of <u>February</u>, 2015, et <u>1:51</u>_o'clock <u>P</u>M.

Scott County Recorder, by Janie From, Dety

DOCUMENT NO. T 232714 hereby certify that instrument was filed in the Office of the County Registrar of Titles for record on this toth day of Economical 2015 of 1:51 of clock Pu

James L. Nentres, by Jamin From, Dpty Scott County Registror of Titles



LEGEND:



NOTES:

Existing prescriptive right of way as defined by Minnesota Statule 160.05 is not shown. For information pertaining to existing right of way widths prior to recording of this plot, contact the Scott County Highway Department.

Parcel boundaries and corresponding parcel acreage have been determined by current deed evidence of record only.

The listing of recorded awners noted in the parcel lable was formed from current deeds of record available in Scatt County records.

Orientation of this bearing system is based on the Scott County Coordinate System NAD 83 (96 Adjustment).

Existing centerline and proposed centerline are not the same

Distances shown to Feet (20, 66, etc.) are exact values.

For details concerning this right of way plat, contact the Scott County Surveyor's Office.





SHEET 3 OF 5 SHEETS



SHEET 4 OF 5 SHEETS



Appendix 3:

Existing Conditions Plan



Appendix 4:

Tank Type Renderings

APENDIX 4 – TANK RENDERINGS



Spheroid Tank Southbound Marschall Road



Spheroid Tank Northbound Marschall Road





Composite Tank Northbound Marschall Road

Composite Tank Southbound Marschall Road

Appendix 5:

Proposed Site Plan



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PROJECT No WATER TANK NO. 9 23701112.00 SHAKOPEE, MN CLIENT PROJECT No. CONCEPT DRAWING WG. No SPHEROID 500,000 GALLON P-01



IPTION	LEGEND	
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	(ST)	STORM MANHOLE
·	СВ	CATCH BASIN
\backslash		STORM DRAIN
CO, RD, NO. 42 FAST	69	CLEAN OUT
	\rightarrow	CULVERT
	(·)	DECIDUOUS TREE
	*	CONIFEROUS TREE
	0	SHRUB
THO SCALE	+	WELL
	®	RELIEF WELL
	•	BORING
	۲	PIEZOMETER
	- # -	INCLINOMETER
	+	TEST PIT
	•	STAFF GAGE
	Ø	ANTENNA
	Æs	SPRINKLER HEAD
	IVB	IRRIGATION VALVE BOX
		SECTION LINE
	P/L P/L	PROPERTY LINE
		RIGHT-OF-WAY
	- ESMT- ESMT ESMT	EASEMENT
		MAJOR CONTOUR
	- — — -1379 - —	MINOR CONTOUR
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NOT FOR CONSTRUCTION

	BARR PROJECT No.		
WATER TANK NO. 9	23701112.00		
SHAKOPEE, MN	CLIENT PROJECT No.		
CONCEPT DRAWING			
	DWG. No.	REV. No.	
COMPOSITE 500,000 GALLON	P-01	_	

Appendix 6:

Water Tower Shadow Analysis
























hC

DATE:	April 27, 2023
TO:	SPU Commissioners
FROM:	Greg Drent, General Manager http: Ryan Halverson, Water Engineering Supervisor
SUBJECT:	Discussion of Design Criteria and Lateral Watermain Connection Charges

BACKGROUND:

Staff will provide a short power point presentation on design criteria requirements as related to lateral and trunk water main requirements for water extension projects.

Kaela Brennan, Attorney with McGrann Shea Carnival Straughn & Lamb, will be available to provide background information and answer questions related to lateral water main equivalent charges, if requested by the Commission, involving past water main extension projects.

ACTION REQUESTED:

This item is only to provide information to the Commission and no formal action or resolution is requested at this time. Specific action related to the Jennifer Lane and Hillwood Estates properties will be brought back to the commission for consideration at a future date.



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

DATE:	April 28, 2023
TO:	Commissioners
FROM:	Greg Drent, General Manager 当紀つ
Subject:	Unsewered Production Water rate

Background:

SPU charges new water customers water capacity charges (WCC) based on the customers' equivalent sewer availability charge or SAC determination computed according to the Metropolitan Council. The fees were established to ensure adequate water production, treatment, and storage funding was available to service the developing community. Some business customers have inquired about an alternate usage rate in place of the WCC. These customers feel they could pass on a fee embedded into their rate to the end users rather than paying for WCC upfront at the time of hookup. These businesses will use SPU water in their operations, but it will not enter the sewer system. Even though the water will not enter the sewer system, it will impact the capacity requirements of the system. Because the water will not flow into the sewer system, it won't have a SAC determination to calculate the WCC.

SPU staff has been working to identify solutions for these businesses and met with Dave Berg, who has done an SPU rate analysis to discuss rate options for these users. Staff discussed the concept behind a new rate, and Dave proposed an Unsewered Production Water rate. This new rate would be metered separately from their regular water usage. Dave has done a great job outlining the rate in the attached letter. The one item that could be debated is how long a water system ordinarily lasts. The proposed Unsewered Production Water rate is based on a 50-year life of the water system. Fifty years is a good place to start, but there may be reasons to have that number shortened: typically, water towers are painted every 20 years for \$2 million; pumps typically get rebuilt in 10 years. Wells, however, do last longer than 50 years.

Per Dave Berg's memo, a portion of the rate will be for water capital contributions and put into the connection fund to support investments in water production, treatment, and storage, similar to how the WCC is structured. The remaining portion of the rate will be for operations and included in gross defined water sales. Gross defined water sales are included in the calculation for the PILOT to the city.

Request

Approve Resolution 2023-10 setting the 2023 Unsewered Production Water rate (The only change to the rates is the added unsewered production water rate, all other rates remain the same).





April 27, 2023

Shakopee Public Utilities Commission 255 Sarazin Street PO Box 470 Shakopee, MN 55379

Subject: Unsewered Production Water Rate

Commission Members:

Shakopee Public Utilities (SPU) charges new water customers for capital contributions to the water system based on the customers equivalent Sewer Access Charge (SAC). The current water contribution is set at \$5637 based on an equivalent SAC charge for 100 units (100,000 gallons) per year of water use. Certain commercial and industrial customer needs for water include 'unsewered production water' which is used in its entirety in the business process and is not added to the sewer system. As such, these customers are not charged a SAC fee for that portion of their water use and therefore are also not charged a water capital contribution. However, the unsewered production water use does impact the capacity requirements of the water system. Many of these customers would prefer to pay for the water capital contributions over time rather than through an upfront charge, which can be substantial for large unsewered production water rate' for commercial and industrial customers to address this issue.

The current commercial water rate is \$2.54 per unit and the industrial rate is \$2.20 per unit. Based on 75.9% commercial sales and 24.1% industrial sales, the weighted average rate for these customers is \$2.46 per unit. Water systems are long term assets generally lasting 50 years or more. Assuming a 50-year asset lift, the current \$5637 charge divided by 100 units and divided by 50 years results in an equivalent charge of \$1.13 per unit. The sum of the \$2.46 per unit weighted current rate plus the \$1.13 capital adder results in a new unsewered production water rate of \$3.59 per unit. We acknowledge that this rate is higher than the current irrigation rate of \$3.29 per unit. However, it is important to recognize that the irrigation rates are essentially a limited use rate that can be interrupted if needed for system capacity requirements. The new unsewered production water rate is a firm rate available to participating customers at all times.

Shakopee Public Utilities Commission April 27, 2023 Page 2

It is recommended that SPU implement a new unsewered production water rate for commercial and industrial customers at a level of \$3.59 per 1000-gallon unit. I wish to express my appreciation for the valuable assistance I received from SPU staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

keg

David A. Berg, PE Principal

RESOLUTION #2023-10

A RESOLUTION ESTABLISHING WATER RATES IN AND FOR THE CITY OF SHAKOPEE

BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION at meeting duly assembled on the 1st day of May, 2023, that Resolution #2022-34 is repealed upon this Resolution taking effect, that the following water rates shall be, and hereby are established for all users of water furnished by the City of Shakopee through the Shakopee Public Utilities Commission:

Section I: <u>RESIDENTIAL SERVICE: (RW)</u>

AVAILABILITY: The primary use is or will be single and multiple family dwellings.

First 5,000 gallons:	\$2.75 per 1,000 gallons per month
Above 5,000 gallons:	\$3.29 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$4.15 per month
3/4 inch	\$4.57 per month
1 inch	\$5.80 per month
1 1/2 inch	\$7.47 per month
2 inch	\$12.03 per month
3 inch	\$45.62 per month
4 inch	\$58.06 per month
6 inch	\$87.10 per month
10 inch	\$207.36 per month

Section II: <u>COMMERCIAL / INSTITUTIONAL SERVICE: (CW)</u>

AVAILABILITY: The principle use is or will be the sale, lease, rental, or trade of products, goods, and services. This shall include office buildings and all institutional users including schools, churches, governmental buildings and nursing homes.

\$2.54 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$4.15 per month
3/4 inch	\$4.57 per month
1 inch	\$5.80 per month
1 1/2 inch	\$7.47 per month
2 inch	\$12.03 per month
3 inch	\$45.62 per month
4 inch	\$58.06 per month

6 inch 10 inch \$87.10 per month \$207.36 per month

Section III: INDUSTRIAL SERVICE: (IW)

AVAILABILITY: The principle use is or will be for the production, manufacture, warehousing, storage, or transfer of goods, products, commodities, or other wholesale items.

