

**AGENDA**  
**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**REGULAR MEETING**  
**May 6, 2024**  
**at 5:00 PM**

1. **Call to Order** at 5:00pm in the SPU Service Center, 255 Sarazin Street
  - 1a) Roll Call
  
2. **Communications**
  
3. **Consent Agenda**
  - C=> 3a) Approval of April 1, 2024 Minutes (GD)
  - C=> 3b) Approval of May 6, 2024 Agenda (JK)
  - C=> 3c) May 6, 2024 Warrant List (KW)
  - C=> 3d) Monthly Dashboard for March 2024 (LS)
  - C=> 3e) Flushing Map (LS)
  - C=> 3f) MMPA April 2024 Meeting Update (GD)
  - C=> 3g) Res #2024-13 Resolution Designating an Official Means of Publication (KW)
  - C=> 3h) 2024 1<sup>st</sup> Quarter Financials Report (KW)
  - C=> 3i) 2022 CIP Results and 2024 Plan Approval (SW)
  - C=> 3j) Res #2024-14 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection And Authorizing Water Service to Certain Property Described as: Ptach 1<sup>st</sup> Addition, Lot 1, Block 1 (JA)
  - C=> 3k) Res #2024-15 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection And Authorizing Water Service to Certain Property Described as: PID 279120223 (JA)
  - C=> 3l) Res #2024-16 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection And Authorizing Water Service to Certain Property Described as: Highview Park 2<sup>nd</sup> Addition (JA)
  - C=> 3m) Res #2024-17 Resolution Approving of the Estimated Cost of Pipe Oversizing on the Watermain Project: Highview Park 2<sup>nd</sup> Addition (JA)

\*\*\* Motion to approve the Consent Agenda
  
4. **Public Comment Period.** Please step up to the table and state your name and address for the record.
  
5. **Report: Financial Items**
  - 5a) 2023 Audit Results (KW)

\*\* Motion to accept the Financial Statements for year-ending December 31, 2023 \*\*
  
6. **Liaison Report** (JD)
  
7. **Reports: Water Items**
  - 7a) Water System Operations Report – Verbal (LS)
  - 7b) PFAS/PFOS Discussion (GD)

\*\* Motion to approve the Normal operating procedure \*\*

  - 7c) Wellhead Protection (LS)
  - 7d) Backflow Testing and Penalty Schedule (LS)

\*\* Motion to Approve Backflow Penalty Schedule \*\*

  - 7e) Cooperative agreement with the City for Watermain Construction Observation (JA)

\*\* Motion to approve the Cooperative Agreement with the City for Water Main Construction Observation \*\*

8. **Reports: Electric Items**

- 8a) Electric System Operations Report – Verbal (BC)
- 8b) Reliability and Outage Report & Certificate (BC)
- 8c) APPA RP3 Award - Diamond Designation from 2024 – 2026 (GD)
- 8d) 15 KV Padmount Switchgear Bid Award (JA)

\*\* Motion to award the 15 kv pad mount switch gear bid to Board States Electric for Eaton/Cooper manufactured oil insulated switches in the amount of \$1,179,501.17 for twenty one (21) pad mount switches. \*\*

- 8e) Underground Cable Purchase (JA)

\*\* Motion to reverse its action awarding the bid for all the subject cable to WESCO/CME and reject all bids and direct staff to prepare a new formal bid \*\*

9. **Reports: General**

- 9a) Marketing/Key Accounts Report – Verbal (SW)
- 9b) General Manager Report – Verbal (GD)
- 9c) NES WTP Site Search Update (GD) \*
- 9d) Union Contract (GD) \*\*

\* 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 and 1776 Mystic Lake Drive.

\*\* A portion of the meeting may be closed under Minnesota Statutes, Section 13D.03, subd. 1 to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals.

10. **Items for Future Agendas**

- Revised Purchasing Policy
- Disconnection Policy
- SmartHub – Paperless & Electronic Payment Incentives

11. **Tentative Dates for Upcoming Meetings**

- June 3, 2024
- June 17, 2024 Workshop
- July 1, 2024

12. **Adjournment**

MINUTES OF THE  
SHAKOPEE PUBLIC UTILITIES COMMISSION

April 1, 2024  
Regular Meeting

1. Call to Order. President Krieg called the April 1, 2024 meeting of the Shakopee Public Utilities Commission to order at 5:00 P.M. President Krieg, Vice President Letourneau, Commissioner DuLaney, and Commissioner Fox were present.

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

3. Consent Agenda. Mr. Drent asked that item (3i) be removed for clarification. Vice President Letourneau moved approval of the consent agenda as modified: (a) Approval of March 4, 2024 minutes; (b) Approval of April 1, 2024 agenda; (c) April 1, 2024 Warrant List; (d) Monthly Water Dashboard for February 2024; (e) 2024 Water Conservation Report; (f) Nitrate Results; and (g) MMPA March 2024 Meeting Update. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, and Fox. Nays: None.

As to item 3(i), Joseph Adams, Planning and Engineering Director, reviewed some clarifying changes to the Utility Facilities Easement Agreement for Pumphouse #23. Commissioner Fox moved to approve item 3(i) Utilities Facilities Easement Agreement for Pumphouse #23 as revised. Vice President Letourneau seconded the motion. Ayes: Krieg, Letourneau, DuLaney, and Fox. Nays: None.

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

5. Liaison Report. Commissioner DuLaney thanked SPU staff for involvement in community events and thanked SPU for its contribution of labor and part of the materials/equipment costs for the Sand Adventure electric line project. Commissioner DuLaney noted two roundabouts' projects and an underpass at Zumbro Ave and 78. In response to an inquiry he received, Commissioner DuLaney asked about SPU's late payment process. Mr. Drent explained that payments are due by the 15<sup>th</sup> of each month, with a 3-day grace period. If payments are not received by the 18<sup>th</sup>, they are considered late and receive a 5% penalty. SPU then sends a letter, noting that if payment has been received to disregard the letter, and if payment has not made, disconnection will occur. He noted that SPU contacts customers by phone and sends an additional letter before disconnecting electric service. Vice President Letourneau asked about options to incentivize on-line payments.

6. Water Report. Lon Schemel, Water Superintendent, noted that grading work has started at the Pumphouse #23 site. He congratulated Kevin Menden on his Class D certificate. He reported that all SPU Water Operators hold some level of certification from the State. Mr. Schemel noted that the State has included SPU in a grant for the lead service inventory, which will assist with some of the consultant costs.

7. Electric Report. Mr. Drent reported four outages since the last Commission meeting: (1) a large outage affecting 112 customers due to a bad cable; (2) a tree service struck a guide pole, affecting one customer; (3) 3,344 customers out for approximately 49 minutes because lost transmission supply to the Shakopee Substation and an insulator failed, requiring SPU to back feed from other substations; and (4) snow caused a wire sag, affecting 25 customers. He also provided an update on projects, including overhead removal, new underground, regulator preventive maintenance, repaired underground fault, and energizing the transformer at the West Shakopee Substation.

8. 2024 Three-Phase 2500 kVA Transformer Bid Awards. Mr. Adams explained the need for three-phase 2500 kVA transformers for development and the long lead time and presented the staff recommendation. Vice President Letourneau moved to award the 2024 Three-Phase 2500 kVA Transformer contract to Resco-Ermco in the quantity (3) and the amount of \$274,530. Commissioner Fox seconded the motion. Ayes: Krieg, DuLaney, Fox, and Letourneau. Nays: None.

9. 2024 500 MCM and 750 MCM Underground Cable Bid Award. Mr. Adams explained that bids were received this afternoon. Staff recommended that the Commission award the contract to Wesco in the amount of \$1,553,200 with a 37-week delivery. Commissioner Fox moved to approve the Wesco bid for 500 MCM and 650 MCM Underground Cable in the amount of \$1,553,200. Commissioner DuLaney seconded the motion. Ayes: Krieg, DuLaney, Fox, and Letourneau. Nays: None.

10. Marketing/Key Accounts Report. Sharon Walsh, Director of Key Accounts/Marketing/Special Projects, provided an update on the AMI project. She noted that phase I starts April 15. Phase II is expected to begin in May or June, involving approximately 900 water and 900 electric meters. She highlighted recent updates to the SPU website concerning the AMI process.

11. IT Updates. Philip Dubbe, IT Director, gave an update on IT projects, including cybersecurity improvements, multi-factor authentication, and physical security. He discussed recovery and backup of email, fiber projects, and SCADA access outside of the building. Mr. Dubbe also announced that new GIS staff started.



12. County Project No. 69-08 Construction Cooperative Agreement. Mr. Adams presented the proposed Construction Cooperative Agreement involving County Project No. 69-08 roundabout intersection at County Road 78 and 69. SPU is focused on street lighting and potential future watermain work. Commissioner Fox moved to approve the County Project No. CP69-08 Construction Cooperative Agreement. Vice President Letourneau seconded the motion. Ayes: Krieg, DuLaney, Fox, and Letourneau. Nays: None.

13. General Manager Report. Mr. Drent noted that although the MMUA Legislative Conference was cancelled due to weather, he is meeting with local legislators. Mr. Drent also discussed the Chamber Board meeting, on-going discussions on the gravel pit, a letter regarding stray voltage, and the on-line bill process. He reported that the 2023 audit is complete and will be presented at the next Commission meeting. Mr. Drent noted that SPU hired a CSR and is working towards hiring a Project Accountant and Project Coordinator.

14. Adjourn. Motion by Commissioner Fox, seconded by Vice President Letourneau, to adjourn. Ayes: Krieg, Letourneau, DuLaney, and Fox. Nays: None.

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Greg Drent, Commission Secretary

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SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 6, 2024

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 03/29/2024**

ALTEC INDUSTRIES INC	\$73.35 USSG HOOK
AMARIL UNIFORM COMPANY	\$2,524.76 CLOTHING FOR ELECTRIC DEPT.
ELAINE ANTON	\$175.00 2024 ENERGY STAR CLOTHES WASHER REBATE
BARR ENGINEERING CO.	\$56,043.50 WO 2683 WATER TANK \$45934.00, WO2712 RIVERVIEW BOOSTER
DAVE BREMER	\$50.00 2024 ENERGY STAR DISHWASHER REBATE
ERIC CHRISTENSEN	\$75.00 2024 ENERGY STAR REFRIGERATOR REBATE
CITY OF SHAKOPEE	\$338,400.00 MARCH PILOT MONTHLY TRANSFER FEE
CITY OF SHAKOPEE	\$1,080.04 MARCH STORM DRAINAGE/SPU PROPERTIES
CLIFTONLARSONALLEN LLP	\$1,732.50 SAS 145
CORE & MAIN LP	\$840.00 METERS
ELK RIVER MUNICIPAL UTILITIES	\$1,080.00 2S ELECTRIC METERS
ALEXANDER GOTSMANOV	\$500.00 2024 RES. SOLAR REBATE
GRAINGER	\$474.15 REPLACEMENT EYE WASH BOTTLE, STEEL OIL, GILM GLOVE DI
GRAYBAR	\$79.63 PIPE 2" SWEEP ELBOW
BRAD GUSTAFSON	\$456.18 REIMB. SAFETY GLASSES
HAWKINS INC.	\$5,152.25 WO#2851 PLUGGED REGULATORS
HENNEN'S AUTO SERVICE INS.	\$28.82 TIRE REPAIR
INNOVATIVE OFFICE SOLUTIONS	\$506.78 OFFICE SUPPLIES
INTERSTATE ALL BATTERY CTR.	\$67.00 BATTERY WATER DEPT.
IRBY - STURAT C IRBY CO.	\$805.59 GLOVE TESTING
MICHELLE KOSMO WHITE	\$225.00 2024 DISHWASTER, REFRIGERATOR REBATE
AUSTEN LEADSTROM	\$500.00 2024 ENERGY STAR HEATING/COOLING REBATE
LOCATORS & SUPPLIES INC.	\$977.04 BLUE/WHITE MARKING FLAGS
MIDWEST SAFETY COUNS., INC.	\$2,878.23 PADS FOR ZOLL AED, GLOVES
MINN VALLEY TESTING LABS INC.	\$350.00 WATER TESTING COLIFORM, NITRATES
MINNESOTA DEPT. OF HEALTH	\$23.00 WATER OP. CERT. FOR K.M.
MMUA	\$4,285.00 LEADERSHIP TRAINING G. REITER SCHOOL FOR E.K.
MN DEPT OF HEALTH	\$29,915.00 1ST QTR. 2024 COMM WATER SVC CONN FEE
BETH MUTNICK	\$500.00 2024 RES. SOLAR REBATE
RAJESH NAIR	\$250.00 2024 ENERGY STAR CLOTHES WASHER REBATE
CINDY NICKOLAY	\$85.09 REIMBURSEMENT MILEAGE
OLSEN CHAIN & CABLE, INC.	\$280.06 CHAIN SHACKLE
WAYNE OLSON	\$75.00 2024 ENERGY STAR REFRIGERATOR REBATE
POMP'S TIRE SERVICE INS.	\$636.10 FRONT TIRES TRK #613 - ELEC.
QUALITY FORKLIFT SALES & SERVICE	\$7,497.89 REPLACE FORKS/TIRES FORKLIFT
SHORT ELLIOTT HENDRICKSON INC.	\$934.14 GEN ENG. SERVICES WO#2812 CANTERBURY PARK DORMS
GREG TRIPLETT	\$89.11 MILEAGE REIMBURSEMENT
TRUE NORTH CONTROLS	\$178.00 GE MDS ORBIT RADIO REPAIR
ULINE, INC.	\$192.98 NITRILE EXAM GLOVES, OIL SORBENT PAD
VALLEY-RICH CO., INC.	\$6,600.00 REPLACE & EXCAVATE GATE VALVE
WESCO RECEIVABLES CORP.	\$21,945.94 ELBOWS 15KV COMBO

**Total Week of 03/29/2024**

**\$488,562.13**

**WEEK OF 04/05/2024**

AAR BUILDING SERVICE CO.	\$4,710.19	APRIL BUILDING SERVICES
KATIE J ADAMS	109.34	JAN. FEB. MARCH MILEAGE REIMB.
AMARIL UNIFORM COMPANY	\$49.00	1 SAMPLE JEANS
ANCOM COMMUNICATIONS INC	\$747.79	RADIO WATER TRK#635
JOHN ANDERSON	\$1,000.00	TREE REMOVAL AT 1136 MADISON ST.
ASSOCIATED MECHANICAL CONTRACTORS INC	\$22,831.00	REPLACE RBI BOILER
B & B TRANSFORMER INC	\$42,123.00	7 - 25 PAD TRANSFORMERS
BORDER STATES ELECTRIC SUPPLY	\$9,364.96	UTILITY STAPLE HOLDER
DSI/LSI	\$445.11	APRIL GARBAGE SERVICE
EDM INTERNATIONAL, INC.	\$290.00	RENEWAL CELL PHASETRAKKERUNOT 3/24-3/25
FERGUSON US HOLDINGS, INC.	\$461.83	BRS NIP DOM
FLYTE HCM LLC	\$10.00	MARCH COBRA PLATFORM USAGE
GRAINGER INC	\$150.40	RECLOSABLE POLY BAG(E)
DANIEL HAGAMAN	\$50.00	2024 RES. ENERGY STAR APPLIANCE REBATE
HAWKINS INC	\$400.00	CHLORINE CYLINDERS
KALPESH HINGU	\$175.00	2024 ENERGY STAR CLOTHES WASHER REBATE
INDELCO PLASTICS CORP	\$315.65	VITON O-RING/CONNECTOR(W)
INNOVATIVE OFFICE SOLUTIONS	\$462.66	OFFICE SUPPLIES
INTERNAL REVENUE SERVICE	\$2,474.67	TAX DEPOSIT
IRBY - STUART C IRBY CO	\$1,280.00	ELBOWS
JOHN HENRY FOSTER MINNESOTA INC.	\$1,138.93	MAINTENANCE CONTRACT 4/1/24-9/30/24
MINN VALLEY TESTING LABS INC	\$260.00	WATER TESTING NITRATES
KATHERINE MOUNTAIN	\$75.00	2024 RES. ENERGY STAR APPLIANCE
MRA-THE MANAGEMENT ASSOCIATION	\$259.00	BACKGROUND CHECK FOR M.H. & C.D.
GERRY NEVILLE	\$101.84	152 MILES REIMB.
CINDY NICKOLAY	\$72.36	108 MILES REIMB.
PLUNKETT'S PEST CONT, INC.	\$153.97	GENERAL PEST CONTROL 857 VALL PARK DR
QUALITY FORKLIFT SALES & SERVICE	\$4,071.84	CAB WINDOW REPLACEMENT
RESCO	\$76.09	ARMOR RODS(E)
SCOTT COUNTY RECORDERS	\$92.00	EASEMENT FOR DORAN CANTERBURY I LLC
SCOTT COUNTY TREASURER	\$22,030.00	PROPERTY ID:279090030 TAXES
CHRIS STEVENS	\$500.00	2024 1538 R-CENTAC REBATE
GREG TRIPLETT	\$78.39	117 MILES REIMB.
SATHISH VANKAYALA	\$25.00	2024 RES. ENERGY STAR LIGHTING REBATE
VIVID IMAGE, INC.	\$550.00	RETAINER FOR 4/1-4/30/24
MICHAEL VOURLOS	\$25.73	JAN. FEB. MARCH MILEAGE REIMB.
WESCO RECEIVABLES CORP.	\$39,006.54	SILICONE LUBRICANT(E)
WSB & ASSOCIATES INC.	\$7,112.00	WO#2581 PUMPHOUSE #23 FEB SVCS
XCEL ENERGY	\$1,963.85	ELECTRIC SVC 11/21-12/25 VALLEY PARK
ZAHL-PETROLEUM MAINT COMPANY	\$1,200.00	PUMP OUT TRFMR OIL ON SITE
SETH ZEHR	\$175.00	2024 ENERGY STAR CLOTHES WASHER REBATE
MN CHILD SUPPORT PAYMENT CENTER	\$564.37	CASE ID: 0010422536402
FURTHER - ACH	\$959.21	MARCH FURTHER ADM. FEES
DELTA DENTAL PLAN OF MN	\$5,635.60	MARCH PREMIUMS AND MARCH CHARGE MONTH
HEALTHPARTNERS	\$67,881.01	APRIL PREMIUMS, MARCH CHARGE MONTH
MINNESOTA LIFE	\$1,116.18	MARCH LIFE INS. PREMIUMS & CHARGE MONTH
PRINCIPAL LIFE INS. COMPANY	\$4,678.82	MARCH L.T.D AND S.T.D. PREMIUMS
PAYROLL DIRECT DEPOSIT 04.05.24	\$127,298.27	
BENEFITS & TAXES FOR 04.05.24	\$128,023.54	

**Total Week of 04/05/2024**

**\$502,575.14**

**WEEK OF 04/12/2024**

CREDIT REFUNDS	\$5,969.28 CREDIT REFUNDS
VERIZON WIRELESS	\$3,855.98 MARCH CELL PHONE BILL
ABDO LLP	\$7,888.36 MARCH FS ACCTING SERVICES
JOSEPH D ADAMS	\$678.00 PER DIEM/TRANSP NEW ORLEANS 4/6-4/10 24
AMARIL UNIFORM COMPANY	\$3,617.09 SPU CLOTHING ORDER R.BARTUSEK
ARAMARK REFRESHMENT SERVICES INC	\$121.49 REPLENISH COFFEE
BERGERSON-CASWELL INC	\$32,820.00 WO#2840 2024 WELL PUMP6 MAINT INSPECT
BORDER STATES ELECTRIC SUPPLY	\$30,247.42 WO2472 AMI
CITY OF PRIOR LAKE	\$639.00 1ST QTR 2024 PRIOR LAKE FRANCHISE FEES
CITY OF SHAKOPEE	\$5,757.17 MARCH FUEL BILL
CITY OF SHAKOPEE	\$477,022.94 MARCH SWS\$359,216.27 & SD\$117,806.67
CUSTOMER CONTACT SERVICES	\$781.15 ANSWERING SERVICE 4/2-4/29
DAKOTA SUPPLY GROUP	\$2,876.34 CLAMP STIRRUP 4/0-3(E)
DIGITAL IMPACT SOLUTIONS, LLC	\$1,110.84 RECEIPT BOOKS
DIVERSIFIED ADJUSTMENT SERVICES INC	\$775.46 DUE TO AGENCY FOR MARCH 2024 STMT
MARTIN DROUILLARD	\$435.27 PER DIEM NEW ORLEANS/REIMB MILEAGE-TRANS
BROC EBLI	\$500.00 ENERGY STAR HEATING/COOLING REBATE
FERRELLGAS	\$52.02 PROPANE TANK RENTAL 3/1/24-2/28/25
FRONTIER ENERGY, INC.	\$5,711.66 MARCH 2024 C&I IMPLENTATION/MGMT PROGRAM
NICHOLAS GROTHE	\$175.00 ENERGY STAR CLOTHES WASHER REBATE
DAVID HAGEN	\$43.78 REIMBURSE DONUTS FOR INSPECT SPU MTG
HAWKINS INC	\$1,350.00 REMOTE METER PANEL
OLIVIA HEIM	\$147.50 PER DIEM ST CLOUD MN 4/3/4/5 2024
HENNEN'S AUTO SERVICE INC.	\$83.26 FUEL PUMP#5 3/20/24
INNOVATIVE OFFICE SOLUTIONS	\$999.79 OFFICE CHAIR
INTERSTATE ALL BATTERY CTR	\$302.40 BATTERY(E)
IRBY - STUART CIRBY CO	\$22,291.00 3 PH 15KV PRIM MTR ENCLOSURE
JT SERVICES	\$13,167.57 WO#2846 STLIGHT FOUND BOLT CIRCLE
LOFFLER COMPANIES - 131511	\$1,817.60 CONTRACT MAINT 4/1/24-6/30-24
MINN VALLEY TESTING LABS INC	\$260.00 WATER TESING COLIFORM
MMUA	\$2,224.50 4 YR APPRENTICE PROGRAM APR,MAY,JUN 2024
SYDNEY NAGEL	\$336.09 PER DIEM/REIMB MILEAGE/TRANSP
NCBERS GROUP LIFE INS.	\$192.00 APRIL 2024 LIFE INS PREMIUMS
GERRY NEVILLE	\$140.03 REIMBURSE 209 MILES
CINDY NICKOLAY	\$206.26 REIMBURSE DOG TREATS MTR READING
NISC	\$31,141.82 MARCH PRINT SERVICES
NORTHERN STATES POWER CO	\$2,881.51 MARCH POWER BILL
MARY NORWICK	\$500.00 ENERGY STAR COOLING/HEATING REBATE
POWERPLAN BF	\$100.00 GOVT. TRANSACTION EMMITT
JULIE RAHN	\$150.00 ENERGY STAR DISHWASHER REBATE
RICE LAKE CONSTRUCTION GROUP	\$51,562.27 WO#2581 PUMPHOUSE#23 PYMT#3
RW BECK GROUP, INC, LEIDOS ENG. LL	\$4,035.00 WO#2483 W SHAKO SUB STATION DESIGN
SHAKOPEE VALLEY NEWS	\$492.30 MARCH LEGALS/MINUTES/BID
SHORT ELLIOTT HENDRICKSON INC	\$1,214.50 WO#2634 WATER TRTMNT PLANT STUDY
STATE OF MINNESOTA-MNIT SERVICES	\$734.01 MARCH WAN SERVICES
GREG TRIPLETT	\$99.83 REIMBURSE 149 MILES
WESCO RECEIVABLES CORP.	\$2,538.68 GROUND SLEEVE
XCEL ENERGY	\$4,524.13 GAS USAGE 2/26-3/26 2024 VALLEY PARK
JOSE A MULLO	\$67.57 INACTIVE REFUND
AMERICAN NATL BANK_MASTERCARD_ACH	\$15,560.36 MARCH 2024 CC STATEMENT
MMPA C/O AVANT ENERGY	\$2,779,005.96 MARCH POWER BILL
MN DEPT OF REVENUE ACH PAYMENTS	\$271,482.00 MARCH SALES & USE TAX PAYABLE

**Total Week of 04/12/2024**

**\$3,790,686.19**

**WEEK OF 04/19/2024**

ALTEC INDUSTRIES INC  
ARROW ACE HARDWARE  
ASTLEFORD INTL TRUCKS  
BERNDT BUILDERS INC  
BORDER STATES ELECTRIC SUPPLY  
SYDNEY CASEY  
CDW GOVERNMENT LLC  
CLIFTONLARSONALLEN LLP  
PRESTON COLEMAN  
COMCAST CABLE COMM INC.  
CONCRETE CUTTING & CORING INC  
CORE & MAIN LP  
CORVAL CONSTRUCTORS, INC.  
DGR ENGINEERING  
FASTENAL IND & CONST SUPPLIES  
FRONTIER ENERGY, INC.  
GOPHER STATE ONE-CALL  
GRAINGER INC  
TYLER HANSON  
HAWKINS INC  
IDEAL SERVICE  
INTERSTATE ALL BATTERY CTR  
IRBY - STUART C IRBY CO  
JOHNSON CONTROLS FIRE PROTECTION LP  
KATAMA TECHNOLOGIES, INC.  
KLM ENGINEERING INC  
LISA LASSITER  
MIDWEST SAFETY COUNS, INC.  
MINN VALLEY TESTING LABS INC  
MINNESOTA SECURITY CONSORTIUM  
MMUA  
MN DEPT OF HEALTH  
MPOWER TECHNOLOGIES, INC.  
GERRY NEVILLE  
MINH NGUYEN  
CINDY NICKOLAY  
TYLER O'BRIEN  
OLSEN CHAIN & CABLE, INC.  
ORACLE AMERICA INC.  
QUALITY FORKLIFT SALES & SERVICE  
RESCO  
JUSTIN ROTERT  
JACK SCHINTZ  
SCOTT COUNTY RECORDERS  
SCOTT COUNTY TREASURER  
SPENCER FANE LLP  
STAPLES OIL COMPANY, INC.  
STATES MANUFACTURING CORPORATION  
JORDAN STOCKER  
TEST GAUGE & BACKFLOW SUPPLY INC  
MARTIN G THURBER  
TOM KRAEMER, INC  
TRI-STATE BOBCAT INC.  
GREG TRIPLETT  
USABLUEBOOK  
VERIZON  
VERIZON WIRELESS  
JAMIE VON BANK  
KELLEY WILLEMSSEN  
CITY OF SHAKOPEE  
CITY OF SHAKOPEE  
MN CHILD SUPPORT PAYMENT CENTER  
FURTHER - ACH  
PAYROLL DIRECT DEPOSIT 04.19.24  
BENEFITS & TAXES FOR 04.19.24