\$2.20 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$4.15 per month
3/4 inch	\$4.57 per month
1 inch	\$5.80 per month
1 1/2 inch	\$7.47 per month
2 inch	\$12.03 per month
3 inch	\$45.62 per month
4 inch	\$58.06 per month
6 inch	\$87.10 per month
10 inch	\$207.36 per month

Section IV: IRRIGATION SERVICE:

AVAILABILITY: The primary use is or will be for lawn and landscape irrigation.

\$3.29 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$4.15 per month
3/4 inch	\$4.57 per month
1 inch	\$5.80 per month
1 1/2 inch	\$7.47 per month
2 inch	\$12.03 per month
3 inch	\$45.62 per month
4 inch	\$58.06 per month
6 inch	\$87.10 per month
10 inch	\$207.36 per month

Section V: <u>UNSEWERED PRODUCTION WATER RATE</u>:

AVAILABILITY: For business that use water for process and does not go into sewer system.

\$3.59 per 1000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$4.15 per month
3/4 inch	\$4.57 per month
1 inch	\$5.80 per month
1 1/2 inch	\$7.47 per month
2 inch	\$12.03 per month
3 inch	\$45.62 per month
4 inch	\$58.06 per month

Section VI: THE FOLLOWING CLAUSES APPLY TO ALL RATES:

MONTHLY BILLS:

The monthly bill is the sum of the commodity charge, reconstruction fund charge, the fixed charge, state water connection fee and any applicable sales tax.

In addition to the foregoing, monthly bills also include other adjustments referenced in this or other rate resolutions of the Shakopee Public Utilities Commission.

Minimum bill provisions, late charges, penalties, and special charges, also apply.

Section VII: THE FOLLOWING CLAUSES APPLY TO CERTAIN RATES:

Multiple-family Residential Dwellings:

Multiple-family residential dwellings are buildings or housing groupings which consist of several units each of which is intended and designed for one family or individual occupant. The designation is not dependent upon the actual occupancy of the units for their intended use. Shakopee Utilities will endeavor to adjust billing tier structures to accommodate residential units located in multiple-family dwelling installations and billed through a common water meter. The owner or the customer of record in such instances is responsible for furnishing all necessary information and documentation to provide the Shakopee Utilities the basis for making such adjustments. Adjustment will apply forward from the date documentation is provided and the determination made.

Metered Fire Services, Detector/Check Installations, and similar:

Fire Services having water meters, Detector/Check Installations, and similar services will be billed the regular standard monthly fixed charge applicable to all water meters. Water usage for actual fire suppression is not billed. No other water usage is permitted through such

services, and such usage may be subject to charges and penalties specified under other resolutions, ordinances, or law.

BE IT FURTHER RESOLVED that all terms and adjustments described in this resolution are to become effective May 1, 2023.

Passed in regular session of the Shakopee Public Utilities Commission this 1st day of May, 2023.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent



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

SUBJECT:	The Bipartisan Infrastructure Law: Grid Innovation Program Grant Applicant and Funding
DATE:	April 27, 2023
FROM:	Martin Drouillard, Electrical Engineering Supervisor MD
TO:	Greg Drent, General Manager Sho

ISSUE

Staff wishes to update the Utilities Commission on the status of the draft grant application under the Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment Jobs Act (IIJA); Grid Resiliency and Innovation Partnerships (GRIP) Program, Section 40103(b) (known as topic 3): Grid Innovation Program.

BACKGROUND

In January of 2023, a grant proposal concept paper was submitted by the Minnesota Department of Commerce (Commerce), the Minnesota Rural Electric Association (MREA) and the Minnesota Municipal Utilities Association (MMUA) detailing a proposed group application grant submittal under the IIJA GRIP Topic 3 program that included transmission upgrades and grid-enhancing technology for Cooperative and Municipal Utilities of Minnesota, North Dakota, South Dakota, and Iowa. The Commerce's concept paper was encouraged to apply for full application for grant funding consideration through the U.S. Department of Energy. The final grant proposal deadline for funding consideration is due for submittal May 19, 2023

The Grid Innovation Program (topic 3) grant is investing up to \$5 billion nationally over the Fiscal Years 2024-2028. The Commerce grant proposal is requesting up to \$250 million of that funding for \$500 million of projects. Funding is subject to matching cost share by the awardee(s), sub-applicants, and the anticipated grant award date is Winter 2023.

Shakopee Public Utilities staff were informed in early March 2023 of the grant proposal development and were asked if the utility would like to participate in the proposal development and eventual submittal. SPU staff accepted the offer and are included in the final draft version of the grant submittal that is to be submitted to the U.S. Department of Energy for funding consideration.

The Commerce/MREA/MMUA grant effort includes 2 Municipal Power Agencies, 4 Generation and Transmission Cooperatives, 33 Electric Municipals, and 52 Distribution Cooperatives: totaling 93 utilities and approximately 293 innovating grid projects. The grant application is a collaborative effort that includes, but is not limited to, the Commerce, the MREA, the MMUA, STAR Energy Services, Power Systems Engineering, and DGR Engineering. STAR Energy, along with Power Systems Engineering, has taken on the daunting task of administrating the grant application process, and should the grant application be awarded funding, they would also be administering the required community outreach





programs and communications, the quarterly reporting and progress updates to the DOE, and request to the DOE for funding re-imbursements to the utilities.

SPU staff have worked with STAR Energy on other SPU projects in the past, and SPU staff are confident the grant administration through STAR Energy and Power Systems Engineering will be diligently and efficiently handled.

Since this grant is 50% funding cost share, SPU would be required to fund the entirety of the grant budget for each fiscal year of the grant program. The total grant budget, \$6,374,777 will be divided over the grant 5 years, starting in 2024, and must be completed by end of year 2028. Each fiscal year of the grant timeline, SPU would be eligible, under our currently approved project plan, to submit for reimbursed (starting in 2025) from the DOE annually for up to 50% of the budgeted cost, or actual cost (whichever is less), of SPU's official DOE grant approved expenses that were incurred in the prior fiscal year, but not before grant award.

SPU has identified several projects that fit the criteria for being included in the application. The enclosed project description provides a detailed project narrative of SPU's intended work scope. A few of the projects that we will be working on, if the grant is approved, are to replace the critical distribution tie switches throughout SPU's electrical system. These switches will include 10 total overhead switch replacements, 25 underground switches, which will also be converted from mineral oil-filled to rubber insulated switches, and software and programming that automates these switches through SPU's Supervisory Control and Data Acquisition (SCADA) system. Operation from the SPU Service Center would be automatically executed during an outage or remotely when manually needed. Further grant software plans include a Distributed Energy Resource Management System (DERMS), an Automated Distribution Management System (ADMS), and an Outage Management System (OMS) to facilitate system outage restoration more efficiently as the new software system will predict where outages are happening and where utility personal can go to troubleshoot the outage.

Most important to note regarding this grant project is that SPU's project scope will benefit Disadvantaged Communities within Shakopee, as defined by the Justice 40 Initiative. Benefit to disadvantaged communities is one of the key factors considered in the federal grant funding determinations for the IIJA. The benefits to the disadvantaged community, as defined by SPU's grant scope, includes automated switches that would provide back-up power to the old Shakopee town area and the Shakopee Mdewakanton Sioux Community. In the event of a complete or partial Shakopee Substation outage; whether it be from a transmission line issue, transformer failure or distribution feeder failure; the old Shakopee town would remain largely without power until the outaged equipment was repaired. This is because the old Shakopee town area is supplied electricity only by the radially fed (single source, single transformer) Shakopee Substation. In the event of a transmission outage for Shakopee Sub, customers must rely on SPU manually locating and repairing faults and operating distribution system switches in the field to back-feed the outaged Shakopee Circuits to re-store power to our customers. Furthermore, the SMSC experience the same scenarios and would also gain the same benefits from automated back-up power supply to their critical public works facilities (including the water treatment plant and sewage lift station), cultural center, and homes. The SMSC facilities and





homes, which are also only fed from a single transformer in the Pike Lake Substation, have similar vulnerabilities as old Shakopee for service interruptions from transformer or distribution line failures.

DISCUSSION

In order to continue forward in the grant application, Shakopee Public Utilities must provide a Letter of Commitment with our grant application. This Letter of Commitment is enclosed and states that SPU agrees to support the project in its funding total, and as such Shakopee Public Utilities is responsible for 50% of the funding cost.

REQUESTED ACTION

May the Commission weigh the merits and financial investment of the grant proposal, and if the Commission favors the grant application, then the motion would be as follows:

MOTION

I move that the Commission vote in favor of pursuing the grant funding, and if grant funding is awarded to SPU, approve the investment of \$3,187,388.50 dollars in infrastructure and innovation improvements identified in the grant project scope.



Shakopee Public Utility Contribution Form

Minnesota Regional GRIP Concept Paper

Utility Name: Shakopee Public Utilities

Project Description

Project SPU-001 through SPU-005

Over the course of 5 years, SPU will install 25 underground and 10 overhead distribution smart grid switches along with the SCADA system upgrades and controls to operate them. The overall project will be broken down into five, calendar-year length projects. Each yearly project will fund the installation of 5 underground distribution smart switches, 2 overhead distribution smart switches, and the SCADA hardware and controls to operate those switches automatically. The majority of the overall project scope's funding will be allocated to the installation and SCADA integration of 25 underground switches.

The new automated distribution switches will be used to facilitate a system automated, self-healing distribution system. The existing distribution system switches are oil filled and manually operated by line workers in the field without the assistance of motor operation. Presently system healing is accomplished by field observation and labor-intensive testing.

Furthermore, the disadvantaged community is supplied electricity by the radially fed (single source, single transformer) Shakopee Substation which, in the event of a transmission outage, must rely on manually operated distribution system switches to back-feed the outaged Shakopee Circuits to re-store power to our customers.

To implement a self-healing, automated smart grid, Shakopee Public Utilities will replace 25 existing oilfilled underground switches and overhead air-break switches with molded vacuum interrupter, underground and overhead switches, each with its own smart relays, CTs, PTs, motor operators, and SCADA radios. These new smart switches would be implemented into a coordinated control scheme through SPU's SCADA system to self-heal the distribution system during power outages.

The switches involved in this implementation include:

- Substation circuit tie switches that will benefit Shakopee's disadvantaged community in the old Shakopee town area by reducing outage time to this area and providing automated second source power in the case of a Shakopee Substation transmission or transformer outage.
- Substation circuit tie switches that supply the Shakopee Mdewakanton Sioux Community (SMSC), the Saint Francis Regional Medical Center, Benedictine Saint Gertrude's, Canterbury Park, Compass Data Center, Seagate, and Amazon Distribution Center. Replacing these existing switches would reduce outage time for the SMSC public works facilities (including the water treatment plant and sewage lift station), cultural center, and homes. Further benefiting facilities would include medical and critical care facilities, major job centers, and a data center in Shakopee.

SCADA system upgrades will occur concurrently with the switch upgrades in each yearly project. The upgrades include the SCADA software, hardware, and systems to keep pace with rapid advancements in the industry. The new solution will expand capabilities to include an Advanced Distribution Management System (ADMS) with outage management (OMS) and Distribution Energy Resource Management System (DERMS). The solution will improve efficiency and reliability through real-time monitoring, control, and

optimization of the distribution grid. This will streamline operations and maintain reliability while integrating local, renewable resources and energy storage devices.

Project Budgets

Project Description	Budget
SPU-001 through SPU-005	\$5,650,000
 Installation of new SCADA ADMS and DERMS upgrades along with 	switches
SCADA automated, smart grid, circuit tie switches to implement a	+
Smart Grid and reduce outage times to Shakopee's disadvantaged	\$710,000 SCADA
community as well as major job centers and medical facilities.	= \$6,360,000
	Actual \$6,374,777

Resilience Challenges

The implementation described above will allow Shakopee Public Utilities to automatically and remotely operate our distribution switches and other devices to assist in outage restoration to our customers in the disadvantaged/partially disadvantaged community. Furthermore, automated switching control schemes implemented over the RF SCADA system will greatly reduce outage time duration. CT/PT metering through SEL smart relays at each switch will provide additional system status and information prior to, during, and after the time of the fault. Programming to monitor the electric grid's currents and voltages will provide early warnings of circuit troubles through alarms in the SCADA system.

Prior to implementing any of the above proposed changes, switching has to be done manually in the field and physically by SPU Lineworkers. Furthermore, the existing distribution system is only monitored for values at the substation which requires extensive personnel time to locate, evaluate, and repair outage causing conditions.

Major Storms in the Last 3 Years

- 2021/09/17: High Winds Storm affected Shakopee's partially disadvantaged community in the Dean Lakes area / SMSC community.
 - o 753 customers
 - Outage time ranged from 211 minutes to 1,000 minutes.
- 2022/06/20: High Winds Storm affected Dean Lakes Circuit 52 serving Shakopee's disadvantaged community.
 - o 1,193 customers
 - o 32 minutes
- 2020/10/20: High Winds Storm affected Shakopee Substation circuits 8 & 9 serving Shakopee's disadvantaged community.
 - o 950 customers
 - o 10 hours outage time

Grid Benefits

The projects, located in a Justice 40 community, will benefit the downtown/old Shakopee disadvantaged community, the Shakopee Mdewakanton Sioux community, and the greater Shakopee community by providing a resilient and self-healing distribution system that will minimize outages, outage time, and lost productivity or services at critical facilities such as the Saint Francis Regional Medical Center, Benedictine Saint Gertrude's, Shakopee Public Schools, Canterbury Park, Compass Data Center, Seagate, Scott County Government Center, and Amazon Distribution Center. Replacing these existing switches would reduce outage time for medical and critical care facilities, major job centers, and a data center in Shakopee.

A SCADA system with ADMS and DERMS would be equipped with real-time visibility and control of remote equipment and systems, alerts and alarm management, historical data archival, reporting, trending, analysis tools, security and access controls, visualization and HMI capabilities, various interoperable communication protocols for integrations, system redundancy, and allow SPU to incorporate DERs for demand response and optimal system performance.

The improved SCADA solution's main objectives are improving resilience, safety, efficiency, operational flexibility, and integration of renewable resources. Additional benefits include opportunities to automate certain field crew tasks, historical information for data-driven insights, enhanced customer satisfaction and public awareness, reduced outage durations, and better situational awareness to reduce downtime, equipment damage, and safety hazards by detecting compromised equipment faster.

Award Number:

Award Recipient: MN Department of Commerce

Date of Submission: 15-May-23

Form submitted by:

(May be award recipient or sub-recipient)

Please read the instructions on each worksheet tab before starting. If you have any questions, please ask your EERE contact! Do not modify this template or any cells or formulas!

1. If using this form for award application, negotiation, or budget revision, fill out the blank white cells in workbook tabs a through j, with total project costs.

2. Blue colored cells contain instructions, headers, or summary calculations and should not be modified. Only blank white cells should be populated.

3. Enter detailed support for the project costs identified for each Category line item within each worksheet tab to autopopulate the summary tab.

4. The total budget presented on tabs a, through i, must include both Federal (DOE) and Non-Federal (cost share) portions.

5. All costs incurred by the preparer's sub-recipients, contractors, and Federal Research and Development Centers (FFRDCs), should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.

6. Ensure all entered costs are allowable, allocable, and reasonable in accordance with the administrative requirements prescribed in 2 CFR 200, and the applicable cost principles for each entity type: FAR Part 31 for For-Profit entities; and 2 CFR Part 200 Subpart E - Cost Principles for all other non-federal entities.

7. Add rows as needed throughout tabs a, through j. If rows are added, formulas/calculations may need to be adjusted by the preparer. Do not add rows to the Instructions and Summary tab. If your project contains more than five budget periods, consult your EERE contact before adding additional budget period rows or columns.

8. ALL budget period cost categories are rounded to the nearest dollar

BURDEN DISCLOSURE STATEMENT

Public reporting burden for this collection of information is estimated to average 24 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Office of Information Resources Management Policy, Plans, and Oversight, AD-241-2 - GTN, Paperwork Reduction Project (1910-5162), U.S. Department of Energy 1000 Independence Avenue, S.W., Washington, DC 20585; and to the Office of Management and Budget, Paperwork Reduction Project (1910-5162), Washington, DC 20503.

			SUMMARY	OF BUDGET CA	TEGORY COSTS P	ROPOSED	- the security data	
Postion A Burdagt Summan	The v	alues in this sum	mary table are tro	m entries made ir	i subsequent tabs,	only blank white	cens require data	entry
Section A - Budder Summary		Federal	Cost Share			Total Costs	Cost Share %	Proposed Budget Period Dates
	Budget Period 1	\$655,228	\$655.228			\$1,310,455	50.00%	01/01/2024 - 12/31/2024
	Budget Period 2	\$633.040	\$633,040			\$1,266,080	50.00%	01/01/2025 - 12/31/2025
	Budget Period 3	\$633,040	\$633,040			\$1,266,080	50.00%	01/01/2026 - 12/31/2026
	Budget Period 4	\$633,040	\$633,040			\$1,266,080	50.00%	01/01/2027 - 12/31/2027
	Budget Period 5	\$633,040	\$633,040			\$1,266,080	50.00%	01/01/2028 - 12/31/2028
	Total	\$3,187,389	\$3,187,389			\$6,374,777	50.00%	
Section B - Budget Categories								
CATEGORY	Budget Period 1	Budget Period 2	Budget Period 3	Budget Period 4	Budget Period 5	Total Costs	% of Project	Comments (as needed)
a. Personnel	\$19,440	\$19,440	\$19,440	\$19,440	\$19,440	\$97,202	1.52%	
b. Fringe Benefits	\$10,603	\$10,603	\$10,603	\$10,603	\$10,603	\$53,015	0.83%	
c. Travel	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
d. Equipment	\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$5,326,220	83.55%	
e. Supplies	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
f. Contractual	NAME - DURA THE	W. Sylvesting	1441 MP 2252	States and the second	ALL REAL PROPERTY		ERE SIX MIGHT	
Sub-recipient	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
Contractor	\$207,500	\$163,125	\$163,125	\$163,125	\$163,125	\$860,000	13.49%	
FFRDC	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
Total Contractual	\$207,500	\$163,125	\$163,125	\$163,125	\$163,125	\$860,000	13.49%	
g. Construction	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
h. Other Direct Costs	\$7,668	\$7,668	\$7,668	\$7,668	\$7,668	\$38,340	0.60%	
Total Direct Costs	\$1,310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	100.00%	
i. Indirect Charges	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	
Total Costs	\$1,310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	100.00%	

a. Personnel

INSTRUCTIONS - PLEASE READII!