\$1,404.11 FALL RESTRAINT/ROPES(E)  
\$4.31 POLY COUPLING  
\$20.15 FLEETRITE DOOR HANDLE (E)  
\$26,800.00 MATERIAL FOR CHG OUT 3 DOORS SPU BLDG  
\$436,242.87 CABLE,SWITCHEGEAR/FORM 12S CL200 120V REMOTE DISC  
\$500.00 ENERY STAR COOLING/HEATING REBATE  
\$2,157.88 BROTHER CAR ADAPTER  
\$8,750.00 3RD INSTALLMENT AUDIT SERVICES  
\$259.00 PER DIEM WO#2856 RODEO  
\$2.30 BREAKROOM CABLE 4/17-5/16 2024  
\$69.13 FUEL FILTER/SPARK PLUG  
\$29,040.00 OMNI 8WHL METERS  
\$5,710.42 RELAYS, TRANSFORMERS  
\$2,845.50 MARCH PROF SVCS IJJA GRANT DEV ASSISTANCE  
\$24.06 NYLOCK Z (E)  
\$2,000.00 MARCH P3 SUBSCRIPTION  
\$603.45 MARCH LOCATES  
\$146.48 MIRCROFIBER DUSTER  
\$407.14 PER DIEM WO#2856 RODEO/REIMB TRANSPORTA  
\$2,610.49 CHLORINE CYLINDERS/HYDROF ACID  
\$277.50 FIELD SERVICE LABOR 2/5/24  
\$107.40 BATTERY(E)  
\$1,803.10 GLOVE TESTING  
\$1,185.33 ALARM&DETECTION MONITOR 5/1/24-4/30/25  
\$937.50 AMI WO#2472 GENERAL CONSULTING FEES  
\$3,200.00 2024 WARRANTY INSPECTION TANK#8  
\$175.00 ENERFY STAR CLOTHES WASHER REBATE  
\$282.60 TOWELS  
\$331.00 NITRATE & NITRITE  
\$3,000.00 vCISO SERVICES REMAINING 2q  
\$2,590.00 UNDERGROUND SCHOOL MAY 7-10, JR. M.K,J,S  
\$32.00 WATER SUPP SYS OPER CLASS C R.HALVERSON  
\$700.00 MARCH AMI CLOUD HOSTING SERVER  
\$107.20 REIMBURSE 160 MILES  
\$75.00 ENERGY STAR REFRIGERATOR REBATE  
\$92.46 REIMBURSE 138 MILES  
\$1,002.40 PER DIEM WO#2856 RODEO/REIMB TRANSPORTA  
\$115.13 SHACKLE ANCHOR  
\$37,931.23 JAN - MARCH 2024 CLOUD SERVICE, PRINTING  
\$859.76 REPAIR WORK - WELDING  
\$92,373.33 2500KVA 3 PH  
\$759.00 REIMBURSE EYE GLASSES  
\$259.00 PER DIEM WO#2856 RODEO  
\$46.00 WO#2581 EASEMENT AGREEMENT  
\$2,100.00 APRIL FIBER CHG  
\$10,452.00 MARCH GENERAL REPRESENTATION SVCS  
\$863.80 #2 DYED SOY DF OIL  
\$20,506.00 ST LIGHTING CABINETS(E)  
\$259.00 PER DIEM WO#2856 RODEO  
\$358.18 VALVE SET, O-RING, FILTER ELEMENT  
\$112.50 IRRIGATION CONTROLLERS REBATE  
\$300.00 AMI WO2472 APRIL MONTHLY RENT  
\$5,121.19 REPAIR BOBCAT  
\$111.89 REIMBURSE 167 MILES  
\$78.69 SODIUM THIOSULFATE  
\$620.47 VERIZON CHARGE FOR APRIL  
\$106.87 BILLING PD 3/6-4/5 2024  
\$605.93 PER DIEM WO#2856 RODEO/REIMB TRANSPORTAT  
\$158.60 GFOA MEMBERSHIP/FOOD CS SMARTHUB MTG  
\$19,650.00 BLDC-017431-2023 P.H.23 GRADING SEC ESCR  
\$13,827.71 BLDC-017431-2023 P.H.23 ESCROW  
\$592.52 CHILD SUPPORT ORDER ID: #0014422969  
\$1,097.94 MEDICAL/DAYCARE CLAIM REIMBURSEMENTS  
\$131,568.95  
\$132,817.14

**Total Week of 04/19/2024**

**\$1,009,148.61**

**WEEK OF 04/26/2024**

ADVANCED ENG. & ENVIRONMENTAL SRVC	\$5,831.25	WO#2855 MARCH SERVICES
ALTEC INDUSTRIES INC	\$1,279.50	PINNING HOLES(E)
AMARIL UNIFORM COMPANY	\$1,104.78	SPU CLOTHING CREDIT J.VON BANK
APPA	\$4,423.80	DEED MEMBERSHIP DUE 4/1/24-3/31/25
ARROW ACE HARDWARE	\$49.35	FLAT BLACK PAINT(E)
B & B TRANSFORMER INC	\$59,588.00	3 PHASE TRANSFORMER
RON BARTUSEK	\$467.80	PER DIEM AWWA GRAND RAPIDS/REIMB MILEAGE
SHANE BASS	\$75.00	ENERGY STAR REFRIGERATOR REBATE
BORDER STATES ELECTRIC SUPPLY	\$8,180.11	COND STRAP 2IN
CORE & MAIN LP	\$13,884.69	OMNI WATER METERS
MICHELE CRERAND	\$500.00	ENERGY STAR COOLING/HEATING REBATE
DAKOTA SUPPLY GROUP	\$18,666.60	WIRE
MATTHEW EASTERDAY	\$200.00	IRRIGATION CONTROLLERS
GRAINGER INC	\$4.29	DRILL BIT (E)
GRAYBAR ELECTRIC COMPANY INC	\$13,702.44	PIPE 2' PVC
HENNEN'S AUTO SERVICE INC.	\$280.78	BATTERY FOR ELECTRIC TRUCK#627
ROBERT HEYDA	\$75.00	ENERGY STAR REFRIGERATOR REBATE
INNOVATIVE OFFICE SOLUTIONS	\$373.09	OFFICE SUPPLIES
INTERSTATE ALL BATTERY CTR	\$58.80	BATTERY(E)
IRBY - STUART C IRBY CO	\$6,144.86	CENTRON REFURBISHED METER
ERIC KING	\$268.10	PER DIEM MMUA GEN SCHOOL/REIMB MILEAGE
MIDWEST SAFETY COUNS, INC.	\$585.60	FIRST AID KITS/CASES
MINN VALLEY TESTING LABS INC	\$166.00	COLIFORM WATER TESTING
MMUA	\$98.00	NW LINEMAN COLLEGE TUITION E.SEAVER
NAGEL COMPANIES LLC	\$13,178.00	WO#2845 BORING @ 14090 CLEARVIEW DR
GERRY NEVILLE	\$119.93	REIMBURSE 179 MILES
CINDY NICKOLAY	\$107.87	REIMBURSE 161 MILES
MARGARITA PACHECO	\$150.00	ENERGY STAR DISHWASHER REBATE
KIRSTEN RATHMANN	\$75.00	ENERGY STAR REFRIGERATOR REBATE
RESERVE ACCOUNT	\$2,000.00	REPLENISH POSTAGE MACHINE FUNDS
BRIAN R SCHEWE	\$175.00	ENERGY STAR CLOTHES WASHER REBATE
JACK SCHINTZ	\$237.78	SAFETY BOOT REIMBURSEMENT
SHORT ELLIOTT HENDRICKSON INC	\$697.26	2023 WMCONST ADMIN ENG SVCS WO2488 CLOSE
STINSON LLP	\$5,427.00	LABOR MATTERS FOR FEB 2024
SULLIVAN HAZELTINE ALLINSON LLC	\$2,253.75	MAR LEGAL SVC CYXTERA TECH #23-14853 JKS
KRIS THORN	\$50.00	ENERGY STAR DISHWASHER REBATE
KRIS THORN	\$100.00	ENERGY STAR DISH WASHER REBATE
TRI-STATE BOBCAT INC.	\$377.35	CURB BUDDY PART (E)
GREG TRIPLETT	\$147.40	REIMBURSE 220 MILES
UPS STORE # 4009	\$39.53	SHIPMENT(E)
WESCO RECEIVABLES CORP.	\$3,246.33	HOT STICK CLEANER/WIPES
LANA WOOD	\$150.00	ENERGY STAR DISH WASHER REBATE
ZAYO GROUP, LLC	\$3,150.18	T1 LINE, PIKE LAKE, S SUB, SPU
FURTHER - ACH	\$222.91	MEDICAL FLEX CLAIM REIMB

**Total Week of 04/26/2024**

**\$167,913.13**

**Grand Total**

**\$5,958,885.20**



*Kelly Willemssen*

Presented for approval by: Director of Finance & Administration

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Approved by General Manager

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Approved by Commission President

# Monthly Water Dashboard

As of: March 2024

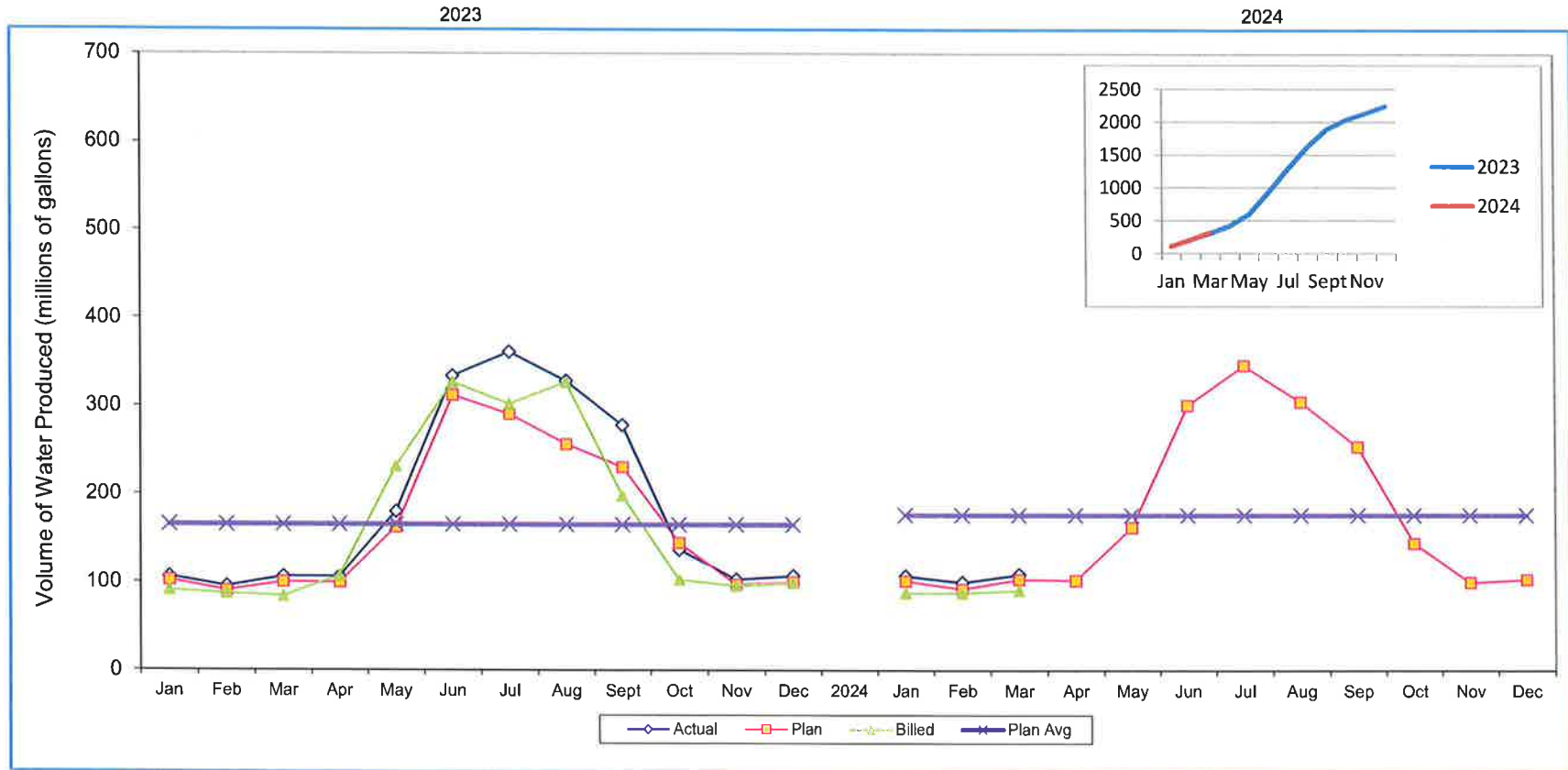
Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

## Element/Measure Water Pumped/Metered

Monthly Avg  
 2021 173  
 2022 167  
 2023 187

Last 6 months actuals	137	103	107	107	100	109
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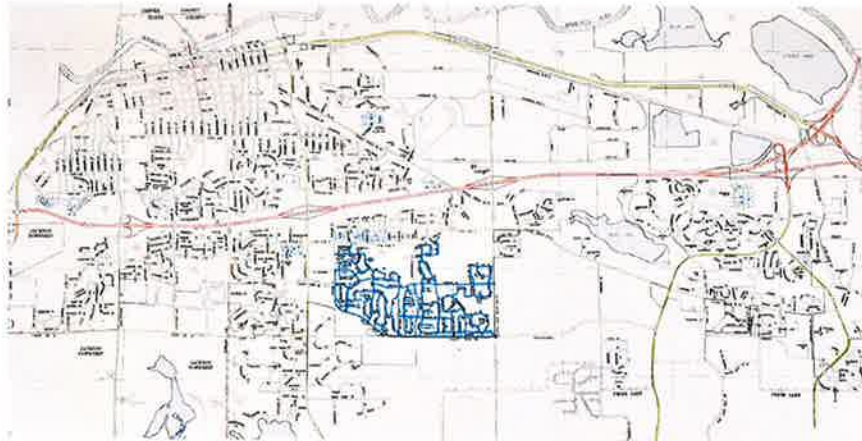
	2023												2024											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Actual	106	95	106	106	180	334	361	328	278	137	103	107	107	100	109									
Plan	102	90	100	99	162	312	290	256	230	144	97	100	101	92	103	102	162	301	346	305	254	144	100	103
YTD % *													106%	107%	107%									
Billed	91	87	84	107	231	327	302	327	198	103	96	99	88	88	91									

\* Actual gallons pumped vs. Plan

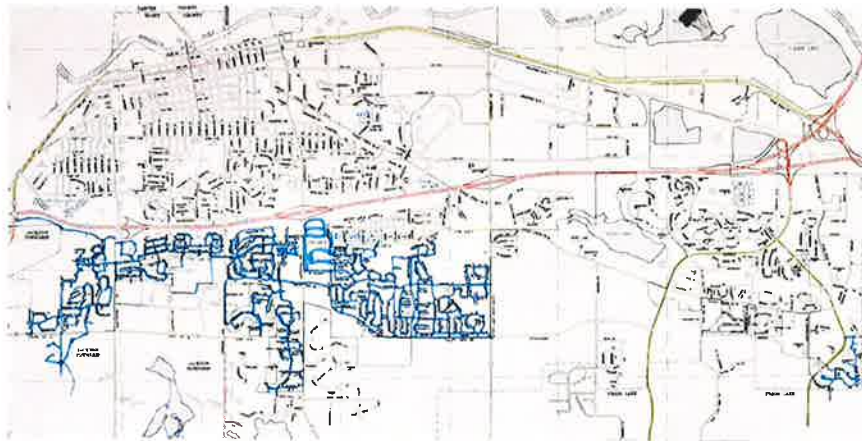
TO: Greg Drent, General Manager *[Signature]*  
FROM: Lon R. Schemel, Water Superintendent *[Signature]*  
SUBJECT: 2024 Flushing Program Progress  
DATE: April 30, 2024

Completed flushing areas are highlighted in blue as of the dates indicated.

**March 28, 2024**




**April 30, 2024**





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Shakopee, Minnesota 55379  
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[www.shakopeeutilities.com](http://www.shakopeeutilities.com)

To: SPU Commissioners  
From: Greg Drent, General Manager   
Date: April 29, 2024  
Subject: MMPA April 2024 Meeting Update

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on April 23, 2024, at Faribault Energy Park in Faribault, Minnesota and via videoconference.

MMPA's auditor, FORVIS, presented MMPA's 2023 financial statement audit. The audit report can be found on MMPA's website [www.mmpa.org](http://www.mmpa.org). The Board received and accepted the 2023 audit report.

The Board reviewed the Agency's operating and financial performance for March 2024.

Customer penetration for the residential Clean Energy Choice program remained at 5.4%. There was an increase of 41 customers participating in the residential Clean Energy Choice program from February to March.

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

RESOLUTION #2024-13

RESOLUTION DESIGNATING AN OFFICIAL  
MEANS OF PUBLICATION

BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION, in meeting duly assembled that the Burnsville – Eagan Sun This Week of Apple Valley, Minnesota 55124 be and the same hereby is designated as the official means of publications for the Shakopee Public Utilities Commission, 255 Sarazin Street, Shakopee, MN 55379-0470 for 2024.

Passed in regular session of the Shakopee Public Utilities Commission, this 6th day of May, 2024.

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Commission President: Justin Krieg

ATTEST:

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Secretary: Greg Drent



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**DATE:** April 30, 2024  
**TO:** Greg Drent, General Manager *GD*  
**FROM:** Kelley Willemsen, Director of Finance & Administration *KW*  
**SUBJECT:** 1<sup>st</sup> Quarter Financials Reports

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As part of the 1<sup>st</sup> Quarter financial reports, we continued the practice of providing a component of analytical review. For the Water and Electric Operating Revenue and Expense budget to actual you will see comments at the bottom of each page. In addition to the analytical review, there are a few important points to note.

- The budget is projected on an annual basis rather than a monthly basis so the information in the 1<sup>st</sup> Quarter financial reports equates to 25% of the annual budget.
- Change in net position for the electric division as of 3/31/24 is \$1.7M.
- Change in net position for the water division as of 3/31/24 is \$324K.
- YTD electric revenues are down 1.26% from the prior year.
- YTD electric expenses are down 3.5%, excluding depreciation, from the previous year. Depreciation for the electric division is higher due to the accelerated depreciation adjustment made for the retirement of old meters through the AMI project.
- YTD water revenues are up 5.6% from the prior year.
- YTD water expenses are up 12%, excluding depreciation, from the previous year. Depreciation for the water division is higher due to the accelerated depreciation adjustment made for the retirement of old meters through the AMI project.

Included in this report are the following statements:

- Combined Statement of Revenues, Expenses and Changes in Fund Net Position
- Electric Operating Revenue and Expense – Budget to Actual (with analytics)
- Water Operating Revenue and Expense– Budget to Actual (with analytics)
- Electric Operating Revenue and Expense – 2023 to 2024
- Water Operating Revenue and Expense – 2023 to 2024

**Request**

The Commission is requested to accept the Financial Reports for the period ending 03/31/2024.



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

	Year to Date Actual - March 31, 2024			Year to Date Budget - March 31, 2024			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	YTD Actual v. Budget B/(W) \$	%	YTD Actual v. Budget B/(W) \$	%	YTD Actual v. Budget B/(W) \$	%
<b>OPERATING REVENUES</b>	\$ 13,772,441	1,146,582	14,919,024	15,348,891	1,774,638	17,123,628	(1,576,549)	-10.3%	(628,055)	-35.4%	(2,204,604)	-12.9%
<b>OPERATING EXPENSES</b>												
Operation, Customer and Administrative	10,341,145	1,057,423	11,398,569	13,321,799	1,198,680	14,520,479	2,980,654	22.4%	141,257	11.8%	3,121,911	21.5%
Depreciation	1,376,350	1,046,530	2,422,880	815,493	501,694	1,317,187	(560,857)	-68.8%	(544,836)	-108.6%	(1,105,693)	-83.9%
Total Operating Expenses	11,717,495	2,103,954	13,821,448	14,137,291	1,700,374	15,837,666	2,419,797	17.1%	(403,579)	-23.7%	2,016,217	12.7%
Operating Income	2,054,945	(957,371)	1,097,574	1,211,699	74,264	1,285,963	843,246	69.6%	(1,031,635)	1389.1%	(188,389)	-14.6%
<b>NON-OPERATING REVENUE (EXPENSE)</b>												
Rental and Miscellaneous	271,981	159,861	431,843	60,075	27,202	87,277	211,907	352.7%	132,659	487.7%	344,566	394.8%
Interdepartment Rent from Water	22,500	-	22,500	22,500	-	22,500	-	0.0%	-	0.0%	-	0.0%
Investment Income	250,704	317,048	567,752	254,664	121,792	376,455	(3,959)	-1.6%	195,256	160.3%	191,297	50.8%
Interest Expense	(22,266)	(1,201)	(23,467)	(19,746)	(3,000)	(22,746)	(2,520)	-12.8%	1,799	60.0%	(721)	-3.2%
Gain/(Loss) on the Disposition of Property	10,643	-	10,643	-	-	-	10,643	0.0%	-	-	10,643	-
Total Non-Operating Revenue (Expense)	533,563	475,708	1,009,271	317,493	145,994	463,488	216,070	68.1%	329,714	225.8%	545,785	117.8%
Income Before Contributions and Transfers	2,588,509	(481,663)	2,106,846	1,529,192	220,258	1,749,450	1,059,317	69.3%	(701,921)	-318.7%	357,396	20.4%
<b>CAPITAL CONTRIBUTIONS</b>	46,956	911,830	958,786	182,866	912,478	1,095,143	(135,709)	74.3%	(648)	-0.1%	(136,357)	-12.5%
<b>MUNICIPAL CONTRIBUTION</b>	(944,740)	(106,476)	(1,051,216)	(908,723)	(106,478)	(1,015,201)	(36,017)	-4.0%	2	0.0%	(36,015)	-3.5%
<b>CHANGE IN NET POSITION</b>	\$ 1,690,725	323,691	2,014,416	803,134	1,026,257	1,829,390	887,591	110.5%	(702,566)	-88.5%	185,026	10.1%

**SHAKOPEE PUBLIC UTILITIES  
ELECTRIC OPERATING REVENUE AND EXPENSE**

	YTD Actual 3/31/2024	YTD Budget 3/31/2024	YTD Actual v. Budget Increase (decrease)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Electricity				
Residential	\$ 4,955,929	5,829,056	(873,127)	85.0
Commercial and Industrial	8,510,112	9,185,225	(675,113)	92.7
Total Sales of Electricity	<u>13,466,041</u>	<u>15,014,281</u>	<u>(1,548,240)</u>	<u>89.7</u>
Forfeited Discounts	70,382	76,405	(6,023)	92.1
Free service to the City of Shakopee	36,016	33,091	2,925	108.8
Conservation program	200,003	225,214	(25,212)	88.8
Total Operating Revenues	<u>13,772,441</u>	<u>15,348,991</u>	<u>(1,576,549)</u>	<u>89.7</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Purchased power	8,420,570	10,939,391	(2,518,820)	77.0 (1)
Distribution operation expenses	133,956	222,614	(88,658)	60.2 (2)
Distribution system maintenance	289,664	309,581	(19,918)	93.6
Maintenance of general plant	144,790	96,930	47,859	149.4 (3)
Total Operation and Maintenance	<u>8,988,980</u>	<u>11,568,516</u>	<u>(2,579,536)</u>	<u>77.7</u>
Customer Accounts				
Meter Reading	37,865	37,687	178	100.5
Customer records and collection	146,218	241,419	(95,201)	60.6 (4)
Energy conservation	(37,712)	227,847	(265,559)	(16.6) (5)
Total Customer Accounts	<u>146,371</u>	<u>506,953</u>	<u>(360,582)</u>	<u>28.9</u>
Administrative and General				
Administrative and general salaries	229,854	284,599	(54,745)	80.8
Office supplies and expense	128,659	138,023	(9,364)	93.2
Outside services employed	129,561	143,907	(14,346)	90.0
Insurance	43,460	43,750	(290)	99.3
Employee Benefits	491,795	465,943	25,852	105.5
Miscellaneous general	182,466	170,108	12,358	107.3
Total Administrative and General	<u>1,205,795</u>	<u>1,246,330</u>	<u>(40,535)</u>	<u>96.7</u>
Total Operation, Customer, & Admin Expenses	<u>10,341,145</u>	<u>13,321,799</u>	<u>(2,980,654)</u>	<u>77.6</u>
Depreciation	1,376,350	815,493	(560,857)	168.8 (6)
Total Operating Expenses	<u>\$ 11,717,495</u>	<u>14,137,291</u>	<u>(2,419,797)</u>	<u>82.9</u>
Operating Income	<u>\$ 2,054,945</u>	<u>1,211,699</u>	<u>843,246</u>	<u>169.6</u>

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

- (1) The purchase power cost estimate for 2024 was increased by 2%. To date the expense is coming in at \$325K lower than last year in the same time period. Should stabilize during higher demand months
- (2) Variance is due to lower than budgeted labor and operating expenses in first quarter. Distribution expenses are higher than 2023 and should stabilize throughout the year.
- (3) Variance is due to higher first quarter expenses for maintenance-three new doors,new boiler, & equipment repair. Should stabilize throughtout year.
- (4) Variance due to less credit card and collection fees budgeted for first quarter.
- (5) Variance due to less conservation expenses than budgeted through March, should stabilize throughout the year.
- (6) The 2024 depreciation budget did not include the accelerated depreciation adjustment for the AMI project. \$648K was not budgeted and is causing the higher variance.



**SHAKOPEE PUBLIC UTILITIES  
WATER OPERATING REVENUE AND EXPENSE**

	YTD Actual 3/31/2024	YTD Budget 3/31/2024	YTD Actual v. Budget	
			Increase (decrease) \$	%
<b>OPERATING REVENUES</b>				
Sales of Water	\$ 1,142,235	1,764,663	(622,428)	64.7
Forfeited Discounts	4,347	9,975	(5,627)	43.6
Total Operating Revenues	<u>1,146,582</u>	<u>1,774,638</u>	<u>(628,055)</u>	<u>64.6</u>
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	180,792	207,025	(26,232)	87.3
Pumping and distribution maintenance	181,797	183,380	(1,583)	99.1
Power for pumping	99,131	108,782	(9,651)	91.1
Maintenance of general plant	23,848	17,477	6,371	136.5 (1)
Total Operation and Maintenance	<u>485,569</u>	<u>516,664</u>	<u>(31,095)</u>	<u>94.0</u>
Customer Accounts				
Meter Reading	21,265	17,826	3,439	119.3
Customer records and collection	42,568	61,290	(18,722)	69.5 (2)
Total Customer Accounts	<u>64,389</u>	<u>79,116</u>	<u>(14,727)</u>	<u>81.4</u>
Administrative and General				
Administrative and general salaries	138,385	169,544	(31,159)	81.6
Office supplies and expense	44,513	34,352	10,161	129.6 (3)
Outside services employed	23,248	91,986	(68,738)	25.3 (4)
Insurance	14,487	11,278	3,208	128.4 (5)
Employee Benefits	225,059	226,392	(1,333)	99.4
Miscellaneous general	61,774	69,348	(7,574)	89.1
Total Administrative and General	<u>507,466</u>	<u>602,901</u>	<u>(95,435)</u>	<u>84.2</u>
Total Operation, Customer, & Admin Expenses	<u>1,057,423</u>	<u>1,198,680</u>	<u>(141,257)</u>	<u>88.2</u>
Depreciation	1,046,530	501,694	544,836	208.6 (6)
Total Operating Expenses	<u>\$ 2,103,954</u>	<u>1,700,374</u>	<u>403,579</u>	<u>123.7</u>
Operating Income	<u>\$ (957,371)</u>	<u>74,263</u>	<u>(1,031,634)</u>	<u>(1,289.2)</u>

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

- (1) Variance is due to higher than budgeted expenses in general - preventative maintenance during the 1st quarter. Should stabilize throughout the year.
- (2) Variance is due to less credit card and collection fees budgeted for first quarter.
- (3) Variance is due to higher support services expenses. Expenses are annual so variance should stabilize throughout the year.
- (4) Variance is due to less outside services expensed than budgeted for first quarter - rate studies will be done in 2024 and variance should stabilize.
- (5) Variance is due to higher than budgeted insurance expenses. Expenses are annual so variance should stabilize throughout the year.
- (6) The 2024 depreciation budget did not include the accelerated depreciation adjustment for the AMI project. \$523K was not budgeted and is causing the higher variance.

**SHAKOPEE PUBLIC UTILITIES**  
**ELECTRIC OPERATING REVENUE AND EXPENSE**  
For period ending March 31, 2024

	2024	2023	2023-2024	
			Increase (decrease)	
			\$	%
<b>OPERATING REVENUES</b>				
Residential	\$ 4,955,929	5,039,234	(83,305)	98.3
Commercial and Industrial	8,510,112	8,596,805	(86,693)	99.0
Total Sales of Electricity	<u>13,466,041</u>	<u>13,636,039</u>	<u>(169,998)</u>	<u>98.8</u>
	70,382	58,653	11,730	120.0
	36,016	34,526	1,490	104.3
	200,003	203,092	(3,090)	98.5
Total Operating Revenues	<u>13,772,441</u>	<u>13,932,310</u>	<u>(159,869)</u>	<u>98.9</u>
<b>OPERATING EXPENSES</b>				
Purchased power	8,420,570	8,746,294	(325,724)	96.3
Distribution operation expenses	133,956	161,757	(27,801)	82.8
Distribution system maintenance	289,664	285,115	4,549	101.6
Maintenance of general plant	144,790	115,296	29,494	125.6
Total Operation and Maintenance	<u>8,988,980</u>	<u>9,308,462</u>	<u>(319,482)</u>	<u>96.6</u>
Meter Reading	37,865	39,111	(1,246)	96.8
Customer records and collection	146,218	192,990	(46,772)	75.8
Energy conservation	(37,712)	17,052	(54,764)	(221.2)
Total Customer Accounts	<u>146,371</u>	<u>249,153</u>	<u>(102,782)</u>	<u>58.7</u>
Administrative and general salaries	229,854	201,708	28,146	114.0
Office supplies and expense	128,659	92,659	36,000	138.9
Outside services employed	129,561	93,357	36,204	138.8
Insurance	43,460	43,874	(414)	99.1
Employee Benefits	491,795	565,724	(73,929)	86.9
Miscellaneous general	182,466	146,228	36,238	124.8
Total Administrative and General	<u>1,205,795</u>	<u>1,143,549</u>	<u>62,246</u>	<u>105.4</u>
Total Operating Expenses	<u>10,341,145</u>	<u>10,701,164</u>	<u>(360,019)</u>	<u>96.6</u>
Depreciation	1,376,350	690,471	685,879	199.3
Total Operating Expenses	<u>\$ 11,717,495</u>	<u>11,391,635</u>	<u>325,860</u>	<u>102.9</u>
Operating Income	<u>\$ 2,054,946</u>	<u>2,540,675</u>	<u>(485,728)</u>	<u>80.9</u>



**SHAKOPEE PUBLIC UTILITIES**  
**WATER OPERATING REVENUE AND EXPENSE**  
For period ending March 31, 2024

	2024	2023	2023-2024	
			Increase (decrease)	
			\$	%
<b>OPERATING REVENUES</b>				
Sales of Water	1,142,235	1,082,457	59,778	105.5
Forfeited Discounts	4,347	3,361	986	129.3
Total Operating Revenues	1,146,582	1,085,818	60,764	105.6
<b>OPERATING EXPENSES</b>				
Operations and Maintenance				
Pumping and distribution operation	180,792	150,594	30,198	120.1
Pumping and distribution maintenance	181,797	88,190	93,607	206.1
Power for pumping	99,131	91,262	7,869	108.6
Maintenance of general plant	23,848	25,352	(1,504)	94.1
Total Operation and Maintenance	485,569	355,398	130,171	136.6
Customer Accounts				
Meter Reading	21,265	24,812	(3,547)	85.7
Customer records and collection	42,568	62,949	(20,381)	67.6
Energy conservation	556	380	176	146.3
Total Customer Accounts	64,389	88,141	(23,752)	73.1
Administrative and General				
Administrative and general salaries	138,385	122,025	16,360	113.4
Office supplies and expense	44,513	28,621	15,892	155.5
Outside services employed	23,248	27,263	(4,015)	85.3
Insurance	14,487	13,928	559	104.0
Employee Benefits	225,059	261,987	(36,928)	85.9
Miscellaneous general	61,774	46,785	14,989	132.0
Total Administrative and General	507,466	500,609	6,857	101.4
Total Operating Expenses	1,057,423	944,148	113,275	112.0
Depreciation	1,046,530	479,549	566,981	218.2
Total Operating Expenses	2,103,954	1,423,697	680,257	147.8
Operating Income	\$(957,371)	\$(337,879)	\$(619,492)	283.3



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

April 23, 2024

TO: Greg Drent, General Manager   
FROM: Sharon Walsh, Director of Marketing, Key Accounts and Special Projects   
SUBJECT: 2022 CIP Results and 2024 Plan Approval

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Overview

Attached is the Official Compliance Letter issued by the MN Commerce Department. It mirrors the Draft Compliance letter presented to the Commission at the February 5, 2024 meeting. This letter provides 2022 CIP results and awards approval of the 2024 Conservation Plan.

Action Requested

No action is required.

April 1, 2024

Sharon Walsh  
Shakopee Public Utilities  
255 Sarazin Street  
Shakopee, MN 55379

RE: Electric Conservation Improvement Program (CIP) 2022 Results

Dear Sharon Walsh:

Thank you very much for Shakopee Public Utilities' efforts to report 2022 CIP results. The Minnesota Department of Commerce, Division of Energy Resources (Department) has finished reviewing this information.

The Energy Conservation and Optimization Act of 2021 (ECO) was signed into law by Governor Tim Walz on May 25, 2021 and was enacted the next day.<sup>1</sup> ECO primarily serves to modernize CIP to provide a more holistic approach to energy efficiency programming. ECO was the result of multiple years of stakeholder discussion and development. Notable highlights of the ECO Act concerning consumer-owned utilities (COUs) include providing the opportunity to optimize energy use and delivery through the inclusion of load management and efficient fuel switching programs and providing greater planning flexibility. COU CIP plans for 2022 were approved prior to these changes in ECO.

Minnesota Statutes Section 216B.2403 subd. 1 establishes that the following utilities must participate in CIP:

- municipal electric utilities that provide electric service to more than 1,000 retail customers,
- cooperative electric associations that provide retail service to more than 5,000 members,
- municipal gas utilities with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

Shakopee is an electric municipal utility and reported that it served 18,954 customers in 2022. Therefore, Shakopee is subject to Minnesota Statutes § 216B.2403.

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<sup>1</sup> [Minnesota Energy Conservation and Optimization Act of 2021](#)

Minnesota Statutes § 216B.2403 Subd. 3 establishes that each COU must file an annual update and must file a CIP plan for a period of one to three program years.

The annual update needs to include:

- energy-savings;
- expenditures;
- status of the utility's plan; and
- any intended changes to the plan.

An annual filing made in the last year of a plan must contain a new plan. The plan must describe the programs for energy conservation, efficient fuel-switching, load management, and other measures the COU intends to offer to achieve the utility's energy savings goal.

In 2021, prior to the passage of ECO, Shakopee filled a plan for 2022. The Department has reviewed 2022 results according to the CIP statutes that were in place at the time that plan was filed and reviewed (i.e. according to the pre-ECO statutory requirements). In 2022, after the passage of ECO, Shakopee filed a 3-year plan for 2023-2025. This year Shakopee has filed results for program year 2022.

# SUMMARY OF RESULTS

## 2022 Summary of Results

The following table provides a summary of Shakopee's accomplishments relevant to its 2022 results.

**Table 1. Summary of 2022 Results**

Metric	Minimum/Maximum	Actual	Passed
Energy Savings Goal (kWh)	6,644,911	7,315,123	Yes
Total Spending Goal (\$)	\$698,797	\$948,742	Yes
Low-Income Spending Goal (\$)	\$35,320	\$157,358	Yes
Load Management Spending Cap (\$)	\$349,398	\$51,649	Yes
R&D Spending Cap (\$)	\$69,880	\$0	Yes
Distributed and Renewable Generation Spending Cap (\$)	\$47,437	\$25,000	Yes
Green Buildings Programs	At least one program that offers certification support		Yes
SB2030 Programs	At least one program that offers support		Yes

The CIP goals and caps are derived as follows. Please refer to the Appendix for further explanations and citations for each metric.

**Table 2. Summary of Pre-ECO CIP Metrics**

Metric	Amount	Baseline Year(s)
Energy Savings (kWh)	1.5% (or other approved amount) of average weather-normalized retail sales at the generator, less sales to CIP exempt customers	2018-2020
Total Spending (\$) (Minimum spending)	1.5% of retail gross operating revenue, less revenues from exempt customers	2020
Low-Income Spending (\$)	0.2% of average residential gross operating revenue	2018-2020
Load Management Programs	Up to 50% of minimum spending	
R&D Activities	10% of minimum spending	
Distributed and Renewable Generation (DRG) Programs	5% of total actual spending	
Green Buildings Programs	Program offering to support certifications	
SB2030 Programs	Program offering to support standards	

## Spending Cap on Optional Investments

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### Research and Development Projects

Prior to the passage of ECO<sup>2</sup>, Minnesota Statutes § 216B.241 subd. 1b (d) allowed each COU to spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements on research and development projects (R&D).

With the passage of ECO, Minnesota Statutes § 216B.2403, subd. 3 (g) establishes an annual cap on R&D equal to up to 10% of the total amount spent and invested on energy conservation improvements.

With the passage of ECO, the R&D spending cap changed from one based on the minimum spending requirement which could be calculated at the time plans were reviewed, to a cap based on actual spending. Starting with the review of 2023 results, the R&D spending cap will be evaluated when results are submitted. The R&D spending cap in Table 1 above is based on Shakopee's 2022 minimum spending requirement.

### Distributed and Renewable Generation Projects

Minnesota Statutes § 216B.2411, subd. 1 (a) establishes an annual cap on distributed and renewable generation (DRG) projects equal to up to 5% of the total amount spent on energy conservation improvements. This language did not change with the passage of ECO. The Department had historically calculated the DRG spending cap as based on a utility's minimum spending requirement. In the process of developing guidance associated with the implementation of ECO, the Department reconsidered its interpretation of this provision and will now be evaluating the DRG spending cap when results are submitted. The DRG spending cap in Table 1 above is based on Shakopee's total actual 2022 spending.<sup>3</sup>

### Load Management Programs

The ECO Act removed the spending cap on load management program activities of up to 50% of the spending requirement. Since 2022 results are being reviewed according to the statutes that were in place at the time those plans were filed, load management spending is shown in Table 1.

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<sup>2</sup> 2020 Minnesota Statutes are available at <https://www.revisor.mn.gov/statutes/2020/cite/216B.241>.

<sup>3</sup> This amount may be different than the amount listed in Shakopee's reporting template.



## FUTURE REPORTING

The next scheduled reporting will be on June 1, 2024, when Shakopee will need to report expenditures and energy savings for 2023.

Shakopee has an approved plan through 2025. Therefore, in 2025 Shakopee will need to file an ECO plan that begins in 2026.

## DEPUTY COMMISSIONER'S SUMMARY

With this letter, I accept Shakopee's reporting of results for the 2022 program year, noting that Shakopee met all the components of the statutes.

Thank you for Shakopee's continued contributions to Minnesota's energy efficiency and conservation goals. Please contact Anthony Fryer at [anthony.fryer@state.mn.us](mailto:anthony.fryer@state.mn.us) or 651-539-1858 or Laura Silver at [laura.silver@state.mn.us](mailto:laura.silver@state.mn.us) or 651-539-1873 with any questions or concerns.

Sincerely,



MICHELLE GRANSEE  
Deputy Commissioner  
Minnesota Department of Commerce

MG/LNS

## SUMMARY OF CIP STATUTORY REFERENCES AND RESOURCES

Metric	Baseline / Notes	Citation
Minimum Energy Conservation (.95%)	Begins in 2023 with ECO Baseline average of 2020-2022 weather-normalized energy sales for plan beginning in 2024	Minn. Stat. § 216B.2403, subd. 2 (a)
Total Energy Savings (1.50%)	Baseline average of 2020-2022 weather-normalized energy sales for plan beginning in 2024	Minn. Stat. § 216B.2403, subd. 2 (a)
Total Spending (1.5%)	Required pre-ECO, will be review for 2022 results For ECO plans, determination begins in 2026, if required <ul style="list-style-type: none"> <li>Baseline based on 2025 GOR</li> <li>Evaluation based on 2023-2025 energy savings from conservation measures and 2023-2025 spending on energy conservation improvements (not total spending)</li> </ul>	Minn. Stat. §216B.2403, subd. 4 (a)
Cost-Effectiveness Analysis	Begins in 2023 with ECO	Minn. Stat. § 216B.2403, subd. 3 (c)
Low-Income Spending (.2%)	No change to amount with ECO. Groups can aggregate LI spending beginning 2023. Change to definition of Low-Income Household <a href="#">Guidance available</a> <sup>1</sup>	Minn. Stat. § 216B.2403, subd. 5 (a) Minn. Stat. § 216B.2402 Subd 16
Preweatherization Spending Cap (15%)	Based on actual low-income spending Energy Savings may not be claimed <a href="#">Guidance available</a> <sup>2</sup>	Minn. Stat. § 216B.2403, subd. 5 (f)
R&D Spending Cap (10%)	Change from cap based on minimum spending to cap based on actual total spending with ECO	Minn. Stat. § 216B.2403, subd. 3 (g)
DRG Spending Cap (5%)	Based on actual total spending (new method began with 2021 results due to reinterpretation)	Minn. Stat. § 216B.2411 subd. 1 (a)

Metric	Baseline / Notes	Citation
Load Mgmt Programs	50% of minimum spending pre-ECO Beginning 2023, no spending cap	2020: Minn. Stat. § 216B.241 subd. 1(k) 2020: Minn. Stat. § 216B.241 subd. 1b(e) ECO: Stat. § 216B.2403, subd. 3 (a) ECO: Stat. § 216B.2402 subd. 15
Lighting Programs	Program offering requirement	Minn. Stat. § 216B.241, subd. 5
Green Buildings Programs	Program offering requirement	Minn. Stat. § 216B.241 subd. f (c)
SB2030 Programs	Program offering requirement <a href="#">Information available</a> <sup>3</sup>	Minn. Stat. § 216B.241, subd. 9 (e)
EFS Improvements Savings Cap (.55%)	Begins in 2023 with ECO Based on 1.5% energy savings goal <a href="#">Guidance available</a> <sup>4</sup>	Minn. Stat. § 216B.2403, subd. 3 (l) Minn. Stat. § 216B.2403, subd. 2 (a) (3)
EFS Improvements Spending Cap (.55%)	Begins in 2023 with ECO Based on average of 2020-2022 GOR for plan beginning in 2024 <a href="#">Guidance available</a> <sup>5</sup>	Minn. Stat. § 216B.2403, subd. 2 (d)
EUI Measures	Not an energy conservation measure Spending may not be claimed <a href="#">Guidance and tools available</a> <sup>6</sup>	Minn. Stat. § 216B.2402, subd. 6 Minn. Stat. § 216B.2403, subd. 4 (a)
Carry Forward Savings	<ul style="list-style-type: none"> <li>Up to 3 years in excess of 1.5% energy savings, except up to 5 years for EUI</li> </ul> <a href="#">Guidance available</a> <sup>7</sup>	Minn. Stat. § 216B.2403, subd. 2 (b)
EV Sales	<ul style="list-style-type: none"> <li>Electric sales prior to 12/31/2032 are excluded from gross annual retail energy sales when associated with a utility's program, rate, or tariff for electric vehicle charging</li> </ul> Exclusions began with 2021 sales <a href="#">Guidance available</a> <sup>8</sup>	Minn. Stat. § 216B.2402, subd. 10
Exempt Customers	Excluded from gross annual retail energy sales and GOR	Minn. Stat. § 216B.2403, subd. 3 (i)

Metric	Baseline / Notes	Citation
Reduced Energy Saving Goal	Requires request to and determination by Deputy Commissioner <ul style="list-style-type: none"> <li>Request must be made by Jan 1 of the year when the plan is filed (i.e. at least 6 months prior to filing plan)</li> </ul>	Minn. Stat. § 216B.2403, subd. 3 (k)
Reduced Spending Requirement	Requires request to and determination by Deputy Commissioner	Minn. Stat. § 216B.2403, subd. 4 (c)
Technical Reference Manual	Version 4.0 required for plans beginning in 2024 <a href="#">Document available</a> <sup>9</sup>	
Measurement and Verification Protocols	Pre and post M&V plans are required for individual custom projects with estimated annual savings greater than 1,000,000 kWh or 20,000 MCF <a href="#">Document available</a> <sup>10</sup>	
Load Management	Can be reported as conservation if it reduces a customer's net annual energy consumption	Minn. Stat. § 216B.2402, subd. 15

<sup>1</sup> All guidance documents and resources are available at <https://mn.gov/commerce/energy/industry-government/cip/planning-policy/>. See "Policy" tab under "Guidance" section of page. *ECO Guidance Regarding Definition of Low-Income Household* is available at <https://mn.gov/commerce-stat/pdfs/ECO-Guidance-Definition-of-Low-Income-Household.pdf>

<sup>2</sup> *Technical Guidance for the Inclusion of Efficient Fuel-Switching and Load Management Programs in the Conservation Improvement Program, and Eligible Pre-Weatherization Measures for Low-Income Programs* is available at <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPop&documentId={90098F7F-0000-C11B-B04F-C063DF81A5F9}&documentTitle=20223-183807-01>.

<sup>3</sup> B3 Sustainable Building 2030 Energy Standards webpage. <https://www.b3mn.org/2030energystandard/>.

<sup>4</sup> *Technical Guidance for the Inclusion of Efficient Fuel-Switching and Load Management Programs in the Conservation Improvement Program, and Eligible Pre-Weatherization Measures for Low-Income Programs* is available at <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPop&documentId={90098F7F-0000-C11B-B04F-C063DF81A5F9}&documentTitle=20223-183807-01>.

<sup>5</sup> Ibid.

<sup>6</sup> *Claiming Energy Savings through Electric Utility Infrastructure Improvements and the Carry Forward Provision* is available at <http://mn.gov/commerce-stat/pdfs/final-fryer-d-cip-17-856.pdf>. *Determining Normal Maintenance Activities and CIP Review Process for Electric Utility Infrastructure Projects* is available at <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPop&documentId=%7b80849C66-0000-C310-A767-928206A59938%7d&documentTitle=201810-147198-01>.

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<sup>7</sup> *Claiming Energy Savings through Electric Utility Infrastructure Improvements and the Carry Forward Provision* is available at <http://mn.gov/commerce-stat/pdfs/final-fryer-d-cip-17-856.pdf>.

<sup>8</sup> *Technical Guidance to Determine Eligible Electric Vehicle Charging Sales to be Deducted from Utility Gross Annual Retail Energy Sales* is available at <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPop&documentId={70AE0C7E-0000-CE17-8D33-2BB0C26177D4}&documentTitle=202112-181101-01>.

<sup>9</sup> Technical Reference Manuals are available at <https://mn.gov/commerce/energy/industry-government/cip/technical-reference-manual/>.

<sup>10</sup> *Measurement and Verification Protocols for Large Custom CIP Projects Version 1.0* is available at <https://mn.gov/commerce-stat/pdfs/cip-mv-protocols-large-project.pdf>.

RESOLUTION #2024-14

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

PATCH 1<sup>ST</sup> ADDITION  
LOT 1, BLOCK 1  
PID 270700010

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$17,952.65 based on 3.35 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

PATCH 1<sup>ST</sup> ADDITION  
LOT 1, BLOCK 1  
PID 270700010

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

Passed in regular session of the Shakopee Public Utilities Commission, this 6th day of May, 2024.

---

Commission President: Justin Krieg

ATTEST:

---

Commission Secretary: Greg Drent

RESOLUTION #2024-15

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

PID 279120223  
SECTION 12 TOWNSHIP 115 RANGE 022  
W 350' OF E 700' OF N 653.84' OF W1/7 E1/2 SE1/4  
& N 653.84' OF P/O W1/4 SE1/4 LYING E OF CO RD 89

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$26,955.77 based on 5.03 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

SECTION 12 TOWNSHIP 115 RANGE 022  
W 350' OF E 700' OF N 653.84' OF W1/7 E1/2 SE1/4  
& N 653.84' OF P/O W1/4 SE1/4 LYING E OF CO RD 89  
PID 279120223

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

Passed in regular session of the Shakopee Public Utilities Commission, this 6th day of May, 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

RESOLUTION #2024-16

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

Block 1, Lots 1-28; Block 2, Lots 1-14;  
Block 3, Lots 1-5; Block 4, Lots 1-8; Block 5, Lots 1- 6;  
Block 6, Lots 1-12; Block 7, Lots 1-3; Block 8, Lot 1;  
and Block 9, Lots 1-5  
HIGHVIEW PARK 2<sup>ND</sup> ADDITION

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$87,030.16 based on 16.24 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

Block 1, Lots 1-28; Block 2, Lots 1-14;  
Block 3, Lots 1-5; Block 4, Lots 1-8; Block 5, Lots 1- 6;  
Block 6, Lots 1-12; Block 7, Lots 1-3; Block 8, Lots 1;  
and Block 9, Lots 1-5  
HIGHVIEW PARK 2<sup>ND</sup> ADDITION

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

Passed in regular session of the Shakopee Public Utilities Commission, this 6th day of May, 2024.

\_\_\_\_\_  
Commission President: Justin Krieg

ATTEST:

\_\_\_\_\_  
Commission Secretary: Greg Drent



RESOLUTION #2024-17

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

HIGHVIEW PARK 2<sup>ND</sup> ADDITION

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

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the total amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately \$52,264.86, and

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

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

Passed in regular session of the Shakopee Public Utilities Commission, this 6<sup>th</sup> day of May, 2024.