1. List project costs solely for employees of the entity completing this form. All personnel costs for subrecipients and contractors must be included under f. Contractual.

2. All personnel should be identified by position title and not employee name. Enter the amount of time (e.g., hours or % of time) and the base hourly rate and the total direct personnel compensation will automatically calculate. Rate basis (e.g., rate negotiated for each hour worked on the project, labor distribution report, state civil service rates, etc.) must also be identified. 3. If loaded labor rates are utilized, a description of the costs the loaded rate is comprised of must be included in the Additional Explanation section below. DOE must review all components of the loaded labor rate for reasonableness and unallowable costs (e.g. fee or profit).

4, If a position and hours are attributed to multiple employees (e.g. Technician working 4000 hours) the number of employees for that position tille must be identified. 5. Each budget period is rounded to the nearest dollar.

		Budget Period 1			Budget Period 2			Budget Period 3			Budget Period 4			Budget Period 5			Designed	Duningh		
SOPO Task #	Position Title	Time (Hrs)	Hourly Rate (\$/Hr)	Total Budget Period 1	Time (Hrs)	Hou Ra (\$/I	urly ate E Hr) P	Total Budget Period 2	Time (Hrs)	Hourly Rate (\$/Hr)	Total Budget Period 3	Time (Hrs)	Hourly Rate (\$/Hr)	Total Budget Period 4	Time (Hrs)	Hourly Rate (\$/Hr)	Total Budget Period 5	Total Hours	Total Dollars	Rate Basis
SPU-001	Asst Elec Supv.	10	\$ 98.05	\$981		1		\$0		\$ -	\$0			\$0		1	\$0	10	\$981	
SPU-001	Lineworker	75	\$ 91.21	\$6,841				\$0		\$ -	\$0		1	\$0			\$0	75	\$6,841	
SPU-001	Journeyman	80	\$ 80.11	\$6,409	.ij			\$0		\$ -	\$0			\$0			\$0	80	\$6,409	
SPU-001	Apprentice	80	\$ 65.13	\$5,210				\$0		S -	\$0			\$0			\$0	80	\$5,210	
					1 1					1							\$0	0	\$0	
SPU-002	Asst. Elec. Supv.	[]		\$0	10	\$	98.05	\$981			\$0	1		\$0			\$0	10	\$981	
SPU-002	Lineworker			\$0	75	\$	91.21	\$6,841			\$0			\$0		[]	\$0	75	\$6,841	
SPU-002	Journeyman			\$0	80	\$	80,11	\$6,409			\$0			\$0	1		\$0	80	\$6,409	
SPU-002	Apprentice			\$0	80	\$	65.13	\$5,210			\$0			\$0			\$0	80	\$5,210	
								_							1		\$0	0	\$0	
SPU-003	Asst. Elec. Supv.			\$0				\$0	10	\$ 98.0	5 \$981	I		\$0			\$0	10	\$981	
SPU-003	Lineworker	ł		\$0	· · · · · ·			\$0	75	\$ 91.2	1 \$6,841			\$0			\$0	75	\$6,841	
SPU-003	Journeyman			\$0				\$0	80	\$ 80.1	1 \$6,409			\$0			\$0	80	\$6,409	
SPU-003	Apprentice			\$0				\$0	80	\$ 65.1	3 \$5,210			\$0			\$0	80	\$5,210	
																	\$0	0	\$0	
SPU-004	Asst Elec, Supv.			\$0				\$0			\$0	10	\$98.05	\$981			\$0	10	\$981	
SPU-004	Lineworker			\$0				\$0			\$0	75	\$91.21	\$6,841			\$0	75	\$6,841	
SPU-004	Journeyman			\$0				\$0		0	\$0	80	\$80.11	\$6,409			\$0	80	\$6,409	
SPU-004	Apprentice			\$0				\$0	1		\$0	80	\$65.13	\$5,210			\$0	80	\$5,210	
																	\$0	0	\$0	
SPU-005	Asst Elec Supv			\$0				\$0			\$0			\$0	10	\$98.05	\$981	10	\$981	
SPU-005	Lineworker			\$0				\$0			\$0			\$0	75	\$91.21	\$6,841	75	\$6,841	
SPU-005	Journeyman			\$0		1		\$0			\$0			\$0	80	\$80.11	\$6,409	80	\$6,409	
SPU-005	Apprentice			\$0				\$0			\$0			\$0	80	\$65.13	\$5,210	80	\$5,210	
	TOTAL PERSONNEL	245		\$19,440	245			\$19,440	245		\$19,440	245		\$19,440	245		\$19,440	1225	\$97,202	

nation (as needed): cxpiar

b. Fringe Benefits

INSTRUCTIONS - PLEASE READ

1. Fill out the table below by position title, if all employees receive the same fringe benefits, you can show "Total Personnel" in the Labor Type column instead of listing out all position titles.

2. The rates and how likey are applied should not be averaged to get one fringe cost percentage. Complex calculations should be described/provided in the Additional Explanation section below.

3. The fringe benefit rates should be applied to all positions, regardless of whether those funds will be supported by Federal Share or Recipient Cost Share, 4. Each budget period is rounded to the nearest dollar.

Labor Type		Budget	Period 1		Budget	Period 2		Budget	Period 3		Budget	Period 4	N-07	Budget I	Period 5		Total Project
	Pe	rsonnel Costs	Rate	Total	Personnel Costs	Rate	Total										
Asst. Elec. Supv.	\$	980.50	61.27%	\$601	\$ 980.50	61.27%	\$601	\$ 980.50	61.27%	\$601	\$ 980.50	61.27%	\$601	\$ 980,50	61.27%	\$601	\$3,004
Lineworker	\$	6,840,75	59.70%	\$4,084	\$ 6,840,75	59,70%	\$4,084	\$ 6,840.75	59.70%	\$4,084	\$ 6,840.75	59.70%	\$4,084	\$ 6,840.75	59,70%	\$4,084	\$20,420
Journeyman	\$	6,408.80	53,46%	\$3,426	\$ 6,408.80	53.46%	\$3,428	\$ 6,408.80	53 46%	\$3,426	\$ 6,408,80	53.46%	\$3,426	\$ 6,408.80	53.46%	\$3,426	\$17,131
Apprenlice	\$	5,210,40	47.83%	\$2,492	\$ 5,210,40	47.83%	\$2,492	\$ 5,210.40	47.83%	\$2,492	\$ 5,210.40	47.83%	\$2,492	\$ 5,210.40	47.83%	\$2,492	\$12,461
	+														ŀ		
TOTAL FRINGE	E	\$19,440		\$10,603	\$19,440		\$10.603	\$19,440		\$10,603	\$19,440		\$10,603	\$19,440		\$10,603	\$53,015

A federally approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by DOE for estimating purposes is required at the time of award negotiation if reimbursement for fringe benefits is requested. Please check (X) one of the options below and provide the requested information if not previously submitted.

A fringe benefit rate has been negotiated with, or approved by, a federal government agency. A copy of the latest rate agreement is/was included with the project application.*

____X___ There is not a current federally approved rate agreement negotiated and available.**

*Unless the organization has submitted an indirect rate proposal which encompasses the fringe pool of costs, please provide the organization's benefit package and/or a list of the components/elements that comprise the fringe pool and the cost or percentage of each component/element allocated to the labor costs identified in the Budget Justification.

**When this option is checked, the entity preparing this form shall submit an indirect rate proposal in the format provided in the Sample Rate Proposal at https://www.energy.gov/eere/funding/downloads/sample-indirect-rate-proposal-and-profit-compliance-audit, or a format that provides the same level of information and which will support the rates being proposed for use in the performance of the proposed project.

Additional Explanation (as necessary): Please use this box (or an attachment) to list the elements that comprise your fringe benefits and how they are applied to your base (e.g. Personnel) to arrive at your fringe benefit rate

Utility Name Northern Plains Electric Cooperative

Tear Calculating	2923
Work Hours Per Year	2,080

	18/mmm				Thi	ne Off.							Insurance					Retirement		U	nemployement		Worker's	Social	TOTAL	DAVIS-BACON
Position	wage	Va	cetton	S	ick		PTO	Hoti	day	Life	Madical	L-T-D	Dental	Dependent Life	Vision	Total	4018	Pension	FA56 106	Federal	State	Total	Comp	Security	FRINGE	EFFECTIVE
	Pay per Hour	2023 Hour	Percent %	2023 Hou	Percent >	2023 Hour	Percent %	2023 Hours	Fercent %	Per Month (\$	Per Month (\$) Per Month (\$	Per Month (5	Per Month (\$)	Per Month (5)	Percent %	Percent %	Parcent N	Percent %	Per Month (S)	Per Month (5)	Percent %	Percent %	Percent N	Percent %	WAGE
Average All Employee Rate	5 50.95	160	7.69%	95	4.62%	0	0.00%	72	3.46%	\$ 71.15	5 2 071 4	8 5 45.40	5 5	5 5.10	5 1	24.84%	4.25%	26.00%	0.00%	5 7.50	\$ 2.50	0.07%	2.83%	7.65%	81.40%	5 92.43
																									0,00%	5
Lead Foreman	\$ 51.77	168	8.08%	96	4.62%	0	0.00%	. 72	3,46%	\$ 75	5 1.93	5 \$ 40	5	5 5	5	22.97%	4%	28%	0%	5 1.50	5 2.50	0.07%	4.52%	7.65%	83.49%	\$ 94.99
Tourneyman Liternan	\$ 49.30	168	8.08%	96	4.62%	0	0.00%	72	3.46%	\$ 71	5 1,93	5 5 44	5 .	3 5	5 .	24.05%	4%	28%	0%	5 1.50	\$ 2.50	0.07%	4.525	7.65%	84.58%	5 91.00
Meter Tech	\$ 49.16	152	7.31%	96	4.62%	e	0.00%	72	3.46%	\$ 60	5 2.27	à 5 44	5	5 3	5 .	28.06%	4%	27%	0%	\$ 3.50	\$ 2.50	0.07K	0.30%	7.65%	83.14%	\$ 90.03
Cingerseder	5 62.62	144	6.92%	95	4.62%	0	0.00%	72	3.46%	3 84	5 2.27	0 5 50	1.5	5 5	5 .	22.31%	4%	20%	0%	\$ 1.50	\$ 1.56	0.05%	0.30%	7.65%	69.82%	5 100.34
Warehouseman .	\$ 41.91	165	8.08%	96	4.62%	a	0.00%	72	3.46%	\$ 00	5 1.98	5 5 37	5 -	5 5	5 -	28.05%	4%	28%	0%	\$ 1.50	5 2.50	0.08%	4.52%	7,65%	88.59%	\$ 79.04
the second s									and the second se																	

c. Travel

INSTRUCTIONS - PLEASE READ!!!

1. Identify Foreign and Domestic Travel as separate items. Examples of Purpose of Travel are subrecipient site visits, DOE meetings, project mgmt, meetings, etc. Examples of Basis for Estimating Costs are past trips, travel quotes, GSA rates, etc.

2. All listed travel must be necessary for performance of the Statement of Project Objectives.

3, Only travel that is directly associated with this award should be included as a direct travel cost to the award.

4. Federal travel regulations are contained within the applicable cost principles for all entity types.

5. Travel costs should remain consistent with travel costs incurred by an organization during normal business operations as a result of the organizations written travel policy, in absence of a written travel policy,

organizations must follow the regulations prescribed by the General Services Administration.

6. Columns E, F, G, H, I, J, and K are per trip.

7. The number of days is inclusive of day of departure and day of return.

8, Recipients should enter City and State (or City and Country for International travel) in the Depart from and Destination fields.

9. Each budget period is rounded to the nearest dollar.

SOPO Task #	Purpose of Travel	Depart From	Destination	No. of Days	No. of Travelers	Lodging per Traveler	Flight per Traveler	Vehicle per Traveler	Per Diem Per Traveler	Cost per Trip	Basis for Estimating Costs
	Domestic Travel				Budget P	eriod 1					
	Not Applicable			1						\$0	
										\$0	
										\$0	
						1				\$0	
	International Travel										
	Not Applicable									\$0	
	Budget Period 1 Total									\$0	
	Domestic Travel				Budget P	eriod 2					
	Not Applicable									\$0	
										\$0	
										\$0	
										\$0	
	International Travel										
	Not Applicable									\$0	
	Budget Period 2 Total									\$0	
	Domestic Travel				Budget F	Period 3	_				
	Not Applicable							<u>.</u>		\$0	
										\$0	
										\$0	
										\$0	
	International Travel										
	Not Applicable									\$0	
	Budget Period 3 Total									\$0	
	Domestic Travel				Budget F	Period 4					
	Not Applicable									\$0	
										\$0	
										\$0	
										\$0	
	International Iravel									80	
	Not Applicable									\$0	
	Budget Period 4 Total									20	
	Domestic Travel				Budget H	Period 5					
	Not Applicable									\$0	
										\$0	
										50	
	Informational Travel									20	
	Not Applicable									60	
	Budget Deried & Tetal									50	
	Buuget Period 5 Total					L				şu	
	TOTAL TRAVEL							()		\$0	
Additions	I Evolution (as needed):				_	_	_				

INSTRUCTIONS - PLEASE READ!!!

1. Equipment is generally defined as an item with an acquisition cost greater than \$5,000 and a useful life expectancy of more than one year. Please refer to the applicable Federal regulations in 2 CFR 200 for specific equipment definitions and treatment.

2. List all equipment below, providing a basis of cost (e.g. contractor quotes, catalog prices, prior invoices, etc.), Briefly justify items as they apply to the Statement of Project Objectives. If it is existing equipment, provide logical support for the estimated value shown.

3. During award negotiations, provide a contractor quote for all equipment items over \$50,000 in price. If the contractor quote is not an exact price match, provide an explanation in the additional explanation section below. If a contractor quote is not practical, such as for a piece of equipment that is purpose-built, first of its kind, or otherwise not available off the shelf, provide a detailed engineering estimate for how the cost estimate was derived.

4. Each budget period is rounded to the nearest dollar.

SOPO Task #	Equipment Item	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
				Budget Per	iod 1	
SPU-001	MDS Orbit MRC 900 SCADA Radios	7	\$972	\$6,804	Vendor Quote	To be installed on each distribution switch
SPU-001	MDS Orbit Antenna	7	\$200	\$1,400	Estimated Cost	To be installed on each switch
SPU-001	Miscellaneous (bolts, brackets, washers etc.)	7	\$150	\$1,050	Estimated Cost	Misc SCADA hardware to be installed on each switch
SPU-001	Misc Overhead	2	\$495	\$990	Estimated Cost	Replace Poles and Hardware for OH Switches as needed
SPU-001	Eaton ISG Underground Distribution Padmount Switches	5	\$195,000	\$975,000	Vendor quote	Price of EPDM smart switch with SCADA integration
SPU-001	Overhead Distribution Switch	2	\$40,000	\$80,000	Estimated Cost	Estimated cost OH sw with scada, vac bottle, remote op
	Budget Period 1 Total			\$1,065,244		
				Budget Per	riod 2	
SPU-002	MDS Orbit MRC 900 SCADA Radios	7	\$972	\$6,804	Vendor Quote	To be installed on each distribution switch
SPU-002	MDS Orbit Antenna	7	\$200	\$1,400	Estimated Cost	To be installed on each switch
SPU-002	Miscellaneous (bolts, brackets, washersetc.)	7	\$150	\$1,050	Estimated Cost	Misc SCADA hardware to be installed on each switch
SPU-002	Misc Overhead	2	\$495	\$990	Estimated Cost	Replace Poles and Hardware for OH Switches as needed
SPU-002	Eaton ISG Underground Distribution Padmount Switches	5	\$195,000	\$975,000	Vendor quote	Price of EPDM smart switch with SCADA integration
SPU-002	Overhead Distribution Switch	2	\$40,000	\$80,000	Estimated Cost	Estimated cost OH sw with scada, vac bottle, remote op
	Budget Period 2 Total			\$1,065,244		
				Budget Pe	riod 3	
SPU-003	MDS Orbit MRC 900 SCADA Radios	7	\$972	\$6,804	Vendor Quote	To be installed on each distribution switch
SPU-003	MDS Orbit Antenna	7	\$200	\$1,400	Estimated Cost	To be installed on each switch
SPU-003	Miscellaneous (bolts, brackets, washers & etc.)	7	\$150	\$1,050	Estimated Cost	Misc SCADA hardware to be installed on each switch
SPU-003	Misc Overhead	2	\$495	\$990	Estimated Cost	Replace Poles and Hardware for OH Switches as needed
SPU-003	Eaton ISG Underground Distribution Padmount Switches	5	\$195,000	\$975,000	Vendor quote	Price of EPDM smart switch with SCADA integration
SPU-003	Overhead Distribution Switch	2	\$40,000	\$80,000	Estimated Cost	Estimated cost OH sw with scada, vac bottle, remote op
	Budget Period 3 Total		1	\$1,065,244		
		-		Budget Pe	riod 4	
SPU-004	MDS Orbit MRC 900 SCADA Radios	7	\$972	\$6,804	Vendor Quote	To be installed on each distribution switch
SPU-004	MDS Orbit Antenna	7	\$200	\$1,400	Estimated Cost	To be installed on each switch
SPU-004	Miscellaneous (bolts, brackets, washers etc.)	7	\$150	\$1,050	Estimated Cost	Misc SCADA hardware to be installed on each switch
SPU-004	Misc Overhead	2	\$495	\$990	Estimated Cost	Replace Poles and Hardware for OH Switches as needed
SPU-004	Eaton ISG Underground Distribution Padmount Switches	5	\$195,000	\$975,000	Vendor quote	Price of EPDM smart switch with SCADA integration
SPU-004	Overhead Distribution Switch	2	\$40,000	\$80,000	Estimated Cost	Estimated cost OH sw with scada, vac bottle, remote op
	Budget Period 4 Total			\$1,065,244		
				Budget Pe	riod 5	
SPU-005	MDS Orbit MRC 900 SCADA Radios	7	\$972	\$6,804	Vendor Quote	To be installed on each distribution switch
SPU-005	MDS Orbit Antenna	7	\$200	\$1,400	Estimated Cost	To be installed on each switch
SPU-005	Miscellaneous (bolts, brackets, washers tc.)	7	\$150	\$1,050	Estimated Cost	Misc SCADA hardware to be installed on each switch
SPU-005	Misc Overhead	2	\$495	\$990	Estimated Cost	Replace Poles and Hardware for OH Switches as needed
SPU-005	Eaton ISG Underground Distribution Padmount Switches	5	\$195,000	\$975,000	Vendor quote	Price of EPDM smart switch with SCADA integration
SPU-005	Overhead Distribution Switch	2	\$40,000	\$80,000	Estimated Cost	Estimated cost OH sw with scada, vac bottle, remote op
	Budget Period 5 Tota			\$1,065,244		
		1	1			
	TOTAL EQUIPMENT			0		

USTRUCTIONS - PERASE READIII

e. Supplies

1. Supplies are generally defined as an item with an acquisition cost of \$5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance, Please refer to the applicable Federal regulations in 2 CFR 200 for specific supplies definitions and treatment.