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Commission President: Justin Krieg

ATTEST:

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Commission Secretary: Greg Drent

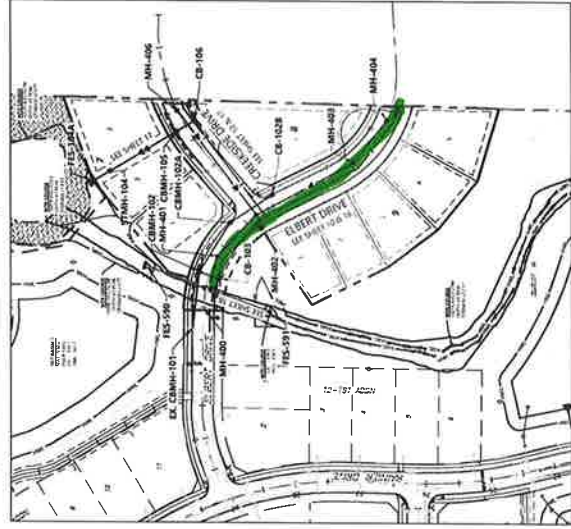
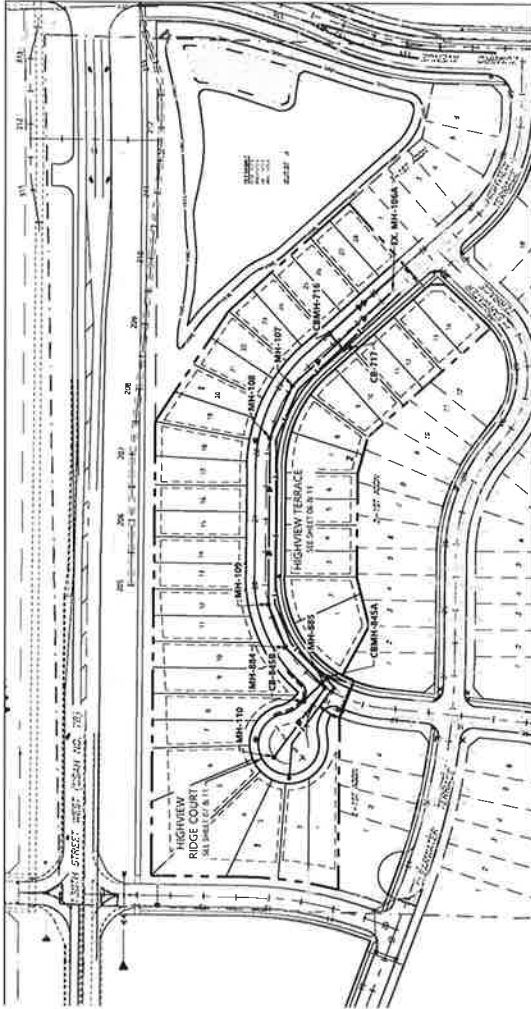


B18	CBMH	60"	R-3067-VB
B18A	CBMH	48"	R-3067-VB
B18B	CB	27"	R-4342
B19	CBMH	48"	R-3067-V
B19A	CBMH	60"	R-3067-V
B19B	CB	27"	R-4342
B45A	CBMH	48"	R-3067-V
B45B	CB	27"	R-3067-V
B45C	CB	27"	R-4342

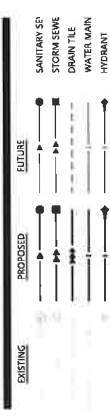
### Attachment to Resolution 2024-17

8" to 12" Oversizing

STORM SEWER CASTING SCHEDULE		
NUMBER	STRUCTURE TYPE	CASTING TYPE
102	CBMH	60" R-3067-VB
102A	CBMH	48" R-3067-V
102B	CB	27" R-4342
103	CB	27" R-4342
104	STWH	48" R-1642B
104A	FES	15" W/TRASHGUARD
105	CBMH	48" R-3067-V
106	CB	27" R-4342
590	FES	48" W/TRASHGUARD
591	FES	48" W/TRASHGUARD
608	FES	15" W/TRASHGUARD
613A	CB	27" R-3067-V
716	CBMH	48" R-3067-V
717	CB	27" R-4342
808	CBMH	60" R-3067-V
808A	CBMH	48" R-3067-V
809	CBMH	48" R-3067-V
809A	CBMH	48" R-3067-V
810	CBMH	48" R-3067-V
811	CB	27" R-4342
812	CBMH	48" R-3067-V
812A	CBMH	48" R-3067-V
813	CBMH	48" R-3067-V
814	CBMH	48" R-3067-V
815	CBMH	48" R-3067-V
815A	CBMH	48" R-3067-V
816	CBMH	48" R-3067-V
817	CBMH	48" R-3067-V



### OVERALL UTILITY LEGEND





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

**DATE:** May 1, 2024  
**TO:** Greg Drent, General Manager *GD*  
**FROM:** Kelley Willemsen, Director of Finance & Administration *KW*  
**SUBJECT:** 2023 Audited Financials and Presentation

---

**Background:**

SPU staff met with Clifton Larsen Allen, LLP (CLA) on January 9, 2024, to kick off the 2023 audit. Preliminary audit details were collected by SPU staff throughout the months of January and February. Auditors were onsite for fieldwork during the week of March 11, 2024

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 the process, and the fieldwork went smoothly.

The fieldwork exit meeting was completed on March 15, 2024, where CLA staff reviewed the audit process and communicated to SPU that there weren't any findings or issues to report.

Attached are the 2023 year-end Financial Statements for review. 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, 2023.





Board of Commissioners  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

We have audited the financial statements of the Shakopee Public Utilities Commission (the Commission) as of and for the year ended December 31, 2023, and have issued our report thereon dated April 29, 2024. 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, 2023. 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. 96, Subscription-Based Information Technology Arrangements (SBITAs), in 2023. 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.
- Management's estimate of the discount rate for leases and SBITAs is based on the City of Shakopee's incremental borrowing rate.

***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 did not identify and we did not notify them of any uncorrected financial statement misstatements.

***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.

***Circumstances that affect the form and content of the auditors' report***

As previously communicated to you, the report was modified to include an emphasis-of-matter paragraph to highlight the change in accounting principle related to the adoption of new accounting principle related to the adoption of new accounting guidance for Subscription-Based Information Technology Arrangements as follows:

As discussed in Note 1 to the financial statements, effective January 1, 2023, the Commission adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITA). The guidance establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. Our opinion is not modified with respect to this matter.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated April 29, 2024.

***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.

***Other audit risks***

During the audit we identified the following risk that has not previously been communicated to you since our engagement agreement dated December 28, 2023:

- With the implementation of GASB 96 Subscription Information Technology Agreements during 2023, the completeness assertion for that has a significant risk related to not identifying the agreements that should be included with this standard.

***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 April 29, 2024.

**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 introductory section. 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 contained 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 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 board of commissioners 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  
April 29, 2024





**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 Shakopee Public Utilities Commission, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's financial statements, and have issued our report thereon dated April 29, 2024.

***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 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.

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  
April 29, 2024



CliftonLarsonAllen LLP  
CLAcconnect.com

## 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 Shakopee Public Utilities Commission as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the entity's financial statements, and have issued our report thereon dated April 29, 2024.

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 – bid laws, depositories of public funds and public 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 29, 2024

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
A COMPONENT UNIT OF THE  
CITY OF SHAKOPEE, MINNESOTA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

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## **INTRODUCTORY SECTION**

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
BOARD OF COMMISSIONERS AND ADMINISTRATION  
DECEMBER 31, 2023**

Officials	Position	Term Expires
Justin Krieg	President/MMPA Alternate Rep	March 31, 2024
Benedict Letourneau	Vice President	March 31, 2024
Kathi Mocol	Commissioner	March 31, 2025
Kayden Fox	Commissioner	March 31, 2026
Jim Dulaney	Commissioner/City Council Member	March 31, 2026

<b>Administration</b>
-----------------------

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**

#### ***Opinion***

We have audited the accompanying financial statements of the Shakopee Public Utilities Commission, a component unit of the City of Shakopee, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the 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 financial position of the Shakopee Public Utilities Commission, as of December 31, 2023, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective January 1, 2023, the Shakopee Public Utilities Commission adopted new accounting guidance for subscription-based information technology arrangements (SBITAs). Under this statement, the Shakopee Public Utilities Commission should recognize a right-to-use subscription asset and a corresponding subscription liability for all SBITAs with subscription terms greater than twelve months. Our opinion is not modified with respect to this matter.

***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 Forms and Letters - Audit'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 opinion. 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 the Shakopee Public Utilities Commission 2022 financial statements, and we expressed unmodified opinions on the major funds 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, 2022 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 and pension schedules as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Board of Commissioners  
Shakopee Public Utilities Commission

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 April 29, 2024, 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  
April 29, 2024

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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, 2023. You are invited to read this narrative in conjunction with the Utilities' financial statements.

**FINANCIAL HIGHLIGHTS**

- The electric utility's net position increased \$6,891,095 to \$103,682,037 in 2023, an increase of 7.1%. Total assets increased by \$7,316,914 due to increases in net capital assets of \$6,761,005, increases in accounts receivable of \$406,417 and other assets of \$31,417. Deferred outflows of resources decreased \$311,210 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities decreased by \$675,723 due to a decrease in net pension liability of \$912,337, accounts payable of \$402,597, partially offset by an increase in customer advances of \$238,778 and subscriptions payable of \$281,311. Deferred inflows of resources increased \$790,332 (see Table 1).
- The electric utility's operating revenue increased by \$2,357,786 or 4.0%, 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 \$898,184 in conservation revenue. Total kWh sales volume decreased 0.6%. The electric utility added 681 new customers in 2023, an increase of 3.6% (see Table 3).
- The electric utility's operating expenses in 2023 increased \$1,535,871 or 2.9%, due to increases in distribution system maintenance of \$1,154,943, increases in employee benefit and material expenses, and an increase in depreciation expense of \$545,148.
- The water utility's net position increased \$8,648,840 to \$103,981,697 in 2023, an increase of 9.1%. Total assets increased by \$10,953,701 due to an increase in net capital assets of \$7,680,905, an increase of \$874,716 in cash and investments and an increase in other accounts receivable of \$603,743. Deferred outflows of resources decreased \$128,228 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$1,259,888 due to increase in accounts payable of \$1,514,508 with an offset decrease in net pension liability of \$374,453. Deferred inflows of resources increased \$916,745 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable (see Table 2).
- The water utility's 2023 operating revenues, generated mostly by sales of water, increased \$1,148,384, or 17.3% due to an increase in water rates, slightly offset by a decrease in water gallons sold. The water utility added 242 new customers in 2023, an increase of 2.0% (see Table 4).
- The water utility's operating expenses in 2023 increased \$1,935,719 or 33.6% driven by an increase in distribution, maintenance, and administrative expenses. Total gallons pumped increased 11.67%.
- Capital contributions for the utility increased from 2022 to 2023 by \$418,700 due to increases in water connection fees and developer capital contributions.
- Municipal contributions expenses to the City of Shakopee increased from 2023 to 2022 by \$203,230 due to an increase in power cost adjustment revenue, which was driven by higher purchase power costs.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 1  
CONDENSED STATEMENT OF NET POSITION – ELECTRIC UTILITY**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 55,517,481	\$ 54,961,572	\$ 555,909
Net Capital Assets	<u>59,714,037</u>	<u>52,953,032</u>	<u>6,761,005</u>
Total Assets	<u>115,231,518</u>	<u>107,914,604</u>	<u>7,316,914</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>894,233</u>	<u>1,205,443</u>	<u>(311,210)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 116,125,751</u>	<u>\$ 109,120,047</u>	<u>\$ 7,005,704</u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 2,749,804	\$ 3,662,141	\$ (912,337)
Other Liabilities	<u>8,567,219</u>	<u>8,330,605</u>	<u>236,614</u>
Total Liabilities	<u>11,317,023</u>	<u>11,992,746</u>	<u>(675,723)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,126,691	336,359	790,332
<b>NET POSITION</b>			
Net Investment in Capital Assets	59,344,130	52,953,032	6,391,098
Unrestricted	<u>44,337,907</u>	<u>43,837,910</u>	<u>499,997</u>
Total Net Position	<u>103,682,037</u>	<u>96,790,942</u>	<u>6,891,095</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 116,125,751</u>	<u>\$ 109,120,047</u>	<u>\$ 7,005,704</u>

As can be seen from the table above, the electric utility's net position increased \$6,891,095 to \$103,682,037 in 2023, an increase of 7.1%. Total assets increased by \$7,316,914 due to increases in net capital assets of \$6,761,005, increases in accounts receivable of \$406,417 and other assets of \$31,417. Deferred outflows of resources decreased \$311,210 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting.

Total liabilities decreased by \$675,723 due to a decrease in net pension liability of \$912,337, accounts payable of \$402,597, partially offset by an increase in customer advances of \$238,778 and subscriptions payable of \$281,311. Deferred inflows of resources increased \$790,332.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 2  
CONDENSED STATEMENT OF NET POSITION – WATER UTILITY**

	2023	2022	Change
<b>ASSETS</b>			
Current and Other Assets	\$ 40,337,359	\$ 37,064,563	\$ 3,272,796
Net Capital Assets	70,042,269	62,361,364	7,680,905
Total Assets	<u>110,379,628</u>	<u>99,425,927</u>	<u>10,953,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>407,795</u>	<u>536,023</u>	<u>(128,228)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 110,787,423</u>	<u>\$ 99,961,950</u>	<u>\$ 10,825,473</u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 1,253,988	\$ 1,628,441	\$ (374,453)
Other Liabilities	2,822,107	1,187,766	1,634,341
Total Liabilities	<u>4,076,095</u>	<u>2,816,207</u>	<u>1,259,888</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,729,631	1,812,886	916,745
<b>NET POSITION</b>			
Net Investment in Capital Assets	70,006,775	62,361,364	7,645,411
Restricted	19,835,106	18,729,524	1,105,582
Unrestricted	14,139,816	14,241,969	(102,153)
Total Net Position	<u>103,981,697</u>	<u>95,332,857</u>	<u>8,648,840</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 110,787,423</u>	<u>\$ 99,961,950</u>	<u>\$ 10,825,473</u>

As can be seen from the table above, the water utility's net position increased \$8,648,840 to \$103,981,697 in 2023, an increase of 9.1%. Total assets increased by \$1,589,006 due to an increase of \$874,716 in cash and investments and an increase in other accounts receivable of \$603,743. Deferred outflows of resources decreased \$128,228 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$1,259,888 due to increase in accounts payable of \$1,514,508 with an offset decrease in net pension liability of \$374,453. Deferred inflows of resources increased \$916,745 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable.

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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.

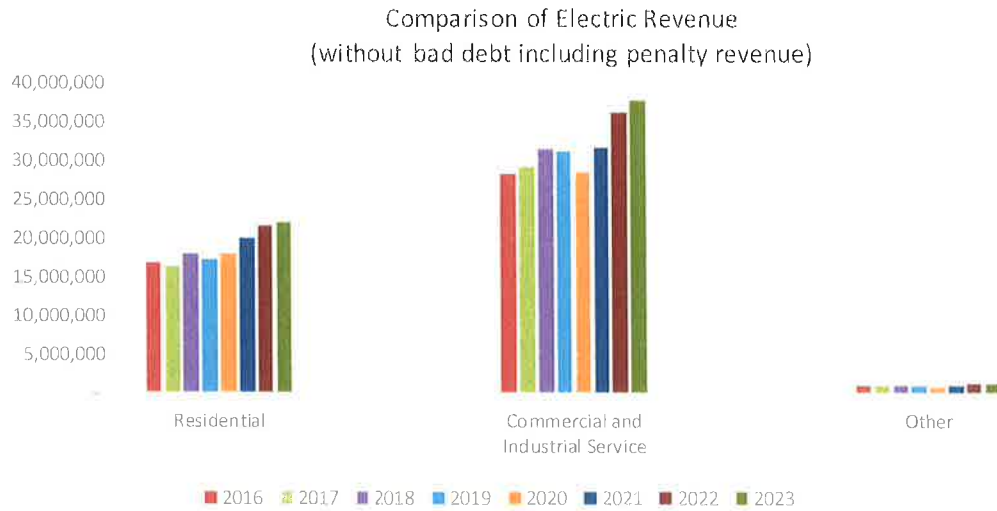
**TABLE 3  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - ELECTRIC UTILITY**

	2023	2022	Change
<b>OPERATING REVENUES</b>	\$ 61,266,784	\$ 58,908,998	\$ 2,357,786
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	51,144,360	50,153,637	990,723
Depreciation and Amortization Expense	3,495,150	2,950,002	545,148
Total Operating Expenses	<u>54,639,510</u>	<u>53,103,639</u>	<u>1,535,871</u>
<b>OPERATING INCOME</b>	6,627,274	5,805,359	821,915
Nonoperating Revenues (Expenses)	2,255,889	165,676	2,090,213
Capital Contributions	1,580,437	726,118	854,319
Free Electric Service to the City of Shakopee	144,062	138,104	5,958
Transfers to Municipality	<u>(3,716,567)</u>	<u>(3,576,023)</u>	<u>(140,544)</u>
<b>CHANGE IN NET POSITION</b>	6,891,095	3,259,234	3,631,861
Net Position - Beginning of Year	<u>96,790,942</u>	<u>93,531,708</u>	<u>3,259,234</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,682,037</u>	<u>\$ 96,790,942</u>	<u>\$ 6,891,095</u>

As can be seen in Table 3, the electric utility's operating revenue increased by \$2,357,786 or 4.0%, 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 \$898,184 in conservation revenue. Total kWh sales volume decreased 0.6%. Operating expenses in 2023 increased \$1,535,871 or 4%, due to increases in distribution system maintenance of \$1,154,943, increases in employee benefit and material expenses, and an increase in depreciation expense of \$545,148. Nonoperating income increased \$2,090,213 due to higher investment income. Capital contributions increased \$854,319 due to increases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased \$203,230 from \$3,576,023 to \$3,716,567 driven by higher electric sales revenue.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**



Year	Residential	Commercial and Industrial Service	Other
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
2023	22,150,117	37,881,431	1,271,900

Residential, Commercial, Industrial, and other sales of electricity (without bad debt) increased in 2023 by \$2,329,073 or 4.0% due to higher rates charged in 2023, partially offset by lower kWh sales and purchased power. Purchase power costs decreased in 2023 by \$165,967 or 0.4%. Purchased power is the single largest expense item in the electric system operating budget.

Total kWh purchased in 2023 was 461,468,537 as compared to 462,160,248 in 2022, reflecting a decrease of 0.1% year over year. Total kWh sold in 2023 was 442,969,326 as compared to 441,586,600 in 2022, reflecting a decrease of 0.6% for the year 2022. Electric operating revenues, including bad debt totaled \$61,266,784 in 2023 compared to \$58,908,998 in 2022, an increase of \$2,357,786 or 4.0% 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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)				
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2023	461,468,537	\$ 42,699,064	109,980	442,969,326
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
2023	19,773
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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 4  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - WATER UTILITY**

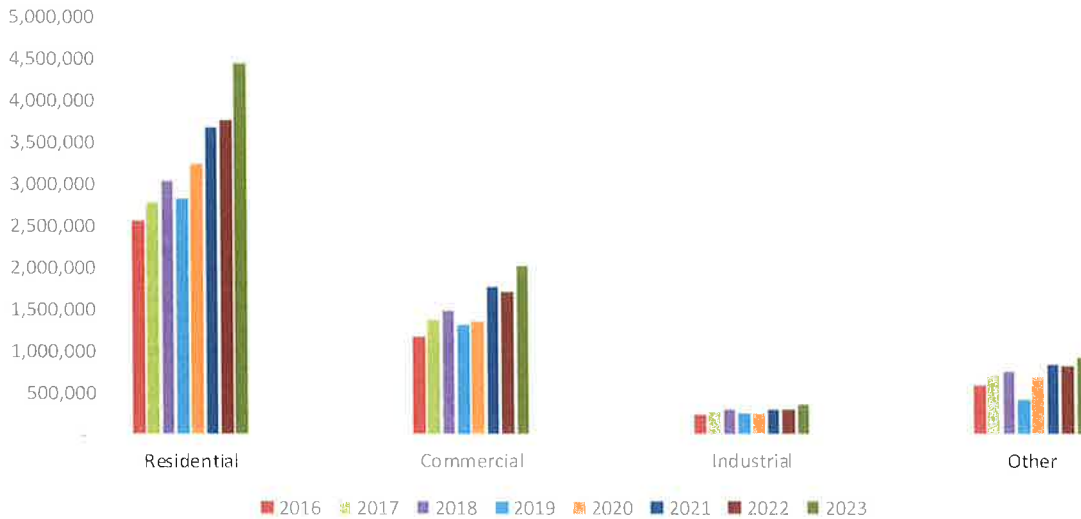
	2023	2022	Change
<b>OPERATING REVENUES</b>	<u>\$ 7,784,798</u>	<u>\$ 6,632,813</u>	<u>\$ 1,151,985</u>
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	4,582,569	3,900,258	682,311
Depreciation and Amortization Expense	<u>3,114,412</u>	<u>1,860,949</u>	<u>1,253,463</u>
Total Operating Expenses	<u>7,696,981</u>	<u>5,761,207</u>	<u>1,935,774</u>
<b>OPERATING INCOME</b>	87,817	871,606	(783,789)
Nonoperating Revenues (Expenses)	1,399,139	150,188	1,248,951
Capital Contributions	7,572,803	8,012,023	(439,220)
Transfers to Municipality	<u>(410,919)</u>	<u>(348,233)</u>	<u>(62,686)</u>
<b>CHANGE IN NET POSITION</b>	8,648,840	8,685,584	(36,744)
Net Position - Beginning of Year	<u>95,332,857</u>	<u>86,647,273</u>	<u>8,685,584</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,981,697</u>	<u>\$ 95,332,857</u>	<u>\$ 8,648,840</u>

In 2023 the water utility's operating revenues increased \$1,151,985, or 17.4%. The increase in operating revenues is the result of a water rate increase in 2023 as well as an increase in water gallons sold. Operating expenses increased \$1,935,7774 or 33.6%. The increase in expenses is the result of an increase in operation, customer, and administrative expenses of \$682,311 and an increase in depreciation expense of \$1,253,463. Nonoperating income increased \$1,248,896 from \$150,188 to \$1,399,084 reflecting an increase in investment income of \$1,333,423 and an increase in the municipal contribution to the City of Shakopee, offset by a decrease in miscellaneous income of \$124,303. Capital contributions decreased \$439,220, primarily due to decreases in water connection fees of \$2,511,807, offset by an increase in contributed capital water mains of \$1,787,487.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

Comparison of Water Revenues  
(without bad debt and including penalty revenue)



Year	Residential	Commercial	Industrial	Other
2016	2,560,074	1,173,447	248,672	591,120
2017	2,804,902	1,380,349	281,240	718,998
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
2023	4,452,997	2,023,129	360,093	936,143

Sales of water (without bad debt) increased in 2023 by \$1,140,762 or 17.3%. 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 242 new customers in 2023.

Water gallons pumped in 2023 totaled 2,241,251 thousand gallons as compared to 2,006,943 thousand gallons in 2022, reflecting an increase of 11.7% for the year 2023. Water gallons sold including hydrant sales in 2023 totaled 2,081,174 thousand gallons as compared to 1,864,700 thousand gallons in 2022, reflecting an increase of 11.6% for the year 2023. Water operating revenues excluding reconstruction fees totaled \$6,921,351 in 2023 as compared to \$5,850,411 in 2022, an increase of 18.3%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**WATER DEMAND**

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

Year	Demand (MGD)	Peak Daily Demand (MGD)
2023	6.140	14.185
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.

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2023	6,140,414	42,135	12,299	61	39
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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 9,467,988	\$ 11,383,461
Noncapital Financing Activities	(3,636,432)	(3,751,023)
Capital and Related Financing Activities	(8,293,161.00)	(5,818,341)
Investing Activities	<u>3,160,044</u>	<u>1,582,877</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>698,439</b>	<b>3,396,974</b>
Cash and Cash Equivalents - Beginning of Year	<u>3,643,057</u>	<u>246,083</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,341,496</u></b>	<b><u>\$ 3,643,057</u></b>

**TABLE 6  
CONDENSED STATEMENT OF CASH FLOWS – WATER UTILITY**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 4,042,297	\$ 372,409
Noncapital Financing Activities	(410,919)	200,000
Capital and Related Financing Activities	(2,898,246)	2,781,099
Investing Activities	<u>5,417,699</u>	<u>(970,472)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>6,150,831</b>	<b>2,383,036</b>
Cash and Cash Equivalents - Beginning of Year	<u>6,709,828</u>	<u>4,326,792</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 12,860,659</u></b>	<b><u>\$ 6,709,828</u></b>



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 7  
CAPITAL ASSETS – ELECTRIC UTILITY**

	2023	2022
<b>CAPITAL ASSETS</b>		
Distribution	\$ 72,116,736	\$ 65,756,507
General	19,032,941	18,490,911
Total Capital Assets	91,149,677	84,247,418
Less: Accumulated Depreciation and Amortization	(38,806,624)	(36,017,540)
Construction in Progress	7,370,984	4,723,154
 Net Capital Assets	 \$ 59,714,037	 \$ 52,953,032

The electric utility's net capital assets increased \$6,761,005 or 12.8% from 2022. Capital assets increased \$6,902,259 due to investments in new underground construction and transformation driven by new development, substation improvements, capital equipment, and the addition to the service center, in addition to an increase in construction in progress of \$2,647,830. These increases were offset by increases in accumulated depreciation of \$3,495,150.

**TABLE 8  
CAPITAL ASSETS – WATER UTILITY**

	2023	2022
<b>CAPITAL ASSETS</b>		
Distribution	\$ 95,473,612	\$ 83,903,927
General	2,243,178	1,941,394
Total Capital Assets	97,716,790	85,845,321
Less: Accumulated Depreciation	(29,574,369)	(26,564,937)
Construction in Progress	1,899,848	3,080,980
 Net Capital Assets	 \$ 70,042,269	 \$ 62,361,364

During 2023, the water utility's net capital assets increased by \$7,680,905 or 12.3% from 2022. Distribution and other assets increased by \$11,871,469 due to investments in a water tank and pumping equipment and contributed watermains. In addition, construction in progress decreased \$1,181,132. These changes in the value of assets were offset by accumulated depreciation of \$3,114,412.