2. List all proposed supplies below, providing a basis of costs (e.g. contractor quotes, catalog prices, prior invoices, etc.). Briefly justify the need for the Supplies as they apply to the Statement of Project Objectives. Note that Supply items must be direct costs to the project at this budget category, and not duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

3; Multiple supply items valued at \$5,000 or less used to assemble an equipment item with a value greater than \$5,000 with a useful life of more than one year should be included on the equipment tab. If supply items and costs are ambiguous in nature, contact your DOE representative for proper categorization.

4. Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer, 5. Each budget certod is rounded to the pagest dollar.

Task #	General Category of Supplies	Qty	Unit Cost	Total Cost	Basis of Cost	Justification of need
				Budget Period 1		
				\$0		
				\$0		
				\$0		
				\$0		
				\$0		
				\$0		
			· · · · · · · · · · · · · · · · · · ·	\$0		
				\$0		
				\$0		
		-	·	\$0		
	Budget Period 1 Total			S0		
T				Budget Period 2		
			1	\$0		
			1	\$0		
				\$0		
				\$0		
			<u></u>	50		
				\$0		
	Budget Period 2 Total			\$0		
				Budget Period 3		
			1	\$0		
				\$0		
				\$0		
				\$0		
				\$0		
				\$0		
				\$0		
	Budget Period 3 Total	_		\$0]		
				Budget Period 4		· · · · · · · · · · · · · · · · · · ·
		_		\$0		
				50		
				\$0		
		_		\$0		
		_		\$0		
				\$0		
	Budget Period 4 Total			\$0		
		_		Budget Period 5		
			-			
				\$0		
	Budget Period 5 Total			\$0		
			1.1			

INSTRUCTIONS - PLEASE READ!!!

1. The entity completing this form must provide all costs related to sub-recipients, contractors, and FFRDC partners in the applicable boxes below.

2. Sub-recipients (partners, sub-awardees): Subrecipients shall submit a Budget Justification describing all project costs and calculations when their total proposed budget exceeds either (1) \$250,000 or (2) 25% of total award costs. These sub-recipient forms may be completed by either the sub-recipients themselves or by the proparer of this form. The budget totals on the sub-recipient is forms must match the sub-recipient entries below. A subrecipient is a legal entity to which a subaward is made, who has performance measured against whether the objectives of the Federal program or the organization. All characteristics may not be present and judgment must be used to determine subrecipient subrecipient subrecipient (part or pour part or the region of the organization. All characteristics may not be present and judgment must be used to determine subrecipient subrecipient (part or pour part or the organization. All characteristics may not be present and judgment must be used to determine subrecipients and subrecipient subrecipients and subrecipients and subrecipient subrecipients and subrecipient as a legal entity contractor costs with total project costs of \$250,000 or more, a Contractor quote must be provided. A contractor is a legal entity contracted to provide goods and services within normal business operations, provides similar goods or services to the Federal program. All observes the sub-recipient subsection of the Federal program, and is not subject to compliance requirement

4. Federal Funded Research and Development Centers (FFRDCs); FFRDCs must submit a signed Field Work Proposal during award application. The award recipient may allow the FFRDC to provide this information directly to DOE, however project costs must also be provided below. 5. Each budget period is rounded to the nearest dollar.

SOPO Task #	Sub-Recipient Name/Organization	Sub-Recipient Unique Entity Identifier (UEI)	Purpose and Basis of Cost	Budget Period 1	Budget Period	Budget Period 3	Budget Period 4	Budget Period 5	Project Total
									\$0
									\$0
									50
									\$0
									\$0
									50
			Sub-tota	\$0	\$0	\$0	\$0	Ş	\$0
				1	1		D. J. J.	Dudaat	

SOPO Task #	Contractor Name/Organization	Purpose and Basis of Cost	Budget Period	Budget Period 2	Budget Period 3	Budget Period 4	Budget Period 5	Project Total
SPU-001	DGR or PSE or Star Energy	Engineering of projects and specification/implementation of equipment and SCADA integration	\$ 26,625.00					\$26,625
SPU-001	Leidos	Engineering and Coordination Study for Automated Switching	\$ 26,625.00					\$26,625
SPU-001	Survalent	SCADA ADMS, DERMS, OMS	\$ 71,000,00					\$71,000
SPU-001	Mpower	OMS, GIS Updates/Connectivity Repair	\$ 26,625.00					\$26,625
SPU-001	NISC	OMS and SmartHub	\$28,313					\$28,313
SPU-001	Ilron	AMM Programming for OMS	\$28,313					\$28,313
SPU-002	DGR or PSE or Star Energy	Engineering of projects and specification/implementation of equipment and SCADA integration		\$ 26,625.00				\$26,625
SPU-002	Leidos	Engineering and Coordination Study for Automated Switching		\$ 26,625.00				\$26,625
SPU-002	Survalent	SCADA ADMS, DERMS, OMS		\$ 26,625.00				\$26,625
SPU-002	Mpower	OMS. GIS Updates/Connectivity Repair		\$ 26,625,00				\$26,625
SPU-002	NISC	OMS and SmartHub		\$28,313				\$28,313
SPU-002	liron	AMM Programming for OMS		\$28,313				\$28,313
SPU-003	DGR or PSE or Star Energy	Engineering of projects and specification/implementation of equipment and SCADA integration			\$ 26,625.00			\$26,625
SPU-003	l eidos	Engineering and Coordination Study for Automated Switching			\$ 26,625.00			\$26,625
SPU-003	Survalent	SCADA ADMS DERMS OMS			\$ 26.625.00			\$26,625
SPU-003	Mpgwer	OMS GIS Undates/Connectivity Repair			\$ 26.625.00			\$26,625
SPU-003	NISC	OMS and SmartHub			\$28,313			\$28,313
SPU-003	llron	AMM Programming for OMS			\$28,313			\$28,313
SPU-004	DGR or PSE or Star Energy	Engineering of projects and specification/implementation of equipment and SCADA integration				\$ 26,625.00		\$26,625
SPU-004	Leidos	Engineering and Coordination Study for Automated Switching				\$ 26,625.00		\$26,626
SPU-004	Survalent	SCADA ADMS, DERMS, OMS				\$ 26,625.00		\$26,625
SPU-004	Moower	OMS, GIS Updates/Connectivity Repair		1		\$ 26,625.00		\$26,62
SPU-004	NISC	OMS and SmartHub	1			\$28,313		\$28,31
SPU-004	liton	AMM Programming for OMS				\$28,313		\$28,31
SPU-005	DGR or PSE or Star Energy	Engineering of projects and specification/implementation of equipment and SCADA integration					\$ 26,625.00	\$26,62
SPU-005	Leidos	Engineering and Coordination Study for Automated Switching					\$ 26,625.00	\$26,62
SPU-005	Survaient	SCADA ADMS, DERMS, OMS					\$ 26,625.00	\$26,62
SPU-005	Мрожег	OMS, GIS Updates/Connectivity Repair					\$ 26,625,00	\$26,62
SPU-005	NISC	OMS and SmartHub					\$28,313	\$28,31
SPU-005	Itron	AMM Programming for OMS	A				\$28,313	\$28,31
								\$
		Sub-tota	\$207,50	\$163,12	\$163,125	\$163,125	\$163,125	\$860,00
SOPO Task #	FFRDC Name/Organization	Purpose and Basis of Cost	Budget Period	Budget Period	Budget Period	Budget Period 4	Budget Period 5	Project Tota
	Name/Jiganization		· · · · · · · · · · · · · · · · · · ·					5
								S
		Sub-tota	s	0 \$	D \$0	\$0	\$0	5
		TOTAL CONTRACTUA	1 \$207.50	0 \$163,12	5 \$163,125	\$163,125	\$163,125	\$860,00

g. Construction

PLEASE READ!!!

1. Construction, for the purpose of budgeting, is defined as all types of work done on a particular building, including erecting, altering, or remodeling. Construction conducted by the award recipient is entered on this page. Any construction work that is performed by a contractor or subrecipient should be entered under f. Contractual.

2. List all proposed construction below, providing a basis of cost such as engineering estimates, prior construction, etc., and briefly justify its need as it applies to the Statement of Project Objectives.

3. Each budget period is rounded to the nearest dollar.

Overall description of construction activities: N/A

SOPO Task #	General Description	Cost	Basis of Cost	Justification of need
		Budge	t Period 1	
	Not Applicable			
-				
	Budget Period 1 Total	\$0		
		Budge	t Period 2	
	Not Applicable			
	Budget Period 2 Total	\$0		
		Budge	Period 3	
	Not Applicable			
	Budget Period 3 Total	\$0		
		Budge	Period 4	
	Not Applicable			
	Budget Period 4 Total	\$0		
		Budge	Period 5	
i i	Not Applicable	Duuge		
	Budget Devied E Tatal	¢r		
	Budget Period 5 Total	φU		
	TOTAL CONSTRUCTION	\$0		

h. Other Direct Costs

INSTRUCTIONS - PLEASE READ!!!