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**LONG-TERM DEBT**

The electric and water utilities have no bonds outstanding as of December 31, 2023. 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 (CONTINUED)**  
**DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

LIABILITIES	2023			2022
	Electric	Water	Total	Total
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 4,229,641	\$ 1,888,646	\$ 6,118,287	\$ 5,006,376
Due to City of Shakopee	491,484	-	491,484	563,284
Subscriptions Payable	30,801	10,267	41,068	-
Other Current Liabilities	690,429	319,637	1,010,066	923,934
Total Current Liabilities	5,442,355	2,218,550	7,660,905	6,493,594
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>				
	1,754,183	93,788	1,847,971	1,731,390
<b>NONCURRENT LIABILITIES</b>				
Customer Advances	1,089,370	415,999	1,505,369	1,293,387
Subscriptions Payable	281,311	93,770	375,081	-
Net Pension Liability	2,749,804	1,253,988	4,003,792	5,290,582
Total Noncurrent Liabilities	4,120,485	1,763,757	5,884,242	6,583,969
Total Liabilities	11,317,023	4,076,095	15,393,118	14,808,953
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease Related Amounts	-	2,309,436	2,309,436	1,747,681
Regulatory Collections to Cover Future Costs	205,267	-	205,267	189,722
Pension Related Amounts	921,424	420,195	1,341,619	211,842
Total Deferred Inflows of Resources	1,126,691	2,729,631	3,856,322	2,149,245
<b>NET POSITION</b>				
Net Investment in Capital Assets	59,344,130	70,006,775	129,350,905	115,314,396
Restricted	-	19,835,106	19,835,106	18,729,524
Unrestricted	44,337,907	14,139,816	58,477,723	58,079,879
Total Net Position	103,682,037	103,981,697	207,663,734	192,123,799
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 116,125,751	\$ 110,787,423	\$ 226,913,174	\$ 209,081,997

See accompanying Notes to Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

<b>ASSETS</b>	2023			2022
	Electric	Water	Total	Total
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 44,469,290	\$ 14,531,784	\$ 59,001,074	\$ 58,687,683
Emergency Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	189,728	87,257	276,985	121,067
Customer Accounts Receivable	5,220,797	436,156	5,656,953	5,591,087
Allowance for Uncollectible Amounts	(22,841)	(1,396)	(24,237)	(105,455)
Other Accounts Receivable	1,057,759	2,960,732	4,018,491	2,721,149
Due from City of Shakopee	241,009	74,820	315,829	703,157
Inventory	2,391,159	32,559	2,423,718	1,881,332
Prepaid Expenses	116,397	23,428	139,825	190,289
Lease Receivable	-	127,494	127,494	118,983
Total Current Assets	53,763,298	18,272,834	72,036,132	70,009,292
<b>NONCURRENT ASSETS</b>				
Restricted Assets:				
Customer Deposit Accounts	1,754,183	93,788	1,847,971	1,731,390
Connection Account	-	18,107,049	18,107,049	16,882,468
Water Reconstruction Account	-	1,634,269	1,634,269	1,751,774
Lease Receivable	-	2,229,419	2,229,419	1,651,211
Capital Assets:				
Plant in Service	91,149,677	97,716,790	188,866,467	170,092,739
Accumulated Depreciation and Amortization	(38,806,624)	(29,574,369)	(68,380,993)	(62,582,477)
Construction in Progress	7,370,984	1,899,848	9,270,832	7,804,134
Total Noncurrent Assets	61,468,220	92,106,794	153,575,014	137,331,239
Total Assets	115,231,518	110,379,628	225,611,146	207,340,531
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	894,233	407,795	1,302,028	1,741,466
Total Assets and Deferred Outflows Resources	\$ 116,125,751	\$ 110,787,423	\$ 226,913,174	\$ 209,081,997

See accompanying Notes to Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Electric	Water	Total	Total
<b>OPERATING REVENUES</b>				
Sales	\$ 61,266,784	\$ 7,784,798	\$ 69,051,582	\$ 65,541,811
<b>OPERATING EXPENSES</b>				
Operation, Customer and Administrative	51,144,360	4,582,569	55,726,929	54,053,895
Depreciation and Amortization of Capital Assets	3,495,150	3,114,412	6,609,562	4,810,951
Total Operating Expenses	<u>54,639,510</u>	<u>7,696,981</u>	<u>62,336,491</u>	<u>58,864,846</u>
<b>OPERATING INCOME</b>	6,627,274	87,817	6,715,091	6,676,965
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Rentals and Miscellaneous	164,059	85,410	249,469	1,197,165
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	2,000,989	1,247,166	3,248,155	(1,020,485)
Interest from Leases	-	54,735	54,735	26,879
Interest Expense	(79,294)	(4,456)	(83,750)	(2,695)
Gain (Loss) on Disposition of Property	80,135	16,284	96,419	25,000
Total Nonoperating Revenues (Expenses)	<u>2,255,889</u>	<u>1,399,139</u>	<u>3,655,028</u>	<u>315,864</u>
Income Before Contributions and Transfers	8,883,163	1,486,956	10,370,119	6,992,829
Capital Contributions	1,580,437	7,572,803	9,153,240	8,738,141
Free Electric Service to the City of Shakopee	144,062	-	144,062	138,104
Municipal Contributions	<u>(3,716,567)</u>	<u>(410,919)</u>	<u>(4,127,486)</u>	<u>(3,924,256)</u>
<b>CHANGE IN NET POSITION</b>	6,891,095	8,648,840	15,539,935	11,944,818
Net Position - Beginning of Year	<u>96,790,942</u>	<u>95,332,857</u>	<u>192,123,799</u>	<u>180,178,981</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,682,037</u>	<u>\$ 103,981,697</u>	<u>\$ 207,663,734</u>	<u>\$ 192,123,799</u>

See accompanying Notes to Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Electric	Water	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 61,433,517	\$ 7,063,870	\$ 68,497,387	\$ 65,308,572
Payments to Employees	(3,686,580)	(1,703,066)	(5,389,646)	(4,663,668)
Payments to Suppliers	(48,278,949)	(1,318,507)	(49,597,456)	(48,889,034)
Net Cash Provided by Operating Activities	9,467,988	4,042,297	13,510,285	11,755,870
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments to City of Shakopee	(3,716,567)	(410,919)	(4,127,486)	(3,576,023)
Proceeds from Sale of Assets	80,135	-	80,135	25,000
Net Cash Used by Noncapital Financing Activities	(3,636,432)	(410,919)	(4,047,351)	(3,551,023)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the Sale of Capital Assets	-	16,284	16,284	-
Leasing Activities	-	99,441	99,441	101,892
Interest from Leases	-	(474)	(474)	-
Subscription Activities	312,112	104,037	416,149	-
Acquisition of Capital Assets	(8,605,273)	(6,941,300)	(15,546,573)	(3,642,797)
Installation Fees	-	148,750	148,750	139,561
Connection Charges	-	3,036,657	3,036,657	-
Trunk Charges	-	638,359	638,359	364,102
Net Cash Used by Capital and Related Financing Activities	(8,293,161)	(2,898,246)	(11,191,407)	(3,037,242)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Redemption (Purchase) of Investments	1,259,764	4,170,533	5,430,297	1,677,101
Interest and Dividends Received	1,900,280	1,247,166	3,147,446	(1,064,696)
Net Cash Provided by Investing Activities	3,160,044	5,417,699	8,577,743	612,405
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	698,439	6,150,831	6,849,270	5,780,010
Cash and Cash Equivalents - Beginning of Year	3,643,057	6,709,828	10,352,885	4,572,875
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,341,496</u>	<u>\$ 12,860,659</u>	<u>\$ 17,202,155</u>	<u>\$ 10,352,885</u>

See accompanying Notes to Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Electric	Water	Total	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS OPERATING ACTIVITIES</b>				
Operating Income	\$ 6,627,274	\$ 87,817	\$ 6,715,091	\$ 6,676,965
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	144,062	-	144,062	138,104
Nonoperating Revenues	174,765	(43,451)	131,314	1,160,065
Depreciation and Amortization Expense	3,424,705	3,009,432	6,434,137	4,810,951
Pension Related Activity	173,660	108,765	282,425	328,169
Allowance for Uncollectible Accounts	-	(23,771)	(23,771)	(7,373)
Change in Assets and Liabilities				
Customer Accounts Receivable	(109,388)	(13,925)	(123,313)	(964,813)
Other Accounts Receivable	(693,599)	(603,743)	(1,297,342)	4,472
Due from City of Shakopee	396,570	(9,242)	387,328	(594,388)
Inventory	(547,056)	4,670	(542,386)	(409,360)
Prepaid Items	55,023	(4,559)	50,464	(114,110)
Accounts Payable	(402,597)	1,514,508	1,111,911	(118,543)
Customer Deposits	(118,075)	(1,494.00)	(119,569)	(34,605)
Unearned Revenue	15,545	-	15,545	7,561
Customer Advances	356,853	(26,796.0)	330,057	56,771
Due to City of Shakopee	(71,800)	-	(71,800)	290,527
Other Liabilities	42,046	44,086	86,132	525,477
Total Adjustments	<u>2,840,714</u>	<u>3,954,480</u>	<u>6,795,194</u>	<u>5,078,905</u>
Net Cash Provided by Operating Activities	<u>\$ 9,467,988</u>	<u>\$ 4,042,297</u>	<u>\$ 13,510,285</u>	<u>\$ 11,755,870</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Customer Deposits Account	\$ 1,754,183	\$ 93,788	\$ 1,847,971	\$ 1,731,390
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	18,107,049	18,107,049	16,882,468
Water Reconstruction Account	-	1,634,269	1,634,269	1,751,774
Cash and Investments	44,469,290	14,531,784	59,001,074	58,687,683
Total	<u>46,323,473</u>	<u>34,366,890</u>	<u>80,690,363</u>	<u>79,153,315</u>
Less: Investments	<u>(41,981,977)</u>	<u>(21,506,231)</u>	<u>(63,488,208)</u>	<u>(68,800,430)</u>
Total Cash and Cash Equivalents	<u>\$ 4,341,496</u>	<u>\$ 12,860,659</u>	<u>\$ 17,202,155</u>	<u>\$ 10,352,885</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Contributions of Capital Assets from the Municipality and Developers	\$ 1,580,437	\$ 3,747,383	\$ 5,327,820	\$ 2,686,014
Free Electric Service to City of Shakopee	144,062	-	144,062	138,104

See accompanying Notes to Financial Statements.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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 reported as a component unit 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, 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. RECEIVABLES AND PAYABLES**

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, 2023. Bad debts are expensed annually when deemed uncollectible.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, 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. RESTRICTED ASSETS**

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, 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 two items that qualify 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, leases receivable and deferred inflows for regulatory collections.

**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 exchange-like 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The Commission determines if an arrangement is a SBITA at inception. SBITAs are included in Right-to-Use assets and subscription payable in the statements of net position. SBITA subscriptions payable represent the Commission's obligation to make SBITA payments arising from the arrangement. SBITA subscriptions payable are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA vendor incentives. Interest expense is recognized ratably over the contract term.

**9. 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.

**10. CUSTOMER ADVANCES FOR CONSTRUCTION**

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

**11. CUSTOMER DEPOSITS**

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

**12. 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.

**13. 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. 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.

**15. 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.

**16. MUNICIPAL CONTRIBUTIONS**

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

**17. 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. Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources are derived from user fees (not restricted to use), and other revenues. This component is used for transactions related to general operations of SPU and may be designated for specific purposes by action of the Board.

**18. 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.

**19. COMPARATIVE DATA**

The 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, 2022, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**20. Adoption of New Accounting Standards**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Entity adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the Government reporting a SBITA asset and a SBITA liability as disclosed in Note 3 and Note 7.

**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 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.

**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, 2023, 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:

	<b>2023</b>
Checking	\$ 11,319,348
CDARS	5,881,207
Total Deposits	\$ 17,200,555

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2023, the Commission had the following investments:

	Rating	Total Value	Years to Maturity			
			Less than 1 Year	1-5 Years	Over 5 Years	No Maturity
U.S. Agencies	AAA	\$ 5,523,601	\$ 1,325,267	\$ 4,007,691	\$ 190,643	\$ -
U.S. Treasuries	N/A	36,767,216	16,439,470	20,327,746	-	-
4M Fund	NR	2,480,034	-	-	-	2,480,034
4M Plus Fund	NR	8,546,272	-	-	-	8,546,272
Municipal Bonds	AA	962,655	151,574	811,081	-	-
Money Market	NR	9,208,430	-	-	-	9,208,430
<b>Total</b>		<b>\$ 63,488,208</b>	<b>\$ 17,916,311</b>	<b>\$ 25,146,518</b>	<b>\$ 190,643</b>	<b>\$ 20,234,736</b>

The Commission has the following recurring fair value measurements as of December 31, 2023:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
U.S. Agencies	\$ 5,523,601	\$ -	\$ 5,523,601	\$ -
U.S. Treasuries	36,767,216	36,767,216	-	-
Municipal Bonds	962,655	-	962,655	-
<b>Total</b>	<b>43,253,472</b>	<b>\$ 36,767,216</b>	<b>\$ 6,486,256</b>	<b>\$ -</b>
Investments Measured at Amortized Cost	20,234,736			
<b>Total Investments</b>	<b>\$ 63,488,208</b>			



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2023, 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, 2023, 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).

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Deposits and Investments**

Summary of cash, deposits, and investments as of December 31, 2023:

Deposit (Note 2.A)	\$ 17,200,555
Investments (Note 2.B.)	63,488,208
Petty Cash	<u>1,600</u>
Total Deposits	<u><u>\$ 80,690,363</u></u>

Deposits and investments are presented in the December 31, 2023, financial statements as follows:

Statement of Net Position

Current Assets	
Cash and Investments	\$ 59,001,074
Noncurrent Assets	
Restricted Assets	
Customer Deposit Account	1,847,971
Connection Account	18,107,049
Water Reconstruction Account	1,634,269
Other Assets	
Emergency Repairs Account	<u>100,000</u>
Total	<u><u>\$ 80,690,363</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CAPITAL ASSETS**

Electric capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and Land Rights	\$ 4,381,196	\$ 1,822,608	\$ -	\$ 6,203,804
Construction in Progress	4,723,154	8,778,957	(6,131,127)	7,370,984
Total Capital Assets Not Being Depreciated	9,104,350	10,601,565	(6,131,127)	13,574,788
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Distribution	61,375,311	5,852,444	(1,314,823)	65,912,932
General	18,435,656	362,081	(287,141)	18,510,596
Total Capital Assets Being Depreciated	79,810,967	6,214,525	(1,601,964)	84,423,528
Less: Accumulated Depreciation	(36,017,540)	(3,424,705)	706,066	(38,736,179)
Total Capital Assets Being Depreciated, Net	43,793,427	2,789,820	(895,898)	45,687,349
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	55,255	467,090	-	522,345
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	-	(70,445)	-	(70,445)
Total Subscription Based Information Technology Arrangement Assets, Net	55,255	396,645	-	451,900
Total Capital Assets, Net	<u>\$ 52,953,032</u>	<u>\$ 13,788,030</u>	<u>\$ (7,027,025)</u>	<u>\$ 59,714,037</u>

Water capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED / AMORTIZED</b>				
Land and Land Rights	\$ 1,948,506	\$ 996,272	\$ -	\$ 2,944,778
Construction in Progress	3,080,980	5,852,238	(7,033,370)	1,899,848
Total Capital Assets Not Being Depreciated	5,029,486	6,848,510	(7,033,370)	4,844,626
<b>CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED</b>				
Distribution	81,955,421	10,600,560	(27,147)	92,528,834
General	1,941,394	231,477	(85,390)	2,087,481
Total Capital Assets Being Depreciated	83,896,815	10,832,037	(112,537)	94,616,315
Less: Accumulated Depreciation / Amortization	(26,564,937)	(3,100,140)	104,980	(29,560,097)
Total Capital Assets Being Depreciated / Amortized, Net	57,331,878	7,731,897	(7,557)	65,056,218
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	-	155,697	-	155,697
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	-	(14,272)	-	(14,272)
Total Subscription Based Information Technology Arrangement Assets, Net	-	141,425	-	141,425
Total Capital Assets, Net	<u>\$ 62,361,364</u>	<u>\$ 14,721,832</u>	<u>\$ (7,040,927)</u>	<u>\$ 70,042,269</u>

Depreciation and amortization expense for 2023 for Electric and Water totaled \$3,495,150 and \$3,114,412 respectively.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS**

Amounts receivable from and payable to the City of Shakopee as of December 31, 2023, are as follows:

<u>Receivable Fund/Municipality</u>	<u>Payable Fund/Municipality</u>	<u>Amount</u>
Electric Fund	City of Shakopee	\$ 241,009
City of Shakopee	Electric Fund	491,484
Water Fund	City of Shakopee	74,820

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

The composition of municipal contributions as of December 31, 2023, was as follows:

<u>Contributions To</u>	<u>Contributions From</u>	<u>Amount</u>
City of Shakopee	Electric Fund	\$ 3,716,567
City of Shakopee	Water Fund	410,919
Total		<u>\$ 4,127,486</u>

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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**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 2023 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, 2023, were \$417,048. The Commission's contributions were equal to the required contributions as set by state statute.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

D. Pension Costs

**1. General Employees Fund Pension Costs**

At December 31, 2023, the Commission reported a liability of \$4,003,792 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 \$110,260.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0716% at the end of the measurement period and .0668% for the beginning of the period.

Commission's Proportionate Share of the Net Pension Liability	\$	4,003,792
State of Minnesota's Proportionate Chare of the Net Pension Liability Associated with the Commission		<u>110,260</u>
Total		<u>\$ 4,114,052</u>

For the year ended December 31, 2023, the Commission recognized pension expense of \$716,045 for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2023, 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	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 131,486	\$ 27,582
Changes in Actuarial Assumptions	648,158	1,097,406
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	149,728
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	311,998	66,903
Commission Contributions Subsequent to the Measurement Date	<u>210,386</u>	<u>-</u>
Total	<u>\$ 1,302,028</u>	<u>\$ 1,341,619</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

D. Pension Costs (Continued)

\$210,386 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2024	\$ 151,223
2025	(480,316)
2026	165,970
2027	(86,854)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 7.0 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 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
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**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.

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.

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.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees 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.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
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**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 in Discount Rate
General Employees Fund Discount Rate	6.00 %	7.00 %	8.00 %
Commission's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 7,083,029	\$ 4,003,792	\$ 1,471,002

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](http://www.mnpera.org).

**NOTE 6 LEASES**

The Commission, acting as lessor, leases water tower space for cellular services under long-term, non-cancelable lease agreements. The leases expire at various dates through 2038. During the year ended December 31, 2023, the Commission recognized \$176,446 and \$54,735 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments of either 3 percent or 4 percent.

The future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 127,494	\$ 53,017
2025	135,812	51,151
2026	144,524	49,131
2027	153,639	46,943
2028	115,509	44,707
2029-2033	588,300	191,617
2034-2038	555,380	134,468
2039-2043	274,365	75,185
2044-2047	261,890	17,509
Total Minimum Lease Payments	<u>\$ 2,356,913</u>	<u>\$ 646,219</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 SUBSCRIPTIONS PAYABLE**

A summary of the changes in the Commission's Electric subscriptions payable for the year ended December 31, 2023, are as follows:

	Balance			Balance	Amount Due
	Beginning of Year,	Additions	Deletions	End of Year	Within
					One Year
Subscriptions Payable	\$ -	\$ 340,389	\$ (28,277)	\$ 312,112	\$ 30,801

A summary of the changes in the Commission's Water subscriptions payable for the year ended December 31, 2023, are as follows:

	Balance			Balance	Amount Due
	Beginning of Year,	Additions	Deletions	End of Year	Within
					One Year
Subscriptions Payable	\$ -	\$ 113,463	\$ (9,426)	\$ 104,037	\$ 10,267

The Entity has entered into a subscription based-information technology arrangement (SBITA) for an accounting and HR information system, with 75% attributable to the Electric Fund and 25% attributable to the Water Fund. Management is reasonably certain that the period covered by the SBITA arrangement will end in 2033.

As of December 31, 2023, SBITA assets and the related accumulated amortization in the Electric Fund totaled \$522,345 and 70,445, respectively.

As of December 31, 2023, SBITA assets and the related accumulated amortization in the Water Fund totaled \$155,697 and 14,272, respectively.

The future Electric subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Electric Fund		Total
	Principal	Interest	
2024	\$ 30,801	\$ 7,899	\$ 38,700
2025	31,628	7,073	38,701
2026	32,476	6,224	38,700
2027	33,347	5,353	38,700
2028	34,241	4,459	38,700
2029-2033	149,619	8,406	158,025
Total	\$ 312,112	\$ 39,414	\$ 351,526

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 SUBSCRIPTIONS PAYABLE (CONTINUED)**

The future Water subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31,</u>	<u>Water Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 10,267	\$ 2,633	\$ 12,900
2025	10,542	2,358	12,900
2026	10,825	2,075	12,900
2027	11,116	1,784	12,900
2028	11,414	1,486	12,900
2029-2033	49,873	2,802	52,675
Total	<u>\$ 104,037</u>	<u>\$ 13,138</u>	<u>\$ 117,175</u>

**NOTE 8 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 2023 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2023, 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 9 COMMITMENTS**

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2023, outstanding commitments for these multi-year projects total approximately \$3,335,791.

**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, 2023**

	Measurement Date June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commission's Proportion of the Net Pension Liability	0.0716 %	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	\$ 4,003,792	\$ 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	110,260	155,198	82,761	125,364	109,829	117,344	51,656	65,842	-
Total	<u>\$ 4,114,052</u>	<u>\$ 5,445,780</u>	<u>\$ 2,790,225</u>	<u>\$ 4,190,284</u>	<u>\$ 3,642,717</u>	<u>\$ 3,695,540</u>	<u>\$ 4,162,909</u>	<u>\$ 5,108,054</u>	<u>\$ 3,150,972</u>
Commission's Covered Payroll	\$ 5,478,816	\$ 5,009,118	\$ 4,553,229	\$ 3,516,627	\$ 3,854,427	\$ 4,145,653	\$ 4,333,280	\$ 3,854,427	\$ 3,516,627
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	73.08 %	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	83.10 %	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %	78.19 %

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, 2023**

	Fiscal Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 417,048	\$ 401,135	\$ 359,999	\$ 360,080	\$ 350,018	\$ 339,188	\$ 315,791	\$ 299,473	\$ 277,221
Contributions in Relation to the Statutorily Required Contribution	(417,048)	(401,135)	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)	(277,221)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 5,560,640	\$ 5,348,467	\$ 4,799,987	\$ 4,801,067	\$ 4,666,907	\$ 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%	7.50%

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

**General Employees Fund**

**2023 Changes**

**Changes in Actuarial Assumptions**

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

**Changes in Plan Provisions**

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

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

**General Employees Fund (Continued)**

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued):

- 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 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.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

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

**General Employees Fund (Continued)**

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.

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.
- 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2023**

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

**General Employees Fund (Continued)**

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 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, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 44,469,290	\$ 45,030,615
Emergency Repairs	100,000	100,000
Accrued Interest Receivable	189,728	89,019
Customer Accounts Receivable	5,220,797	5,168,856
Allowance for Uncollectible Amounts	(22,841)	(80,288)
Other Accounts Receivable	1,057,759	364,160
Due from City of Shakopee	241,009	637,579
Prepaid Supplies	2,391,159	1,844,103
Prepaid Expenses	116,397	171,420
Total Current Assets	53,763,298	53,325,464
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	1,754,183	1,636,108
Capital Assets:		
Plant in Service	91,149,677	84,247,418
Accumulated Depreciation and Amortization	(38,806,624)	(36,017,540)
Construction in Progress	7,370,984	4,723,154
Total Noncurrent Assets	61,468,220	54,589,140
Total Assets	115,231,518	107,914,604
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	894,233	1,205,443
Total Assets and Deferred Outflows Resources	\$ 116,125,751	\$ 109,120,047

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – ELECTRIC UTILITY (CONTINUED)**  
**DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

<b>LIABILITIES</b>	<b>2023</b>	<b>2022</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 4,229,641	\$ 4,632,238
Due to City of Shakopee	491,484	563,284
Subscriptions Payable	30,801	-
Other Current Liabilities	690,429	648,383
Total Current Liabilities	5,442,355	5,843,905
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>		
	1,754,183	1,636,108
<b>NONCURRENT LIABILITIES</b>		
Customer Advances	1,089,370	850,592
Subscriptions Payable	281,311	-
Net Pension Liability	2,749,804	3,662,141
Total Noncurrent Liabilities	4,120,485	4,512,733
Total Liabilities	11,317,023	11,992,746
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Regulatory Collections to Cover Future Costs	205,267	189,722
Pension Related Amounts	921,424	146,637
Total Deferred Inflows of Resources	1,126,691	336,359
<b>NET POSITION</b>		
Net Investment in Capital Assets	59,344,130	52,953,032
Unrestricted	44,337,907	43,837,910
Total Net Position	103,682,037	96,790,942
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 116,125,751	\$ 109,120,047

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Sales	\$ 61,266,784	\$ 58,908,998
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	51,144,360	50,153,637
Depreciation and Amortization of Capital Assets	<u>3,495,150</u>	<u>2,950,002</u>
Total Operating Expenses	<u>54,639,510</u>	<u>53,103,639</u>
<b>OPERATING INCOME</b>	6,627,274	5,805,359
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	164,059	987,452
Interdepartmental Rent from Water	90,000	90,000
Investment Income	2,000,989	(934,228)
Interest Expense	(79,294)	(2,548)
Gain (Loss) on Disposition of Property	<u>80,135</u>	<u>25,000</u>
Total Nonoperating Revenues (Expenses)	<u>2,255,889</u>	<u>165,676</u>
Income Before Contributions and Transfers	8,883,163	5,971,035
Capital Contributions	1,580,437	726,118
Free Electric Service to the City of Shakopee	144,062	138,104
Municipal Contributions	<u>(3,716,567)</u>	<u>(3,576,023)</u>
<b>CHANGE IN NET POSITION</b>	6,891,095	3,259,234
Net Position - Beginning of Year	<u>96,790,942</u>	<u>93,531,708</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,682,037</u>	<u>\$ 96,790,942</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 61,433,517	\$ 60,614,923
Payments to Suppliers	(3,686,580)	(3,200,796)
Payments to Employees	(48,278,949)	(46,030,666)
Net Cash Flows Provided by Operating Activities	9,467,988	11,383,461
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to City of Shakopee	(3,716,567)	(3,576,023)
Proceeds from Sale of Assets	80,135	25,000
Transfers Between Funds	-	(200,000)
Net Cash Flows Used by Noncapital Financing Activities	(3,636,432)	(3,751,023)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	(8,605,273)	(5,818,341)
Subscription Activities	312,112	-
Net Cash Flows Used by Capital and Related Financing Activities	(8,293,161)	(5,818,341)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption (Purchase) of Investments	1,259,764	2,570,802
Interest and Dividends Received	1,900,280	(987,925)
Net Cash Provided by Investing Activities	3,160,044	1,582,877
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	698,439	3,396,974
Cash and Cash Equivalents - Beginning of Year	3,643,057	246,083
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,341,496	\$ 3,643,057

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – ELECTRIC UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023	2022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 6,627,274	\$ 5,805,359
Adjustments to Reconcile Operating Income to Cash		
Provided by Operating Activities:		
Free Electric Service to City of Shakopee	144,062	138,104
Nonoperating Revenues	174,765	1,074,904
Depreciation Expense	3,424,705	2,950,002
Pension Related Activity	173,660	236,770
Change in Assets and Liabilities:		
Customer Accounts Receivable	(109,388)	(935,030)
Other Accounts Receivable	(693,599)	2,020,885
Due from City of Shakopee	396,570	(556,002)
Inventory	(547,056)	(403,884)
Prepaid Items	55,023	(114,791)
Accounts Payable	(402,597)	479,847
Customer Deposits	(118,075)	(33,638)
Unearned Revenue	15,545	7,561
Customer Advances	356,853	(10,859)
Due to City of Shakopee	(71,800)	342,836
Other Liabilities	42,046	381,397
Total Adjustments	2,840,714	5,578,102
Net Cash Provided by Operating Activities	\$ 9,467,988	\$ 11,383,461
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 1,754,183	\$ 1,636,108
Emergency Repairs Account	100,000	100,000
Cash and Investments	44,469,290	45,030,615
Total	46,323,473	46,766,723
Less: Investments	(41,981,977)	(43,123,666)
Total Cash and Cash Equivalents	\$ 4,341,496	\$ 3,643,057
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of Capital Assets from the Municipality and Developers	\$ 1,580,437	\$ 726,118
Free Electric Service to City of Shakopee	144,062	138,104



**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Sales of Electricity:		
Residential	\$ 22,150,117	\$ 21,548,095
Commercial	37,881,431	36,255,304
Uncollectible Accounts	(36,664)	(71,335)
Total Sales of Electricity	<u>59,994,884</u>	<u>57,732,064</u>
Forfeited Discounts	373,716	314,715
Conservation Program	898,184	862,219
Total Operating Revenues	<u>61,266,784</u>	<u>58,908,998</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Purchased Power	42,742,370	42,864,366
Distribution Operation Expenses	654,327	537,637
Distribution System Maintenance	1,154,943	809,858
Maintenance of General Plant	404,506	392,233
Total Operation and Maintenance	<u>44,956,146</u>	<u>44,604,094</u>
Customer Accounts:		
Meter Reading	139,742	139,090
Customer Records and Collection	648,814	823,914
Energy Conservation	898,184	872,705
Total Customer Accounts	<u>1,686,740</u>	<u>1,835,709</u>
Administrative and General:		
Administrative and General Salaries	782,567	710,282
Office Supplies and Expense	449,970	78,240
Outside Services Employed	390,485	237,010
Insurance	178,053	141,787
Employee Benefits	2,210,311	2,501,204
Miscellaneous General	490,088	45,311
Total Administrative and General	<u>4,501,474</u>	<u>3,713,834</u>
Total Operation, Customer, and Administrative Expenses	51,144,360	50,153,637
Depreciation of Capital Assets	3,495,150	2,950,002
Total Operating Expenses	<u>54,639,510</u>	<u>53,103,639</u>
Total Operating Income	<u>\$ 6,627,274</u>	<u>\$ 5,805,359</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY  
YEAR ENDED DECEMBER 31, 2023**

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 829,867	\$ 1,822,608	\$ -	\$ 2,652,475
Structures and Improvements	460,701	-	-	460,701
Station Equipment	23,037,208	-	-	23,037,208
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	527,824	-	4,447	523,377
Overhead Conductors and Devices	3,060,968	664,910	18,802	3,707,076
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	24,707,134	2,887,183	1,155,935	26,438,382
Line Transformers	6,690,061	2,175,813	139,185	8,726,689
Services	50,643	-	-	50,643
Meters	1,932,635	128,083	-	2,060,718
Total Distribution	<u>62,205,179</u>	<u>7,678,597</u>	<u>1,318,369</u>	<u>68,565,407</u>
General:				
Computer Hardware	931,053	-	-	931,053
Land and land rights	3,551,329	-	-	3,551,329
Structures and improvements	11,782,882	49,605	-	11,832,487
Office furniture and equipment	1,226,546	13,207	17,602	1,222,151
Transportation equipment	2,730,969	96,760	39,319	2,788,410
Tools, shop and garage equipment	201,467	-	-	201,467
Laboratory equipment	37,660	-	-	37,660
Power operated equipment	992,992	47,787	-	1,040,779
Communication equipment	357,121	-	-	357,121
Miscellaneous equipment	-	99,468	-	99,468
Total General	<u>21,812,019</u>	<u>306,827</u>	<u>56,921</u>	<u>22,061,925</u>
Computer Software	-	522,345	-	522,345
 Total Plant in Service	 <u>\$ 84,017,198</u>	 <u>\$ 8,507,769</u>	 <u>\$ 1,375,290</u>	 <u>\$ 91,149,677</u>

**SUPPLEMENTARY INFORMATION  
WATER UTILITY FUND**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY**  
**DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 14,531,784	\$ 13,657,068
Accrued Interest Receivable	87,257	32,048
Customer Accounts Receivable	436,156	422,231
Allowance for Uncollectible Amounts	(1,396)	(25,167)
Other Accounts Receivable	2,960,732	2,356,989
Due from City of Shakopee	74,820	65,578
Prepaid Supplies	32,559	37,229
Prepaid Expenses	23,428	18,869
Lease Receivable	127,494	118,983
Total Current Assets	18,272,834	16,683,828
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	93,788	95,282
Connection Account	18,107,049	16,882,468
Water Reconstruction Account	1,634,269	1,751,774
Lease Receivable	2,229,419	1,651,211
Capital Assets:		
Plant in Service	97,716,790	85,845,321
Accumulated Depreciation and Amortization	(29,574,369)	(26,564,937)
Construction in Progress	1,899,848	3,080,980
Total Noncurrent Assets	92,106,794	82,742,099
Total Assets	110,379,628	99,425,927
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	407,795	536,023
Total Assets and Deferred Outflows Resources	\$ 110,787,423	\$ 99,961,950

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY (CONTINUED)**  
**DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

<b>LIABILITIES</b>	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,888,646	\$ 374,138
Subscriptions Payable	10,267	-
Other Current Liabilities	319,637	275,551
Total Current Liabilities	<u>2,218,550</u>	<u>649,689</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>		
	93,788	95,282
<b>NONCURRENT LIABILITIES</b>		
Customer Advances	415,999	442,795
Subscriptions Payable	93,770	-
Net Pension Liability	1,253,988	1,628,441
Total Noncurrent Liabilities	<u>1,763,757</u>	<u>2,071,236</u>
Total Liabilities	<u>4,076,095</u>	<u>2,816,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease Related Amounts	2,309,436	1,747,681
Pension Related Amounts	420,195	65,205
Total Deferred Inflows of Resources	<u>2,729,631</u>	<u>1,812,886</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	70,006,775	62,361,364
Restricted	19,835,106	18,729,524
Unrestricted	14,139,816	14,241,969
Total Net Position	<u>103,981,697</u>	<u>95,332,857</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 110,787,423</u>	<u>\$ 99,961,950</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Sales	\$ 7,784,798	\$ 6,632,813
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	4,582,569	3,900,258
Depreciation and Amortization of Capital Assets	3,114,412	1,860,949
Total Operating Expenses	<u>7,696,981</u>	<u>5,761,207</u>
<b>OPERATING INCOME</b>	87,817	871,606
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	85,410	209,713
Investment Income	1,247,166	(86,257)
Interest from Leases	54,735	26,879
Interest Expense	(4,456)	(147)
Gain (Loss) on Disposition of Property	16,284	-
Total Nonoperating Revenues (Expenses)	<u>1,399,139</u>	<u>150,188</u>
Income Before Contributions and Transfers	1,486,956	1,021,794
Capital Contributions	7,572,803	8,012,023
Municipal Contributions	<u>(410,919)</u>	<u>(348,233)</u>
<b>CHANGE IN NET POSITION</b>	8,648,840	8,685,584
Net Position - Beginning of Year	<u>95,332,857</u>	<u>86,647,273</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,981,697</u>	<u>\$ 95,332,857</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 7,063,870	\$ 4,693,649
Payments to Suppliers	(1,703,066)	(1,462,872)
Payments to Employees	(1,318,507)	(2,858,368)
Net Cash Flows Provided by Operating Activities	4,042,297	372,409
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to City of Shakopee	(410,919)	-
Transfers Between Funds	-	200,000
Net Cash Flows Provided by Noncapital Financing Activities	(410,919)	200,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from the Sale of Capital Assets	16,284	-
Leasing Activities	99,441	101,892
Interest from Leases	(474)	-
Subscription Activities	104,037	-
Acquisition of Capital Assets	(6,941,300)	2,175,544
Installation Fees	148,750	139,561
Connection Charges	3,036,657	-
Trunk Charges	638,359	364,102
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(2,898,246)	2,781,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption (Purchase) of Investments	4,170,533	(893,701)
Interest and Dividends Received	1,247,166	(76,771)
Net Cash Provided (Used) by Investing Activities	5,417,699	(970,472)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6,150,831	2,383,036
Cash and Cash Equivalents - Beginning of Year	6,709,828	4,326,792
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 12,860,659	\$ 6,709,828

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – WATER UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	2023	2022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 87,817	\$ 871,606
Adjustments to Reconcile Operating Income to Cash Provided by Operating		
Nonoperating Revenues	(43,451)	85,161
Depreciation Expense	3,009,432	1,860,949
Pension Related Activity	108,765	91,399
Allowance for Uncollectible Accounts	(23,771)	(7,373)
Change in Assets and Liabilities		
Customer Accounts Receivable	(13,925)	(29,783)
Other Accounts Receivable	(603,743)	(2,016,413)
Due from City of Shakopee	(9,242)	(38,386)
Inventory	4,670	(5,476)
Prepaid Items	(4,559)	681
Accounts Payable	1,514,508	(598,390)
Customer Deposits	(1,494)	(967)
Customer Advances	(26,796)	67,630
Due to City of Shakopee	-	(52,309)
Other Liabilities	44,086	144,080
Total Adjustments	3,954,480	(499,197)
Net Cash Provided by Operating Activities	\$ 4,042,297	\$ 372,409
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 93,788	\$ 95,282
Connection Account	18,107,049	16,882,468
Water Reconstruction Account	1,634,269	1,751,774
Cash and Investments	14,531,784	13,657,068
Total	34,366,890	32,386,592
Less Investments	(21,506,231)	(25,676,764)
Total Cash and Cash Equivalents	\$ 12,860,659	\$ 6,709,828
 <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of Capital Assets from the Municipality and Developers	\$ 3,747,383	\$ 1,959,896



**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Sales of Water	\$ 7,746,571	\$ 6,605,809
Forfeited Discounts	29,392	23,504
Uncollectible Accounts	8,835	3,500
Total Operating Revenues	<u>7,784,798</u>	<u>6,632,813</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Pumping and Distribution Operation	832,974	664,876
Pumping and Distribution Maintenance	873,183	482,629
Power for Pumping	358,161	342,270
Maintenance of General Plant	70,023	80,606
Total Operating and Maintenance	<u>2,134,341</u>	<u>1,570,381</u>
Customer Accounts:		
Meter Reading	86,087	74,913
Customer Records and Collection	190,071	255,640
Energy Conservation	12,564	3,391
Total Customer Accounts	<u>288,722</u>	<u>333,944</u>
Administrative and General:		
Administrative and General Salaries	469,083	433,018
Office Supplies and Expense	142,280	75,445
Outside Services Employed	183,325	136,037
Insurance	59,351	47,262
Employee Benefits	1,054,134	1,059,653
Miscellaneous General	251,333	244,518
Total Administrative and General	<u>2,159,506</u>	<u>1,995,933</u>
Total Operation, Customer, and Administrative Expenses	4,582,569	3,900,258
Depreciation of Capital Assets	3,114,412	1,860,949
Total Operating Expenses	<u>7,696,981</u>	<u>5,761,207</u>
Total Operating Income	<u>\$ 87,817</u>	<u>\$ 871,606</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SCHEDULE OF PLANT IN SERVICE – WATER UTILITY  
YEAR ENDED DECEMBER 31, 2023**

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 1,948,506	\$ 996,272	\$ -	\$ 2,944,778
Wells	4,652,056	518,514	-	5,170,570
Electric Pumping Equipment	8,866,906	-	-	8,866,906
Towers and Pump Houses	12,054,113	8,950	-	12,063,063
Distribution system	53,050,660	8,311,429	27,148	61,334,941
Meters	3,331,686	1,761,667	-	5,093,353
Total Distribution	<u>83,903,927</u>	<u>11,596,832</u>	<u>27,148</u>	<u>95,473,611</u>
General:				
Computer Hardware	203,329	-	-	203,329
Structures Improvements	351,331	-	-	351,331
Furniture-Equipment	154,518	-	-	154,518
Transportation equipment	459,278	231,478	44,330	646,426
Tools, Shop-Garage	22,396	-	-	22,396
Laboratory Equipment	64,427	-	-	64,427
Power operated equipment	10,268	-	-	10,268
Communication equipment	22,480	-	-	22,480
SCADA Equipment	612,307	-	-	612,307
Total General	<u>1,900,334</u>	<u>231,478</u>	<u>44,330</u>	<u>2,087,482</u>
Subscription Based Information Technology Arrangement Assets:				
Subscription Based Information Technology Arrangements	-	155,697	-	155,697
Total Plant in Service	<u>\$ 85,804,261</u>	<u>\$ 11,984,007</u>	<u>\$ 71,478</u>	<u>\$ 97,716,790</u>




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www.shakopeeutilities.com

DATE: May 1, 2024  
TO: Commissioners  
FROM: Greg Drent, General Manager   
Subject: Federal Regulation on forever elements

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On April 10, 2024, under the Biden-Harris Administration, the Environmental Protection Agency (EPA) announced new drinking water standards for PFAS detection. This is the first-ever national standard for PFAS and the first additional contaminant added since 1996. The new standard for the allowable maximum contaminant level is four parts per trillion. SPU will continue to monitor and test our drinking water distribution system, adhering to these new standards. Below is an email sent to the Shakopee Mayor and forwarded to me from Mr. Reynolds and United States Environmental Protection Agency press release.

**From:** Lerner, Madeleine <[Madeleine.Lerner@mail.house.gov](mailto:Madeleine.Lerner@mail.house.gov)>  
**Sent:** Wednesday, April 10, 2024 9:55 AM  
**To:** Matt Lehman <[MLehman@ShakopeeMN.gov](mailto:MLehman@ShakopeeMN.gov)>  
**Cc:** Bill Reynolds <[BReynolds@ShakopeeMN.gov](mailto:BReynolds@ShakopeeMN.gov)>  
**Subject:** EPA Finalizes First-Ever National Drinking Water Standard

Good Morning Mayor,

I am reaching out because today, the Biden-Harris Administration issued the first-ever national, legally enforceable drinking water standard to protect communities from exposure to harmful per- and polyfluoroalkyl substances (PFAS). This final rule represents the most significant step to protect public health under [EPA's PFAS Strategic Roadmap](#). The final rule will reduce PFAS exposure for approximately 100 million people, prevent thousands of deaths, and reduce tens of thousands of serious illnesses. Today's announcement complements [President Biden's government-wide action plan](#) to combat PFAS pollution.

Through President Biden's Investing in America agenda, EPA is also making unprecedented funding available to help ensure that all people have clean and safe water. In addition to today's final rule, EPA is announcing nearly [\\$1 billion in newly available funding](#) through the Bipartisan Infrastructure Law to help states and territories implement PFAS testing and treatment at public water systems and to help owners of private wells address PFAS contamination. This is part of a \$9 billion investment through the Bipartisan Infrastructure Law to help communities with drinking water impacted by PFAS and other emerging contaminants – the largest-ever investment in tackling PFAS pollution. An additional \$12 billion is available through the Bipartisan Infrastructure Law for general drinking water improvements, including addressing emerging contaminants like PFAS.

The press release is linked here: <https://www.epa.gov/newsreleases/biden-harris-administration-finalizes-first-ever-national-drinking-water-standard>.

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



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Don't hesitate to reach out with any questions!

**Madeleine Lerner** | Deputy District Director

**Rep. Angie Craig** (MN-02)

1915 Plaza Drive, Suite 202

Eagan, MN 55122

(952) 405-0200

[Stay up to date with Angie](#)

*Pronouns: she/her/hers*

United States Environmental Protection Agency also put out this press release.

# **Biden-Harris Administration Finalizes First-Ever National Drinking Water Standard to Protect 100M People from PFAS Pollution**

As part of the Administration's commitment to combating PFAS pollution, EPA announces \$1B investment through President Biden's Investing in America agenda to address PFAS in drinking water

April 10, 2024

## **Contact Information**

EPA Press Office ([press@epa.gov](mailto:press@epa.gov))

**WASHINGTON** - Today, April 10, the Biden-Harris Administration issued the first-ever national, legally enforceable drinking water standard to protect communities from exposure to harmful per- and polyfluoroalkyl substances (PFAS), also known as 'forever chemicals.' Exposure to PFAS has been linked to deadly cancers, impacts to the liver and heart, and immune and developmental damage to infants and children. This final rule represents the most significant step to protect public health under [EPA's PFAS Strategic Roadmap](#). The final rule will reduce PFAS exposure for approximately 100 million people, prevent thousands of deaths, and reduce tens of thousands of serious illnesses. Today's announcement complements [President Biden's government-wide action plan](#) to combat PFAS pollution.

Through President Biden’s Investing in America agenda, EPA is also making unprecedented funding available to help ensure that all people have clean and safe water. In addition to today’s final rule, EPA is announcing nearly [\\$1 billion in newly available funding](#) through the Bipartisan Infrastructure Law to help states and territories implement PFAS testing and treatment at public water systems and to help owners of private wells address PFAS contamination. This is part of a \$9 billion investment through the Bipartisan Infrastructure Law to help communities with drinking water impacted by PFAS and other emerging contaminants – the largest-ever investment in tackling PFAS pollution. An additional \$12 billion is available through the Bipartisan Infrastructure Law for general drinking water improvements, including addressing emerging contaminants like PFAS.

EPA Administrator Michael Regan will join White House Council on Environmental Quality Chair Brenda Mallory to announce the final standard today at an event in Fayetteville, North Carolina. In 2017, area residents learned that the Cape Fear River, the drinking water source for 1 million people in the region, had been heavily contaminated with PFAS pollution from a nearby manufacturing facility. Today’s announcements will help protect communities like Fayetteville from further devastating impacts of PFAS.

“Drinking water contaminated with PFAS has plagued communities across this country for too long,” **said EPA Administrator Michael S. Regan.** “That is why President Biden has made tackling PFAS a top priority, investing historic resources to address these harmful chemicals and protect communities nationwide. Our PFAS Strategic Roadmap marshals the full breadth of EPA’s authority and resources to protect people from these harmful forever chemicals. Today, I am proud to finalize this critical piece of our Roadmap, and in doing so, save thousands of lives and help ensure our children grow up healthier.”

“President Biden believes that everyone deserves access to clean, safe drinking water, and he is delivering on that promise,” **said Brenda Mallory, Chair of the White House Council on Environmental Quality.** “The first national drinking water standards for PFAS marks a significant step towards delivering on the Biden-Harris Administration’s commitment to advancing environmental justice, protecting communities, and securing clean water for people across the country.”

“Under President Biden’s leadership, we are taking a whole-of-government approach to tackle PFAS pollution and ensure that all Americans have access to clean, safe drinking water. Today’s announcement by EPA complements these efforts and will help keep our communities safe from these toxic ‘forever chemicals,’” **said Deputy Assistant to the President for the Cancer Moonshot,**



**Dr. Danielle Carnival.** “Coupled with the additional \$1 billion investment from President Biden’s Investing in America agenda to help communities address PFAS pollution, the reductions in exposure to toxic substances delivered by EPA’s standards will further the Biden Cancer Moonshot goal of reducing the cancer death rate by at least half by 2047 and preventing more than four million cancer deaths — and stopping cancer before it starts by protecting communities from known risks associated with exposure to PFAS and other contaminants, including kidney and testicular cancers, and more.”

EPA is taking a signature step to protect public health by establishing legally enforceable levels for several PFAS known to occur individually and as mixtures in drinking water. This rule sets limits for five individual PFAS: PFOA, PFOS, PFNA, PFHxS, and HFPO-DA (also known as “GenX Chemicals”). The rule also sets a limit for mixtures of any two or more of four PFAS: PFNA, PFHxS, PFBS, and “GenX chemicals.” By reducing exposure to PFAS, this final rule will prevent thousands of premature deaths, tens of thousands of serious illnesses, including certain cancers and liver and heart impacts in adults, and immune and developmental impacts to infants and children.

This final rule advances President Biden’s commitment to ending cancer as we know it as part of the Biden Cancer Moonshot, to ensuring that all Americans have access to clean, safe, drinking water, and to furthering the Biden-Harris Administration’s commitment to environmental justice by protecting communities that are most exposed to toxic chemicals.

EPA estimates that between about 6% and 10% of the 66,000 public drinking water systems subject to this rule may have to take action to reduce PFAS to meet these new standards. All public water systems have three years to complete their initial monitoring for these chemicals. They must inform the public of the level of PFAS measured in their drinking water. Where PFAS is found at levels that exceed these standards, systems must implement solutions to reduce PFAS in their drinking water within five years.

The new limits in this rule are achievable using a range of available technologies and approaches including granular activated carbon, reverse osmosis, and ion exchange systems. For example, the Cape Fear Public Utility Authority, serving Wilmington, NC – one of the communities most heavily impacted by PFAS contamination – has effectively deployed a granular activated carbon system to remove PFAS regulated by this rule. Drinking water systems will have flexibility to determine the best solution for their community.

EPA will be working closely with state co-regulators in supporting water systems and local officials to implement this rule. In the coming weeks, EPA will host a series of webinars to provide information to the public, communities, and water utilities about the final PFAS drinking water regulation. To learn more about the webinars, please visit EPA's [PFAS drinking water regulation webpage](#). EPA has also published a [toolkit of communications resources](#) to help drinking water systems and community leaders educate the public about PFAS, where they come from, their health risks, how to reduce exposure, and about this rule.

“We are thankful that Administrator Regan and the Biden Administration are taking this action to protect drinking water in North Carolina and across the country,” **said North Carolina Governor Roy Cooper**. “We asked for this because we know science-based standards for PFAS and other compounds are desperately needed.”

“For decades, the American people have been exposed to the family of incredibly toxic ‘forever chemicals’ known as PFAS with no protection from their government. Those chemicals now contaminate virtually all Americans from birth. That’s because for generations, PFAS chemicals slid off of every federal environmental law like a fried egg off a Teflon pan — until Joe Biden came along,” **said Environmental Working Group President and Co-Founder Ken Cook**. “We commend EPA Administrator Michael Regan for his tireless leadership to make this decision a reality, and CEQ Chair Brenda Mallory for making sure PFAS is tackled with the ‘whole of government’ approach President Biden promised. There is much work yet to be done to end PFAS pollution. The fact that the EPA has adopted the very strong policy announced today should give everyone confidence that the Biden administration will stay the course and keep the president’s promises, until the American people are protected, at long last, from the scourge of PFAS pollution.”

“We learned about GenX and other PFAS in our tap water six years ago. I raised my children on this water and watched loved ones suffer from rare or recurrent cancers. No one should ever worry if their tap water will make them sick or give them cancer. I’m grateful the Biden EPA heard our pleas and kept its promise to the American people. We will keep fighting until all exposures to PFAS end and the chemical companies responsible for business-related human rights abuses are held fully accountable,” **said Emily Donovan, co-founder of Clean Cape Fear**.