1. Other direct costs are direct cost items required for the project which do not fit clearly into other categories. These direct costs must not be included in the indirect costs (for which the indirect rate is being applied for this project). Examples are: tuition, printing costs, etc. which can be directly charged to the project and are not duplicated in indirect costs (overhead costs).

2. Basis of cost are items such as vendor quotes, prior purchases of similar or like items, published price list, etc.

3. Each budget period is rounded to the nearest dollar.

SOPO Task #	General Description and SOPO Task #	Cost	Basis of Cost	Justification of need
			Budget Period 1	
SPU-001	Digger Derrick UG SW	\$2,000	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	Bucket Truck UG SW	\$1,300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	Hydrovac UG SW	\$300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	Tracktor Backhoe UG SW	\$600	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	ROW Permit UG SW	\$845	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	Digger Derrick OH SW	\$400	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	Bucket Truck OH SW	\$1,040	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-001	ROW Permit OH SW	\$1,183	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
	Budget Period 1 Total	\$7,668		
			Budget Period 2	
SPU-002	Digger Derrick UG SW	\$2,000	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	Bucket Truck UG SW	\$1,300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	Hydrovac UG SW	\$300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	Tracktor Backhoe UG SW	\$600	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	ROW Permit UG SW	\$845	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	Digger Derrick OH SW	\$400	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	Bucket Truck OH SW	\$1,040	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-002	ROW Permit OH SW	\$1,183	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
	Budget Period 2 Total	\$7,668	Deduct De to 10	
			Budget Period 3	
SPU-003	Digger Derrick UG SW	\$2,000	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	Bucket Truck UG SW	\$1,300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	Hydrovac UG SW	\$300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	Tracktor Backhoe UG SW	\$600	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	ROW Permit UG SW	\$845	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	Digger Derrick OH SW	\$400	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	Bucket Truck OH SW	\$1,040	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-003	ROW Permit OH SW	\$1,183	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
	Budget Period 3 Total	\$7,668	1	
		1	Budget Period 4	lo to the destrict and the second second section
SPU-004	Digger Derrick UG SW	\$2,000	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	Bucket Truck UG SW	\$1,300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	Hydrovac UG SW	\$300	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	Tracktor Backhoe UG SW	\$600	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	ROW Permit UG SW	\$84	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	Digger Derrick OH SW	\$400	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	Bucket Truck OH SW	\$1,04	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-004	IROW Permit OH SW	\$1,18	SIFEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
	Budget Period 4 Tota	1 \$7,66	Budget Deried 5	
			Budget Period 5	Description of the second s
SPU-005	Digger Derrick UG SW	\$2,00	FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-005	Bucket Truck UG SW	\$1,30	DIFEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-005	Hydrovac UG SW	\$30	DIFEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-005	POW Permit UC SW	\$60	SIFEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-005	Dissos Derriek OH SW	\$04	EEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPIL-005	Bucket Truck OH SW	\$1.04	DIFEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
SPU-005	ROW Permit OH SW	\$1.18	3 FEMA Equipment Reimbursement Cost	Specialized utility equipment necessary for construction
0.0000	Budget Period & Tota	\$7.66	8	
	Budget, thou a rote	07,00		
	TOTAL OTHER DIRECT COST	S \$38,34	0	

0.00%	0.00%	0.00%	0.00%	0.00%	4 21	Example: Labor + Eringe
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Budget Period 3

A federally approved indirect rate agreement, or rate proposed (supported and agreed upon by DOE for estimating purposes) is required if reimbursement of indirect costs is requested. Please check (X) one of the options below and provide the requested information if it has not already been provided as requested, or has changed.

An indirect rate has been approved or negotiated with a federal government agency. A copy of the latest rate agreement is included with this application and will be provided electronically to the Contracting Officer for this project. The organization does not have a current, federally approved indirect cost rate agreement and has provided an indirect rate proposal in support of the proposed costs. This organization has elected to apply a 10% de minimis rate in accordance with 2 CFR 200.414(f).

THE UTILITY IS NOT REQUESTING INDIRECT COSTS FOR THESE PROJECTS

Provide an explanation of how your indirect cost rate was applied.

Additional Explanation (as needed): "IMPORTANT: Please use this box (or an attachment) to further explain how your total indirect costs were calculated. If the total indirect costs are a cumulative amount of more than one calculation or rate application, the explanation and calculations should identify all rates used, along with the base they were applied to (and how the base was derived), and a total for each (along with grand total)

THE UTILITY IS NOT REQUESTING INDIRECT COSTS FOR THESE PROJECTS

i. Indirect Costs

Budget Period 1

INSTRUCTIONS - PLEASE READ!!!

Provide ONLY Applicable Rates:

1. Fill out the table below to indicate how your indirect costs are calculated. Use the box below to provide additional explanation regarding your indirect rate calculation.

Budget Period 2

2, The rates and how they are applied should not be averaged to get one indirect cost percentage. Complex calculations or rates that do not do not correspond to the below categories should be described/provided in the Additional Explanation section below. If questions exist, consult with your DOE contact before filling out this section. 3. The indirect rate should be applied to both the Federal Share and Recipient Cost Share.

4. NOTE: A Recipient who elects to employ the 10% de minimis indirect Cost rate cannot claim resulting costs as a Cost Share contribution, nor can the Recipient claim "unrecovered indirect costs" as a Cost Share contribution. Neither of these costs can be reflected as actual indirect cost rates realized by the organization, and therefore are not verifiable in the Recipient records as required by Federal Regulation (§200,306(b)(1)). 5. Each budget period is rounded to the nearest dollar.

Budget Period 4

Budget Period 5

Total

Explanation of BASE

Cost Share

PLEASE READ!!!

Ad

A detailed presentation of the cash or cash value of all cost share proposed must be provided in the table below. All items in the chart below must be identified within the applicable cost category tabs a. through i, in addition to the detailed presentation of the cash or cash value of all cost share proposed provided in the table below. Identify the source organization & amount of each cost share item proposed in the award.
 Cash Cost Share - encompasses all contributions to the project made by the recipient, subrecipient, or third party (an entity that does not have a role in performing the scope of work) for costs incurred and paid for during the project. This includes when an organization pays for personnel, supplies, equipment, etc. for their own company with organizational resources. If the item or service is reimbursed for, it is cash cost share. All cost share - encompasses all contributions to the project. Contractors may not provide cost share. Any partial donation of goods or services is considered a discount and is not allowable.
 In Kind Cost Share - encompasses all contributions to the project made by the recipient, subrecipient, or third party (an entity that does not have a role in performing the scope of work) where a value of the contribution can be readily determined, verified and justified but where no actual cash is transacted in securing the good or service comprising the contribution. In Kind cost share items sinclude volunteer personnel hours, the donation of space or use of equipment, etc. The cash value and calculations thereof for all In Kind cost share items must be justified and explained in the Cost Share. Any partial donation of space or use of equipment, etc. The cash value and calculations thereof for all In Kind cost share items must be justified and explained in the Cost Share. Any partial donation of space or use of the project. If questions exist, consult your DOE contact before filling out In Kind cost share in this section. Contractors

4. Funds from other Federal sources MAY NOT be counted as cost share. This prohibition includes FFRDC sub-recipients. Non-Federal sources include any source not originally derived from Federal funds. Cost sharing commitment letters from subrecipients and third parties must be provided with the original application.

5. Fee or profit, including foregone fee or profit, are not allowable as project costs (including cost share) under any resulting award. The project may only incur those costs that are allowable and allocable to the project (including cost share) as determined in accordance with the applicable cost principles prescribed in FAR Part 31 for For-Profit entities and 2 CFR Part 200 Subpart E - Cost Principles for all other non-federal entities. 6, NOTE: A Recipient who elects to employ the 10% de minimis indirect Cost rate cannot claim the resulting indirect costs as a Cost Share contribution.

7. NOTE: A Recipient cannot claim "unrecovered indirect costs" as a Cost Share contribution, without prior approval.

8. Each budget period is rounded to the nearest dollar

Organization/Source	Type (Cash or	Cost Share Item	Budget	Budget	Budget	Budget	Budget	Total Project
-	In Kind)		Period 1	Period 2	Period 3	Period 4	Period 5	Cost Share
Shakopee Public Utilities	Cash	Shakopee Public Utilities will provide matching amount for total Project SPU- 01 costs.	\$655,228					\$655,228
Shakopee Public Utilities	Cash	Shakopee Public Utilities will provide matching amount for total Project SPU- 02 costs.		\$633,040				\$633,040
Shakopee Public Utilities	Cash	Shakopee Public Utilities will provide matching amount for total Project SPU- 03 costs.			\$633,040			\$633,040
Shakopee Public Utilities	Cash	Shakopee Public Utilities will provide matching amount for total Project SPU- 04 costs.				\$633,040		\$633,040
Shakopee Public Utilities	Cash	Shakopee Public Utilities will provide matching amount for total Project SPU- 05 costs.					\$633,040	\$633,040
	i							\$0
								\$0
								\$0
								\$0
								\$0
		TOTAL COST SHARE	\$655,228	\$633,040	\$633,040	\$633,040	\$633,040	\$3,187,389
		Cost Share Percentage per Budget Period	50.0%	50.0%	50.0%	50.0%	50.0%	