### **More details about funding to address PFAS in Drinking Water**

Through the Bipartisan Infrastructure Law, EPA is making an unprecedented \$21 billion available to strengthen our nation’s drinking water systems, including by addressing PFAS contamination. Of that, \$9 billion is specifically for tackling PFAS



and emerging contaminants. The financing programs delivering this funding are part of President Biden's [Justice40 Initiative](#), which set the goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities that have been historically marginalized by underinvestment and overburdened by pollution.

Additionally, EPA has a nationwide Water Technical Assistance program to help small, rural, and disadvantaged communities access federal resources by working directly with water systems to identify challenges like PFAS; develop plans; build technical, managerial, and financial capacity; and apply for water infrastructure funding. Learn more about [EPA's Water Technical Assistance programs](#).

More details about the final PFAS drinking water standards:

- For PFOA and PFOS, EPA is setting a Maximum Contaminant Level Goal, a non-enforceable health-based goal, at zero. This reflects the latest science showing that there is no level of exposure to these contaminants without risk of health impacts, including certain cancers.
- EPA is setting enforceable Maximum Contaminant Levels at 4.0 parts per trillion for PFOA and PFOS, individually. This standard will reduce exposure from these PFAS in our drinking water to the lowest levels that are feasible for effective implementation.
- For PFNA, PFHxS, and "GenX Chemicals," EPA is setting the MCLGs and MCLs at 10 parts per trillion.
- Because PFAS can often be found together in mixtures, and research shows these mixtures may have combined health impacts, EPA is also setting a limit for any mixture of two or more of the following PFAS: PFNA, PFHxS, PFBS, and "GenX Chemicals."

EPA is issuing this rule after reviewing extensive research and science on how PFAS affects public health, while engaging with the water sector and with state regulators to ensure effective implementation. EPA also considered 120,000 comments on the proposed rule from a wide variety of stakeholders.

### **Background:**

PFAS, also known as 'forever chemicals,' are prevalent in the environment. PFAS are a category of chemicals used since the 1940s to repel oil and water and resist heat, which makes them useful in everyday products such as nonstick cookware, stain resistant clothing, and firefighting foam. The science is clear that exposure to certain PFAS over a long period of time can cause cancer and other illnesses. In

addition, PFAS exposure during critical life stages such as pregnancy or early childhood can also result in adverse health impacts.

Across the country, PFAS contamination is impacting millions of people's health and wellbeing. People can be exposed to PFAS through drinking water or food contaminated with PFAS, by coming into contact with products that contain PFAS, or through workplace exposures in certain industries.

Since EPA Administrator Michael S. Regan announced the [PFAS Strategic Roadmap](#) in October 2021, EPA has taken action – within the Biden-Harris Administration's whole-of-government approach – by advancing science and following the law to safeguard public health, protect the environment, and hold polluters accountable. The actions described in the PFAS Strategic Roadmap each represent important and meaningful steps to protect communities from PFAS contamination. Cumulatively, these actions will build upon one another and lead to more enduring and protective solutions. In December 2023, the EPA released its [second annual report on PFAS progress](#). The report highlights significant accomplishments achieved under the EPA's PFAS Strategic Roadmap.

As discussed in previous meetings, SPU is under additional pressure to continue acquiring land to enhance its water facilities to ensure we prepare for treatment requirements on potential contaminants in the drinking water. The ruling provides for a three-year testing phase and an additional two-year implementation phase. This may seem like a long time, but building a treatment plant will require several years of design work and additional raw water lines.

SPU's wells meet the standards, but we have one well, well #7, with one test at 4.1 and another value at 4.2 parts per trillion (ppt) with an average of 3.1 parts per trillion. The standard states that the testing is based on a three-year average. SPU will be augmenting the state's sampling efforts with quarterly sampling. As we continue to monitor for PFAS, PFOS, and forever chemicals, there are additional actions that we can take to minimize the exposure to these contaminants in our drinking water system.

As you know, SPU has additional wells in this area, and we can blend this well with another. If we blend wells 6 and 7, which are in the same area, before sending the water out into our system, we will be well below the maximum contamination level (MCL). SPU has tested wells 6 and 7 together in 2021 with a result of 2.8 ppt. SPU has also tested wells 6,7 and 10 combined with even lower results (1.8 ppt), but there are other elements in 10 that we prefer not to run this well unless necessary.

If one well is used at well field 6, 7 and 10 we use well number 6 because it is below 4 ppt. If two wells are needed, we use both 6 and 7 and if well number 6 is unavailable and SPU system can't handle the load without one of these wells running then we use well number 7 alone.



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SPU has found that our wells newer than well 9 have very little forever chemicals in the water. Because of the demand in this pressure zone, if we lose key wells, we have internally discussed options and will be coming back to the commission with a recommendation on switching the order of drilling wells 24 by tank 8 in the Windermere addition and well 22 in the church addition. Both of these projects are in SPU's 5-year capital improvement plan but are in reverse order of development.



Each year in June, the Drinking Water Consumer Confidence Report is published on our website. The link to the report is included on your June billing statement. This report is produced by the MN Department of Health (MDH) and identifies SPU's monitoring results for the year. The 2023 report will be available upon receipt from the MDH (no later than July 1, 2024). You can anticipate the new PFAS monitoring results to appear on the 2024 report, published in 2025.

For the most up-to-date information regarding the new standards, please refer to the MDH and/or EPA websites.

Each year in June, the Drinking Water Consumer Confidence Report is published on our website. The link to the report is included on your June billing statement. This report is produced by the MN Department of Health (MDH) and identifies SPU's monitoring results for the year. The 2023 report will be available upon receipt from the MDH (no later than June 2024). You can anticipate the new PFAS monitoring results to appear on the 2024 report, published in 2025.

For the most up-to-date information regarding the new standards, please refer to the MDH and/or EPA websites.

**Requested Action:** Normal operating procedure will be to blend wells 6 and 7 and only use well 7 alone under emergency situations if well 6 is not available.

TO: Greg Drent, General Manager   
FROM: Lon R. Schemel, Water Superintendent   
SUBJECT: Wellhead Protection Plan Extension  
DATE: April 30, 2024

Ideally, Wellhead Protection Plan Amendments are conducted every 10 years. Our current plan was approved on February 23, 2012, and was effective until February 23, 2022. In the summer of 2019, we initiated the process of engaging a consultant and scheduling initial meetings with the Minnesota Department of Health (MDH). Stantec, who developed our current plan, was selected to ensure continuity for the future plan. The intended timeline was set to commence in the 3rd or 4th week of July 2019, with completion scheduled for November 2021.

Our first meeting with the Minnesota Department of Health to outline the plan's scope took place on July 31, 2019. Part 1 of the plan was developed by September 2019. However, with the onset of the COVID-19 pandemic, our communication with the Minnesota Department of Health began to change.

Efforts were made by our consultant to obtain an updated schedule on June 21, 2021, but feedback wasn't received until August 16, 2021. Mark Janovec's email, attached, outlines the state's perspective on proceeding with the amendment. In March, I received a phone call from the Minnesota Department of Health about resuming the process. They expressed their intent to initiate and complete the plan in 2024. As I was unaware of when this might occur, I had not allocated funds for the consultant. I proposed the idea of completing Part 1 this year with a finish date in 2025, but the Minnesota Department of Health was not receptive. Instead, they suggested applying for an extension. On March 27, 2024, I requested an extension to the plan amendment, which was granted on April 3rd.



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I have attached the consultant's proposal for developing the Wellhead Protection Plan Amendment, outlining the necessary steps. Our new due date for completion is April 3, 2028.

## Schemel, Lon

---

**From:** Janovec, Mark <Mark.Janovec@stantec.com>  
**Sent:** Monday, August 16, 2021 11:40 AM  
**To:** Schemel, Lon  
**Subject:** WHP status

Lon,

I've traded messages with the MDH and they are suggesting that we postpone the wellhead protection amendment until the new well is drilled. New wells cannot be included in the plan until they have been physically constructed. And there is no sense completing the amendment without Well 23, as that will make the plan immediately out-of-date once it is completed. Additionally, the MDH are also going through a staffing reorganization following several retirements and currently don't have a plan reviewer assigned to you. So they would prefer to hold off until they have staff available to review.

They will get back to us on any needed paperwork they need to postpone the plan (and extend the due date). For now, we don't need to do anything. The work we've done to date on the computer model can still be carried forward once we are ready to resume again.

Let me know if that makes sense.

Thank you,

**Mark Janovec, PG (MN)**

Senior Scientist

Mobile: 651 775-6532

Mark.Janovec@stantec.com

Stantec

733 Marquette Avenue Suite 1000

Minneapolis MN 55402-2309



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# **Wellhead Protection Plan Part 1**

Professional Consulting Services  
Shakopee Public Utilities



Prepared for:

Lon Schemel  
Shakopee Public Utilities  
PO Box 470  
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Shakopee, MN 55379

Prepared by:

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Senior Scientist  
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Email: [mark.janovec@stantec.com](mailto:mark.janovec@stantec.com)

September 16, 2019

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# Project Understanding

## Shakopee Public Utilities Water Supply System

Shakopee Public Utilities currently operates 16 primary municipal water supply wells which pull water from multiple aquifers, including the Prairie du Chien-Jordan aquifer, the Tunnel City-Wonewoc aquifer (formerly known as the Franconia-Ironton-Galesville), and the Mt. Simon aquifer. The Prairie du Chien-Jordan aquifer provides the majority of the water that serves Shakopee, as it is the most production aquifer in the area. This aquifer is also vulnerable to contamination, particularly north of the bluff line. Elevated levels of nitrates observed in the past have indicated that this aquifer has been impacted by human activities at the land surface. The deeper Tunnel City-Wonewoc and Mt. Simon aquifers are better-protected from the land surface but are less productive and cannot supply all of the water needed by Shakopee. Developing and implementing a Wellhead Protection Plan is required in order to safeguard the aquifers serving the Utility's wells.

## Wellhead Protection Plan

Shakopee Public Utilities currently has a Wellhead Protection Plan in place that was originally developed in 2004 by Stantec (under the former name Bonestroo and Associates) and updated in 2011. The plan is due to be amended to reflect changes that have occurred since 2011, along with changes that are expected to occur in the coming years. The first phase of the amendment process is to update the Part 1 Wellhead Protection Plan. The results of the Part 1 Wellhead Protection Plan are then used to create the amended Part 2 Plan. The Wellhead Protection Plan, when completed, will have a 10-year lifespan.

The Part 1 Wellhead Protection Plan includes a delineation of the wellhead protection capture zone for the Utility's water supply wells, along with a delineation of the drinking water supply management area (DWSMA), which is an expression of the capture zone using overlying land parcels and roadways as boundary lines. The capture zone is determined by using a computer groundwater model to simulate flow within the aquifer(s) and determining the properties of the aquifer itself, such as conductivity, porosity, flow boundaries, and recharge. The Part 1 Wellhead Protection Plan also identifies the vulnerability of the wells and the vulnerability of the aquifer supplying them.

The Part 2 Wellhead Protection Plan identifies potential sources of contamination that exist within the delineated DWSMA. A management plan is created to mitigate risks to the aquifer, implementing best management practices to avoid spills, leaks, and contamination to the aquifer supplying the Utility's wells.

## Deliverables

The primary project deliverable is the completed Part 1 Wellhead Protection Plan reports, which contains the elements previously described. Additional deliverables include an updated computer groundwater model, GIS files for the delineations area, meetings, and assistance with the public review process, which is a mandatory part of the planning process.

Since the Part 2 Wellhead Protection Plan is highly dependent on the results of the Part 1 plan, an accurate work plan and cost proposal cannot be provided until the Part 1 plan is nearing completion. Therefore, this proposal only covers the Part 1 portion of the planning process.

# Work Plan and Deliverables

## Wellhead Protection Plan – Part 1

A scoping meeting was conducted in July 2019 between the Shakopee Public Utilities and the Minnesota Department of Health (MDH) to review the requirements to complete the Part 1 Wellhead Protection Plan. The MDH subsequently issued a Part 1 Scoping Decision Notice. The notice outlines the required data elements needed for completing the Part 1 Wellhead Protection Plan.

Stantec's familiarity and experience with Shakopee Public Utilities' Wellhead Protection Plan was considered when determining the scope of work for updating the Part 1 plan. Our work plan is also based on our experience working with other communities with similar wells connected to the same aquifers in other Metro area communities. Changes in the wellhead protection delineation requirements have also been made since Stantec completed the last version of Shakopee Public Utilities' plan. Those changes have been considered and are incorporated into this proposal. The work plan is designed to meet Minnesota Rules for a Part 1 Wellhead Protection Plan and to fulfill the requirements outlined in the Part 1 Scoping Decision Notice.

### Task 1: Assemble and Assess the Necessary Data Elements

Collecting and presenting data elements is an important part of the Part 1 Wellhead Protection Plan. While some data is available from different sources, some effort is usually required to compile, field verify, format, and summarize the data in a usable format. This data is a necessary element that is to be incorporated into the delineation analysis in Task 2.

Categories of data to be assembled include:

**Physical Environment Data** – This includes data relating to precipitation, geology, soils, and water resources that may be applicable to the Shakopee Public Utilities wells and water supply system.

**Land Use Data** – This includes maps that may be used to delineate wellhead capture zones based on real surveyed boundaries, such as parcel maps and political boundary maps.

**Water Quantity Data** – This data is used to determine the volume of water to be modeled in Task 2, both from the Utility's own wells and from nearby wells that may impact the size and shape of the capture zone. It is expected that Utility staff can assist with providing this data.

**Water Quality Data** – This data includes tests that may indicate the age of the water supplying the Utility's wells. Specific age dating testing is typically sought after, but any data that shows the presence of recently infiltrated water is useful. In particular, any data that demonstrates interconnection between groundwater and surface water will be needed. It is expected that general water quality data can be provided by Utility staff.

### Task 2: Delineate the Wellhead Protection Areas (WHPAs)

The delineation of the wellhead protection areas will comprise the largest portion of work to be done for the Part 1 Wellhead Protection Plan. The end result of this task is a scientifically delineated wellhead protection area for each of the Utility's primary water supply wells.

#### **Delineation Criteria**

Five criteria are used to determine the level of effort and methodology required to delineate the wellhead protection areas. These criteria are used to develop a conceptual model of the groundwater flow system in the aquifers serving the Shakopee wells. The five criteria are:

- **Time of travel** – The minimum time-of-travel for delineations is 10 years. A one-year time-of-travel must also be computed, which will serve as an emergency response area for wellhead protection management. Other time intervals can be provided upon request.
- **Flow boundaries** – Hydrogeologic boundaries, such as extents of aquifer formations, rivers, lakes, etc. impact the size and shape of wellhead protection delineations.
- **Daily volume of water pumped** – The amount of water pumped from the aquifer(s) will also impact the size of the delineated area. Accurate, up-to-date data regarding water usage is essential, including

pumping data from nearby non-municipal high capacity wells. Planned water usage over the next five years must also be considered.

- **Groundwater flow field** – Any relevant information regarding groundwater flow within the aquifer must be considered and incorporated into the delineation process. This data may relate to groundwater elevations, flow direction, flow gradient, recharge, and withdrawals that may affect the delineation.
- **Aquifer transmissivity** – The ability of the aquifer to transmit water to a high capacity well must also be considered. Aquifer transmissivity can greatly affect the size and shape of the delineation, when groundwater flow is simulated on a computer groundwater model. Therefore, aquifer pumping test information is used to determine transmissivity. It is believed that sufficient aquifer test data already exists from the Utility's wells that no additional testing will be needed. Analysis of existing data will be made to ensure that the modeled transmissivity accurately reflects the observed conditions.

#### Pre-Delineation Meeting

Once the five delineation criteria have been determined and a conceptual model of the groundwater flow system has been developed, a meeting is held with MDH staff to review the conceptual model. This meeting will enable Stantec and the MDH to agree on how best to proceed with the delineation process, to help see that the end result meets with favorable review from MDH staff.

#### WHPA Delineation

A computer groundwater model is to be utilized to create the wellhead protection area capture zones for Shakopee's water supply wells. The criteria determined above are entered into the computer model in order to produce a delineation that meets MDH requirements. The computer model will need to reflect current understanding of local geology, current pumping volumes of nearby high capacity wells, current understanding of the recharge and interaction of relevant aquifer units, and current data for model calibration, including groundwater level data from nearby wells.

While a computer model already exists for the Shakopee Public Utilities' Wellhead Protection Plan, the MDH requires that Met Council's latest version of the Metro Model be utilized to complete the delineation update. The reason for using this model is because it was built to simulate flow between multiple layers both above and below the aquifers and therefore may produce a more accurate estimate of the well capture zones.

The wellhead protection delineation generated by the model must, at a minimum, show the 1-year and 10-year time-of-travel capture zones for all active primary water supply wells. Wellhead protection areas will be mapped on ArcView GIS using UTM NAD 83 coordinates, as required by MDH rules. Other coordinate projections can be provided to Shakopee Public Utilities, if requested.

#### Conjunctive Delineation

A newer requirement of Wellhead Protection Plans is that highly vulnerable areas incorporate a conjunctive delineation that displays where surface waters may infiltrate into designated wellhead capture zones. That way, if a spill occurs at the land surface, it is possible to determine if that spill will likely drain towards a highly vulnerable area. The conjunctive delineation is created by using boundaries of sub-watersheds. Where these boundaries are not already known, they are modeled using the latest LIDAR data of land topography, along with known stormwater drainage structures.

#### Fractured Flow Delineation

Aquifers that contain numerous fractures or solution cavities also require additional analysis to account for the ability of the aquifer to rapidly transmit water over a given distance in a short amount of time. The MDH has established guidance for handling fractured bedrock delineations that will need to be applied to the results from the computer groundwater model. In the Shakopee area, the Prairie du Chien aquifer (which is connected to the Jordan aquifer) is highly fractured and will need additional analysis to ensure the modeled delineation is appropriate for this type of aquifer. This sometimes results in the expansion of the capture zone to predict additional areas that may supply water to the Utility's wells.

#### DWSMA Delineation

The modeled capture zone, conjunctive delineation, and fracture flow delineation must then be combined to form integrated management zones. Since the mapped zones cannot be easily identified using surface

features, a Drinking Water Supply Management Area (DWSMA) is created to correlate the capture zones with the nearest surface features, such as roads, parcel boundaries, water bodies, and other surveyed features that can readily be identified. The DWSMA will be mapped on ArcView GIS using UTM NAD 83 coordinates, as required by MDH rules. Other coordinate projections can be provided to Shakopee Public Utilities, if requested.

### Task 3: Conduct Vulnerability Assessments

Once the WHPA and DWSMA delineations have been determined, the next step is to assess the vulnerability of the aquifers underlying these portions of land. We will review geologic data to determine how rapidly contaminants spilled at the surface might be expected to infiltrate to the aquifer of interest. Geologic layers such as clay and shale that might impede vertical infiltration of contaminants are inventoried to determine approximate travel times for contaminants to reach the aquifer(s). The shorter the travel time, the higher the vulnerability level is assigned to the aquifer.

Aquifer vulnerability may vary over the area encompassed by the DWSMA. We will provide a map in the project report showing areas of high, moderate, and low vulnerability within the aquifer. The map will also be provided electronically as an ArcView shape file in UTM NAD 83 coordinates.

### Task 4: Part 1 WHP Plan Report and Deliverables

The project report will summarize the efforts undertaken above in Tasks 1-3. The report will serve as the main deliverable for the Part 1 Wellhead Protection Plan, documenting the data and methodology used to develop the WHPA/DWSMA delineations and aquifer vulnerability assessments. The report will also include all maps generated over the course of the project, both as paper printouts and in electronic ArcView formats. Additionally, any computer groundwater model input and output files will be provided electronically, along with documentation of the modeling methodology and any supporting data sets that were used in the delineation process.

The draft report will be submitted in PDF format to both Shakopee Public Utilities and the MDH for initial review. Comments received from Utility staff and the MDH will be incorporated in the final report. Once ready, we will submit the final report to the MDH for approval. Upon MDH approval, five paper copies of the final report will be presented to Shakopee Public Utilities. An electronic PDF-formatted copy of the final report will also be provided.

### Task 5: Meetings

We anticipate four meetings will occur over the course of the Part 1 project. These meetings will be used to update Shakopee Public Utilities staff and MDH staff on the progress of the project.

Additionally, a meeting will be held following MDH approval of the project, when Shakopee Public Utilities is required to present the approved Part 1 Wellhead Protection Plan to the general public as part of an official public information meeting. Stantec will attend this meeting to provide a presentation outlining the results of the Part 1 plan and will be available to answer any questions brought forth by the general public.

## Wellhead Protection Plan – Part 2

Following the completion of the Part 1 planning activities, a second scoping meeting will be conducted between the Shakopee Public Utilities and the Minnesota Department of Health (MDH) to review the requirements to complete the Part 2 Wellhead Protection Plan. The requirements of the Part 2 planning process are highly dependent on the results of the Part 1 plan. The size and vulnerability of the delineated area greatly affect the scope of the Part 2 planning activities.

In general, the Part 2 plan includes the following elements:

- An inventory of potential sources of contamination
- An analysis of problems and opportunities for aquifer management
- Development of an implementation plan to reduce risks of contamination
- A contingency strategy to deal with contamination of the aquifer and/or a loss one or more wells

Following the completion of the Part 1 plan, Stantec will work with Shakopee Public Utilities staff to develop a work plan, schedule, and budget to complete these activities.

## Schedule

The MDH will give a minimum time frame of two years (24 months) to complete and submit the Wellhead Protection Plan. This includes both the Part 1 and the Part 2 plan. The following schedule presents an estimate for the completion of the Part 1 portion of the planning effort. Part 1 plan submittal is estimated to occur in March 2020. The due date for the submittal of the Part 2 plan is November 25, 2021. Completing the Part 1 plan by July 2020 will allow for 16 months to complete the Part 2 plan.

<b>Project Milestone</b>	<b>Month Completed</b>
Completion of Draft Part 1 Delineation.....	January 2020
Submittal of Draft Part 1 Report.....	February 2020
Submittal of Final Part 1 Report to MDH for approval .....	March 2020
MDH approval of Part 1 (after 60-day review) .....	May 2020
Public Information Meeting to Review Approved Part 1 Plan .....	July 2020

# Related Experience

## Corporate Capabilities

Stantec provides professional consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics for infrastructure and facilities projects. We support public and private sector clients in a diverse range of markets at every stage, from the initial conceptualization and financial feasibility study to project completion and beyond. Our services are provided on projects around the world through approximately 15,000 employees operating out of more than 170 locations in North America.

### Groundwater Supply and Treatment

Groundwater is the primary or, in many cases, the sole water source available to communities across North America, yet continued human activity over the years has strained the quality and quantity of our natural water resources. Stantec is at the forefront of responsible use and management of these valuable resources in a sustainable manner.

Stantec's full range of in-house disciplines, including hydrogeology, allows us to provide quality services relating to groundwater assessment; well development; aquifer pump testing; permitting; capture zone delineation; and well head protection.

We have extensive expertise in the design of treatment solutions, including UV disinfection, ion exchange, pre-oxidation and pressure filtration for the efficient removal of iron, manganese, nitrate, hydrogen sulfide, and arsenic.

### Comprehensive Services for Municipal Water Supply

Regardless of a community's size, clean and plentiful drinking water is vital to its health and well-being. Stantec specializes in designing safe and reliable systems for supplying, treating, storing, and distributing water. We develop sustainable, affordable solutions that protect people and places for generations. Stantec provides the following services:

- Feasibility studies
- Rate and impact fee studies
- Funding program assistance
- Water system modeling and master planning
- Hydrogeologic investigations and wellfield siting
- Wellhead protection plans
- Emergency preparedness and water conservation plans
- Well and wellhouse design and monitoring
- Booster stations
- Water towers and ground reservoirs
- Water treatment plants
- Instrumentation and SCADA
- Operator training and operations audits
- Construction services
- Operation and maintenance manuals



**WELLHEAD PROTECTION PLANNING EXPERIENCE**

	Part 1 Plan in Progress	Part 1 Plan Completed and Approved	Part 1 Plan Updated	Part 2 Plan in Progress	Part 2 Plan Completed and Approved	Part 2 Plan Updated	Notes
Andover, MN		◆			◆		
Apple Valley, MN		◆			◆		
Austin, MN		◆					Working for Austin Utilities
Champlin, MN		◆	◆		◆		
Chaska, MN		◆	◆		◆	◆	
Cimarron Park, MN					◆	◆	Part 1 completed by MDH
Coon Rapids, MN		◆			◆		
Cottage Grove, MN		◆	◆		◆	◆	
Dayton, MN					◆		Part 1 completed by MDH
Robbinsdale, MN		◆			◆		
Harris, MN					◆		Part 1 completed by MDH
Inver Grove Heights, MN		◆			◆		
Lake City, MN		◆	◆		◆		Part 2 currently being updated
Milaca, MN					◆		Part 1 completed by MDH
Oak Park Heights, MN		◆	◆		◆	◆	
Plymouth, MN		◆			◆		
Richfield, MN		◆			◆		
Robbinsdale, MN		◆			◆		
Rockford, MN		◆			◆		
Sartell, MN		◆	◆		◆		
St. James, MN		◆	◆		◆	◆	
St. Paul, MN		◆	◆				
St. Peter, MN		◆	◆		◆		
Stacy, MN					◆		Part 1 completed by MDH
Staples, MN					◆		Part 1 completed by MDH
Sauk Centre, MN		◆	◆		◆		Completed for Sauk Centre Public Utilities
Savage, MN		◆			◆		
Shakopee, MN		◆	◆		◆	◆	Completed for Shakopee Public Utilities
Waseca, MN		◆			◆		
Wayzata, MN		◆			◆		
Woodbury, MN		◆	◆		◆	◆	

# Project Team

## Key Personnel Ready to Work on Shakopee Public Utilities' Project

Stantec has assembled an experienced group of professionals to work collaboratively with the Shakopee Public Utilities for its Wellhead Protection Plan. Our staff has a wealth of experience and is knowledgeable in:

- Wellhead protection planning
- Water supply planning
- Comprehensive planning

### **Mark Janovec, PG – Project Manager**

Mark will serve as project manager and lead project scientist for the wellhead protection study. As a hydrogeologist, he has 24 years of experience with each of the phases of wellhead protection planning and has a good working relationship with MDH staff. Mark's experience with groundwater modeling has been primarily for delineating wellhead capture zones and analyzing wellfield design and efficiency.