Total Project Estimate \$1,310,455.41 \$1,266,080,41 \$1,266,080.41 \$1,266,080.41

Total Project Cost: \$6,374,777	Cost Share Percent of Award:	50.0%
ditional Explanation (as needed):		

Applicant Name: MN Department of Commerce

Award Number: 0

Budget Information - Non Construction Programs

OMB Approval No. 0348-0044

Section A - Budget Summary								
	Catalog of Federal	Estimated Unol	bligated Funds					
Grant Program Function or Activity	Domestic Assistance Number	Federal	Non-Federal	Federal	Non-Federal		Total	
(a)	(b)	(C)	(d)	(e)	(f)		(a)	
1. Budget Period 1				\$655,228	\$655,228		\$1,310,455	
2. Budget Period 2				\$633,040	\$633,040		\$1,266,080	
3. Budget Period 3				\$633,040	\$633,040		\$1,266,080	
4. Budget Period 4				\$633,040	\$633,040		\$1,266,080	
5. Budget Period 5				\$633,040	\$633,040		\$1,266,080	
6. Totals				\$6,374,775				
Section B - Budget Categories					4			
6. Object Class Categories			Total (5)					
		Budget Period 1	Budget Period 2	Budget Period 3	Budget Period 4	Budget Period 5	TO(a) (5)	
a. Personnel		\$19,440	\$19,440	\$19,440	\$19,440	\$19,440	\$97,202	
 b. Fringe Benefits 		\$10,603	\$10,603	\$10,603	\$10,603	\$10,603	\$53,015	
c. Travel		\$0	\$0	\$0	\$0	\$0	\$0	
d. Equipment		\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$5,326,220	
e. Supplies		\$0	\$0	\$0	\$0	\$0	\$0	
f. Contractual		\$207,500	\$163,125	\$163,125	\$163,125	\$163,125	\$860,000	
g. Construction		\$0	\$0	\$0	\$0	\$0	\$0	
h. Other		\$7,668	\$7,668	\$7,668	\$7,668	\$7,668	\$38,340	
i. Total Direct Charges (sum of 6a-6h)		\$1,310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	
j. Indirect Charges		\$0	\$0	\$0	\$0	\$0	\$0	
k. Totals (sum of 6i-6j)		\$1,310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	

7. Program Income

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\$0

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Applicant Name: MN Department of Commerce

Award Number: 0

Budget Information - Non Construction Programs

OMB Approval No. 0348-0044

Section A - Budget Summary		Preference of the sta	Pointed Prinds		Marrison De	viewd Dudmet		
	Catalog of Federal	Estimated Unob	ligated Funds	······	vised Budget			
Grant Program Function or Activity	Assistance Number	Federal	Non-Federal	Federal	Non-Federal		Total	
(a)	(b)	(C)	(d)	(e)	(f)		(g)	
1. Budget Period 1				\$655,228	\$655,228		\$1,310,455	
2. Budget Period 2				\$633,040	\$633,040		\$1,266,080	
3. Budget Period 3				\$633,040	\$633,040		\$1,266,080	
4. Budget Period 4				\$633,040	\$633,040		\$1,266,080	
5. Budget Period 5				\$633,040	\$633,040		\$1,266,080	
6. Totals				\$3,187,389	\$3,187,389		\$6,374,775	
Section B - Budget Categories								
6 Object Close Categories			Grant Program,	Function or Activ	ity		Total (5)	
6. Object Class Categories		Budget Period 1	Budget Period 2	Budget Period 3	Budget Period 4	Budget Period 5		
a. Personnel		\$19,440	\$19,440	\$19,440	\$19,440	\$19,440	\$97,202	
 b. Fringe Benefits 		\$10,603	\$10,603	\$10,603	\$10,603	\$10,603	\$53,015	
c. Travel		\$0	\$0	\$0	\$0	\$0	\$0	
d. Equipment		\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$1,065,244	\$5,326,220	
e. Supplies		\$0	\$0	\$0	\$0	\$0	\$0	
f. Contractual		\$207,500	\$163,125	\$163,125	\$163,125	\$163,125	\$860,000	
g. Construction		\$0	\$0	\$0	\$0	\$0	\$0	
h. Other		\$7,668	\$7.668	\$7,668	\$7,668	\$7,668	\$38,340	
i. Total Direct Charges (sum of 6a-6h)		\$1,310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	
j. Indirect Charges		\$0	\$0	\$0	\$C	\$0	\$0	
k. Totals (sum of 6i-6j)		\$1.310,455	\$1,266,080	\$1,266,080	\$1,266,080	\$1,266,080	\$6,374,777	

7. Program Income \$0

Previous Edition Usable

SF-424A (Rev. 4-92) Prescribed by OMB Circular A-102

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TO:	U.S. Department of Energy, Grid Deployment Office Office of Clean Energy Demonstrations 1000 Independence Ave SW Washington, DC 20585
FROM:	Greg Drent, General Manager
DATE:	April 27, 2023
SUBJECT:	Bipartisan Infrastructure Law (BIL) - Grid Resilience and Innovation Partnerships (GRIP) - DE-FOA-0002740 Letter of Commitment, Minnesota Department of Commerce Regional & Community Resilience Advancement Grant Application

To Whom It May Concern,

This Letter of Commitment confirms the support and involvement of Shakopee Public Utilities providing services to our community in Shakopee, Minnesota in the development of the Minnesota Department of Commerce Regional & Community Resilience Advancement Grant Application. As part of this effort, we propose to, over the course of 5 years, install 25 underground and 10 overhead distribution smart grid switches along with the SCADA system upgrades such as OMS, ADMS, DERMS, and other controls to operate them.

We understand that DOE seeks to deploy and catalyze transmission and distribution solutions that improve grid reliability and resilience on a local and regional scale. The Project we are proposing will advance these objectives in our community by providing direct benefit to the Disadvantaged Community, as defined by the Justice 40 Initiative, in Shakopee as well as to Shakopee's major job centers and medical facilities. The benefits to Shakopee's community, as defined by SPU's grant scope, includes automated switches that would provide immediate back-up power to the old Shakopee town area, to the Shakopee Mdewakanton Sioux Community, their public works centers and homes, and to the other major job centers and critical care facilities that currently do not have automated tie switches to supply them power in a distribution system power outage.

We understand that as a participant of this grant, we are proposing projects totaling \$6,374,777 dollars, of which we will be responsible for a 50% cost share. Please contact me if you have any questions on the contents of this letter or with respect to our continuing support of this application.

Sincerely,

Greg Drent General Manager Shakopee Public Utilities

DE-FOA-0002740 Minnesota Department of Commerce Regional Resilience Consortium





April 27, 2023

TO:	Greg Drent, General Manager
FROM:	Sharon Walsh, Director of Marketing, Key Accounts and Special Projects
SUBJECT:	AMI Project Status

Overview

Attached you will find a gant chart depicting the AMI actions taken and progress made since our commitment to AMI in 2021. Having delayed the project start in 2021 to transition to a new Finance and Billing system (NISC) in advance of rolling out AMI, project activity did not officially begin until January 2022.

In the May 1st Commission Meeting I will walk through the project status, highlighting the complexities, challenges and major milestones.

Action Requested

No action is requested of the Commission.

AMI Project	Status	Jan-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Phase 1 - Consultant Selection - KTI	Complete																		
Phase 2 - RFP Development																			
Task 2.1 - Kick Off Meeting	Complete																		
Task 2.2 - Department Meetings-Project Scope	Complete																		
Task 2.3 - Master Agreement - Legal Review	Complete																		
Task 2.4 - Bid Pkg Development	Complete																		
Task 2.5 - Internal Review of Bid Pkg/Edits	Complete																		
Task 2.6 - AMI Bid Advertisement	Complete																		
Task 2.7 - Create SFTP Site for Electronic Bids	Complete																		
Task 2.8 - Public Posting of RFP (5/21)	Complete																		
Phase 3 - AMI Review and Vendor Selection																			
Task 3.1 - Sealed Bid Opening (6/20)	Complete																		
Task 3.2 - Initial Feedback/Summary from KTI	Complete																		
Task 3.3 - RFP Reviews-KTI and Team	Complete																		
Task 3.4 - Communications to Non-Finalists	Complete																		
Task 3.5 - Vendor Presentations (2) EOM	Complete																		
Task 3.6 - Assessment of Finalists	Complete																		
Task 3.7 - Selection of Vendor by Commission (11/7)	Complete																		
Phase 4 - Contract Negotiations																			
Task 4.1 - Legal Review - BSE/Itron/SPU	Complete																		
Task 4.2 - Commission Approval of MSA (2/7)	Complete																		
Task 4.3 - SOW Review/Negotiations	In Progress																		
Phase 5 - Post Award - Pre-Inventory																			
Task 5.1 - Itron Requirements - Coding/Forms	Complete																		
Task 5.6 - Secure Additional Meter Budget \$	Complete																		
Task 5.2 - Determine First Article Testing Area	Complete																		
Task 5.3 - Determine Meter Quantities	Complete																		
Task 5.4 - Complete Electric Meter Configurations	Complete																		
Task 5.5 - Determine Water Replace vs Retrofit	Complete																		
Task 5.6 - Create and Submit PO's	Complete																		
Task 5.8 - NISC Integration and MDM	In Progress																		
Task 5.9 - Inventory Management	In Progress																		
Task 5.7 - Identify Next Steps	In Progress																		