### **Derek Erickson – GIS Specialist**

Derek will assist in creating databases and ArcView coverage to display the results of the wellhead protection delineation. As GIS specialist, his skills include utility basemap management, database creation and management, and cartographic design and map production.



# Wellhead Protection Plan Extension Request Form

<b>PWS ID:</b>	1700009	<b>PWS Name:</b>	Shakopee
<b>Extension Type for:</b>	<input type="checkbox"/> <b>First Generation Plan</b> <input checked="" type="checkbox"/> <b>Plan Amendment</b>		

**PWS Wellhead Protection Manager or Authorized Representative**

<b>Requester Name:</b>	Lon Schemel
<b>Address:</b>	255 Sarazin St.
<b>City, State, Zip:</b>	Shakopee, MN, 55379
<b>Phone Number:</b>	952-233-1504
<b>Signature of Requester:</b>	<i>[Signature]</i> 3.27.24

**Criteria for Granting an Extension**

Listed below are criteria that we would use to grant an extension (check all that apply):

- A natural disaster (e.g., tornado, flood, or pandemic) which results in severe disruption of the capabilities of the public water supply to complete the wellhead protection plan (attach explanation).<sup>1</sup>
- A loss of anticipated funding by a community that is greater than 20 percent of its annual operating budget (attach supporting documentation).<sup>1</sup>
- An unexpected capital expense related to public safety that exceeds 10 percent of the amount budgeted during the plan development/amendment process (attach supporting documentation).<sup>1</sup>
- A contaminant is suddenly detected in the source of drinking water at levels that exceed MCL or HRL levels.<sup>1</sup>
- A wellhead protection plan is being developed/amended for existing wells and a new well(s) is added to the system that will be required to be incorporated into the plan.<sup>1</sup>
- The public water supplier is developing/amending a surface water intake plan and wellhead protection plan at the same time.<sup>1</sup>
- The need to consider significant changes to the delineation and vulnerability efforts due to the public water supply's well(s) status change to emergency and/or disconnection from the system that is being addressed under the existing plan.<sup>1</sup>
- The need to consider significant changes to the criteria for wellhead protection area delineation, as described in Minnesota Rules, part 4720.5510, that were not identified at the first scoping meeting (attach supporting documentation).<sup>1</sup>
- The need to consider issues due to a wellhead protection area lying in a new or different governmental jurisdiction from the initial wellhead protection area.<sup>2</sup>
- Inadequate resources at the Minnesota Department of Health to provide technical assistance to the public water supply system has resulted in delayed completion of the wellhead protection plan (attach explanation).<sup>1</sup>

<sup>1</sup>Applies to both first generation wellhead protection plans and wellhead protection plan amendments.

<sup>2</sup>Applies to only wellhead protection plan amendments.

List all unique numbers of wells that this extension applies to:					
206803 (Well 2)	206854 (Well 4)	206855 (Well 5)	180922 (Well 6)	415975 (Well 7)	500657 (Well 8)
554214 (Well 9)	578948 (Well 10)	611084 (Well 11)	626775 (Well 12)	674456 (Well 13)	694921 (Well 15)
731139 (Well 16)	731140 (Well 17)	722624 (Well 20)	722625 (Well 21)		

## **Inadequate Resources at MDH Explanation**

**Shakopee's Wellhead Protection Plan Amendment was initially placed on hold in 2020 due to the construction of new primary water supply wells. Since then, staffing shortages at the Minnesota Department of Health (MDH) resulted in a lack of communication between Shakopee and MDH until the fall of 2023. While MDH staff have determined it is time to proceed with the amendment, Shakopee does not have the funds budgeted that are needed for them to hire a consultant to complete the amendment since it has been so long since it was placed on hold. Shakopee will budget for a consultant to begin work on the amendment next year. In the meantime, Shakopee would like to remain eligible for Source Water Protection grant funding and are therefore requesting an extension.**



PROTECTING, MAINTAINING & IMPROVING THE HEALTH OF ALL MINNESOTANS

April 3, 2024

Mr. Lon Schemel, Water Superintendent  
Shakopee Public Utilities Commission  
P.O. Box 470  
Shakopee, Minnesota 55379-0470

Dear Mr. Schemel:

According to Minnesota Rules, part 4720.5570, the time for the completion of your wellhead protection plan amendment has expired. Based on the criteria (inadequate resources at the Minnesota Department of Health [MDH] to provide technical assistance to the commission that has delayed completion of your wellhead protection plan amendment) and Wellhead Protection Plan Extension Request Form you submitted, MDH is extending the Shakopee Public Utilities Commission's wellhead protection plan submittal date to April 3, 2028, with final plan approval by MDH in July 2028. These are the dates by which all the requirements of Minnesota Rules, parts 4720.5100 through 4720.5555, must be completed. **Failure to submit your plan by April 3, 2028, may result in a Notice of Violation.**

It is also our understanding that the commission will continue to implement their existing plan strategies 1) that pertain only to the amended drinking water supply management area and 2) until your plan amendment is approved. Please be aware that we may request documentation of completed management strategies at a future date and recommend you maintain adequate records.

Because the Shakopee Public Utilities Commission has an approved plan amendment extension, it will continue to be eligible for the Source Water Protection Implementation Grant.

If you have any questions regarding this letter, please contact Ms. Abby Shea at (651) 201-4386. We look forward to working with you to complete your plan amendment.

Sincerely,


A handwritten signature in black ink, appearing to read 'Stephen W. Robertson'.


Stephen W. Robertson, Supervisor  
Source Water Protection Unit  
Environmental Health Division  
P.O. Box 64975  
St. Paul, Minnesota 55164-0975

SWR:TVW

cc: Ms. Abby Shea, Planner, Source Water Protection Unit, Metro Office  
Mr. Andrew Karp, Engineer, Community Public Water Supply Unit, Metro Office

DATE: May 2, 2024

TO: Greg Drent, General Manager 

FROM: Lon Schemel, Water Superintendent 

Subject: Backflow testing and penalty schedule

I thought I would take a step back and remind everyone the importance and commitment to backflow testing and policy. Backflow occurs when the flow of water reverses direction, potentially causing contaminated water to enter the clean water supply. This poses serious health risks to consumers and can lead to regulatory violations, fines, and damage to our reputation.

Here are some key points to remember about backflow prevention:

1. **Health and Safety:** Backflow can introduce harmful substances such as chemicals, bacteria, and other contaminants into our drinking water. These contaminants can pose serious health risks, especially to vulnerable populations such as children, the elderly, and individuals with compromised immune systems.
2. **Regulatory Compliance:** Compliance with backflow prevention regulations is not optional—it is mandatory. It is essential that we adhere to all relevant regulations and standards to protect public health and safety.
3. **Protecting all Customers:** Our commitment to providing safe, clean drinking water to all customers is central to our reputation as a trusted provider. Any incidents of backflow contamination can damage the trust and confidence that our customers have in us. By prioritizing backflow prevention, we demonstrate our dedication to upholding the highest standards of quality and safety.
4. **Responsibility of All Employees:** Backflow prevention is not solely the responsibility of a single department or individual. It requires the collective effort of all employees and board of directors to identify potential risks, implement appropriate prevention measures, and respond effectively to any incidents that may arise. We must remain vigilant and proactive in our efforts to safeguard the integrity of our water supply.

In conclusion, backflow prevention is a critical aspect of our operations that cannot be overlooked. By prioritizing backflow prevention measures, we protect public health,



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ensure regulatory compliance, and uphold our reputation as a trusted provider of clean drinking water.

Attached is the backflow penalty schedule that we discussed at previous commission meetings and guidelines you recommended.

SPU will be working with the City of Shakopee in the upcoming months to continue to strengthen our position on backflow preventions and regulations.

**Action:** Approve Backflow Penalty Schedule

## **Backflow Penalty Schedule**

### **I. Commercial Annual Inspection:**

1. The Compliance Engine will send reminders via mail or email to commercial or industrial customers approximately 30 days before the annual due date for testing their backflow preventer assembly.
2. It is the owners' responsibility to contact an ASSE Certified Backflow Tester to have their assembly(s) tested by the annual due date.
3. The tester must submit the test results to SPU via The Compliance Engine within 30 days of the test.
4. If an assembly is not tested within 45 days of the annual due date, the Compliance Engine will send a deficiency notice to the owner.
5. A testing penalty of \$150.00 will be imposed if test results are not received within 60 days after the annual testing due date of the assembly.
6. The testing penalty will be refunded with a successful test submission to The Compliance Engine within 30 days of the penalty date.
7. If the backflow preventer test fails, the owner must repair and/or replace the device within 30 days. A repair penalty of \$150.00 will be imposed if a failed backflow preventer is not repaired and/or if passing test results are not submitted to SPU via The Compliance Engine within that timeframe.
8. The repair penalty will be refunded with a successful test submission to The Compliance Engine within 30 days of the penalty date.
9. SPU may discontinue water service at any time if a backflow assembly is not tested or if a hazard exists to the municipal water system.

### **II. Residential Annual Inspection:**

1. SPU via The Compliance Engine will send reminders via mail or email to residential customers approximately 30 days before the annual testing due date for testing their backflow preventer assembly.
2. Customers must contact an ASSE Certified Backflow Assembly Tester to have their backflow assembly tested before their annual testing due date.
3. The tester must submit the test results to SPU via The Compliance Engine within 30 days of the test.
4. If an assembly is not tested and submitted within the month of their due date, it is considered delinquent, and The Compliance Engine will send a delinquency notice to the owner. (This notice will indicate a testing penalty will be applied to their utility account and the irrigation system is scheduled for Lock-Out.)


5. For delinquent accounts, a one-time testing penalty of \$150 will be imposed on the following month's billing statement if test results are not submitted (or submitted test results indicate a failed test) by the cut-off prior to the billing date (approximately ten days before the scheduled billing date).
6. If the backflow preventer test fails, the owner must repair and/or replace the device within 30 days of the failed test results and a successful test submitted. No additional testing penalties will be imposed.
7. At the same time, the owner's irrigation system will be in a lock-out status. Lock-outs will be conducted by SPU, with the majority being completed in the off-season. This will prevent usage the following season without proper testing.
8. Upon request by the customer, the testing penalty may be refunded with a successful test submission to The Compliance Engine within 60 days of the original due date.


**Lock-Out Tags:** Lock-outs may be implemented in two ways. One, the customer requests a lock-out on their system to avoid the annual testing requirement. Two, SPU issues a lock-out due to non-compliance. A tamper seal and lock-out tag will be placed on the backflow preventer. When a system is locked out, the system must not be used. The system must be winterized in order to be locked out.

**Removal of Backflow Lock-Out Tag:** Only SPU can remove the tamper seal and lock-out tag. If either is altered in any manner, or removed by anyone other than SPU, a \$250.00 non-refundable penalty will be charged to the owner's utility account.



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: Greg Drent, General Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Cooperative Agreement with City for Water Main Construction Observation

DATE: May 1, 2024

**ISSUE**

Staff and City Engineering have been discussing a cooperative agreement to utilize the same consulting firm for joint infrastructure construction observation to increase efficiency.

**BACKGROUND**

To date SPU has either utilized its own water operations staff or a consulting engineer to perform the necessary construction observation (inspection) services for the installation of public water main on both public and private improvement projects. These projects can be SPU, City, County, or developer led projects.

City Engineer, Alex Jordan, attended a recent Commission meeting workshop on the water utility, and it was discussed that it is less efficient in some instances to have a construction observer just for water main installation when the city is employing a qualified observer for the sanitary and storm sewers and street construction on the same project, be it a reconstruction or new development project.

Subsequently Alex created a draft cooperative agreement where the water main construction observation would be performed by the same party as the other public infrastructure. The city currently collects a fee from developers or assigns costs to assessed projects for the construction observation of their infrastructure, and a smaller fee for the coordination during review and installation of the water main, while SPU collects a separate fee from developers or invoices the city if it's a city led project being assessed for costs associated with plan review and construction observation for the water main.





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## DISCUSSION

Under the terms of the cooperative agreement, when in effect, the city or their consultant would perform construction observation of all public infrastructure including water main for SPU. The fees the city charges or assigns would be the same for water main as the other infrastructure the city is responsible for, and SPU would charge a lesser fee deposit for just the plan review and other coordination including field operations for a successful project, resulting in a net zero cost to project costs or developers SPU would continue its practice of truing up the actual internal service costs with the fee deposit to balance at the end of each project.

Staff and the Commission's legal counsel have reviewed the cooperative agreement, and the final version is attached for the Commission to consider adopting.

## RECOMMENDATION

Staff recommends the Commission adopt by motion the attached Cooperative Agreement with the City for Water Main Construction Observation.

## CONSTRUCTION COOPERATION AGREEMENT

THIS CONSTRUCTION COOPERATION AGREEMENT (the "Agreement"), is entered by and between the City of Shakopee, a body politic and corporate under the laws of the State of Minnesota, hereinafter referred to as the "City" and the Shakopee Public Utilities Commission, a municipal utility commission organized under the laws of the State of Minnesota, hereinafter referred to as "SPU."

### RECITALS:

- A. Private development projects include the installation of public water infrastructure owned and operated by SPU within the City right-of-way ("SPU Facilities"). At times, the City may also install sanitary sewer or stormwater infrastructure owned and operated by the City within the City right-of-way ("City Facilities").
- B. The City has established certain requirements for infrastructure within the City right-of-way, including observing installation/construction of infrastructure to assure compliance with City and SPU requirements and construction specifications (the "Services"). The Services are required for public infrastructure, as well as and private infrastructure owned and operated by a private entity installed within the City right of way ("Private Facilities").
- C. The City and SPU desire to enter into this Agreement to set forth the terms under which the City will provide the Services for SPU Facilities

### NOW, THEREFORE, IT IS HEREBY AGREED:

1. The recitals above are hereby incorporated and made a part of this Agreement as if they had been fully restated.
2. Each party shall designate a representative in writing under this Agreement to address each project involving SPU Facilities or City Facilities. The City's designated representative is Alex Jordan, City Engineer. SPU's designated representative is Joe Adams, Director of Planning/Engineering.
3. When the City constructs public roadways or City Facilities on private development projects within City right-of-way that also involve SPU Facilities, the parties shall abide by the following provisions:
  - a. In the planning stage of each proposed project, the parties agree to work together amicably to address any conflicts between City Facilities and SPU Facilities or Private Facilities. The City will retain final decision-making authority within the City's right-of-way; however, the City will endeavor to make reasonable decisions to best provide for the installation and long term maintenance of both City Facilities and SPU Facilities.
  - b. For each proposed project, the parties shall consider the appropriate use of the Services in advance of construction. If appropriate, the designated representative of each party shall

confirm in writing that the City will provide the Services for SPU Facilities according to the terms and conditions of this Agreement.

- c. If the City wishes to use consultant(s) to provide the Services for a particular project, the City shall provide the name and resume or qualifications for approval by SPU in writing at least 4 weeks before construction begins. SPU must approve or disapprove of the consultant within 2 weeks of the City providing the qualifications. If SPU does not approve a consultant, the parties shall meet and confer to discuss alternative options.
  - d. The Services shall be provided in accordance with the most current SPU standards and specifications at the time of construction, attached as Exhibit A.
  - e. In performing the Services, the City will keep SPU fully advised of material developments in the installation/construction process, including, providing SPU with inspection reports, documents, testing results, and any other information requested by SPU within a reasonable amount of time.
  - f. SPU shall retain authority to direct the City's representative providing the Services as to SPU Facilities.
  - g. Each party will obtain approval to amend its fee schedules by 3.5% of the costs of the SPU Facilities to cover the cost of the Services relating to SPU Facilities.
  - h. Each party shall be responsible for its own acts and omissions in its performance under this Agreement. If a third party provides the Services, it shall furnish evidence of insurance in customary and acceptable levels of coverage, and shall indemnify, defend, and hold harmless the City, SPU, and their respective officials and employees.
4. For private development projects that involve SPU Facilities without City Facilities, SPU will provide the Services to assure compliance with City and SPU requirements. SPU will collect and receive fees to compensate for these Services. The City grants SPU access to the City right-of-way to provide the Services.
  5. If a dispute arises between the parties as to the interpretation or performance of this Agreement, then upon written request of either party, representatives with settlement authority for each party shall meet in person and confer in good faith to resolve the dispute. If the parties are unable to resolve the dispute, they shall make every effort to settle the dispute through mediation or other alternative dispute resolution methods. If the parties are unable to resolve the dispute through these methods, either party may commence an action in Scott County District Court. This Agreement (including recitals and exhibits hereto) constitutes the entire Agreement between the parties and, with respect to the subject matter hereof, supersedes all prior agreements and

understandings, oral and written, between the parties hereto. This Agreement may not be amended except in a writing signed by both parties.

IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

**CITY OF SHAKOPEE**

By \_\_\_\_\_  
Matt Lehman, Mayor

And \_\_\_\_\_  
William H. Reynolds, City Administrator

Date \_\_\_\_\_

Date \_\_\_\_\_

**SHAKOPEE PUBLIC UTILITIES COMMISSION**

By \_\_\_\_\_  
Justin Krieg, President

And \_\_\_\_\_  
Greg Drent, General Manager

Date \_\_\_\_\_

Date \_\_\_\_\_



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April 30, 2024

TO: Greg Drent, General Manager *GD*  
FROM: Brad Carlson, Electric Superintendent *BC*  
Subject: Reliability and Outage Report

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Background

American Public Power Association (APPA) recently honored 245 public power utilities with a “certificate of excellence” for reliable performance, as shown by comparing their outage records against nationwide data gathered by the Energy Information Administration.

The utilities that were recognized by the Association have been keeping track of their reliability data via the Association’s web-based subscription service, called eReliability tracker, which lets utilities collect, categorize, and summarize their outage information. Subscribing utilities use the eReliability Tracker Service to store their outages and restoration data and run reports throughout the year. At the end of the year, the Association benchmarks their data against national statistics from EIA, which is a branch of the Department of Energy.

Utilities that placed in the top quartile of reliability nationwide, as measured against the EIA’s data on System Average Interruption Duration Index, or SAIDI, received the certificate of excellence, the EIA information comes from the agency’s annual surveys of electric power utilities via EIA 861.

SPU System Overview

I am pleased that SPU has achieved the certificate of excellence in reliability since 2017, and again in 2024. We work hard to make sure the downtime to our customers is minimal. We have a very aggressive tree trimming policy and this is a substantial reason storm related damage is usually minimal. We also require a 30-minute response time on all after-hours outages. Our linemen take pride in the installation and maintenance of our electric system, and it shows in our reliability numbers.

We use eReliability to track outages and use the software for benchmarking to proactivity maintain the electric system. We can use the data on our system to identify our worst performing circuits. These circuits get additional attention to address the problems. We were able to identify the issues that squirrels were causing on our electric system, so we are currently adding pole wrap, and additional conductor covering to address the problem areas. We were also able to put a pole inspection program in place to find all rotten poles on our system and replace them before they cause an outage.

It is an honor for the utility to get this award seven years in a row. We address any problems on our system to continue our success. We will make every effort possible to achieve this award in the future.

SPU will be posing about CERTIFICATE OF EXCELLENCE IN RELIABILITY from APPA.





**SPU**

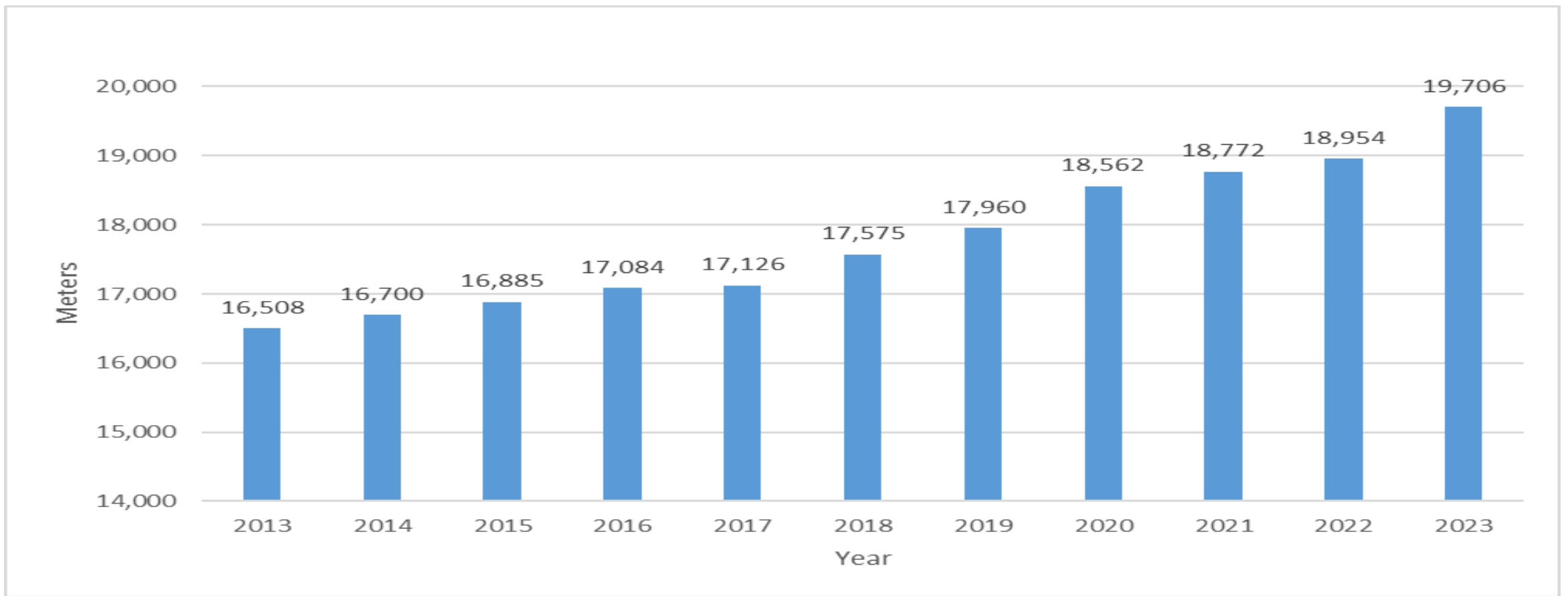
**Shakopee Public Utilities**

**2024**

**ELECTRIC RELIABILITY AND  
OUTAGE REPORT**

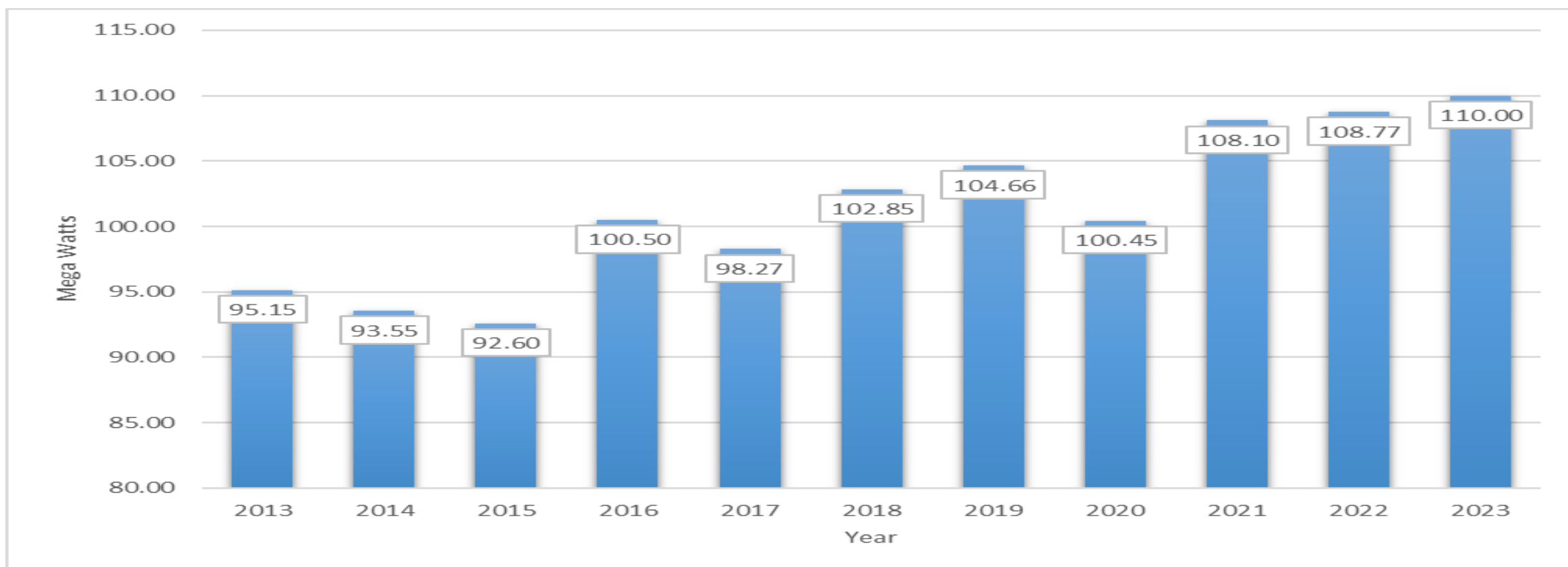
# Electric Meters

Shakopee Utilities 2023 customer's number reached 19,706 electric meters. SPU has had continued growth in electric meters as shown in the graph below.



# Coincidental Peak System Demand

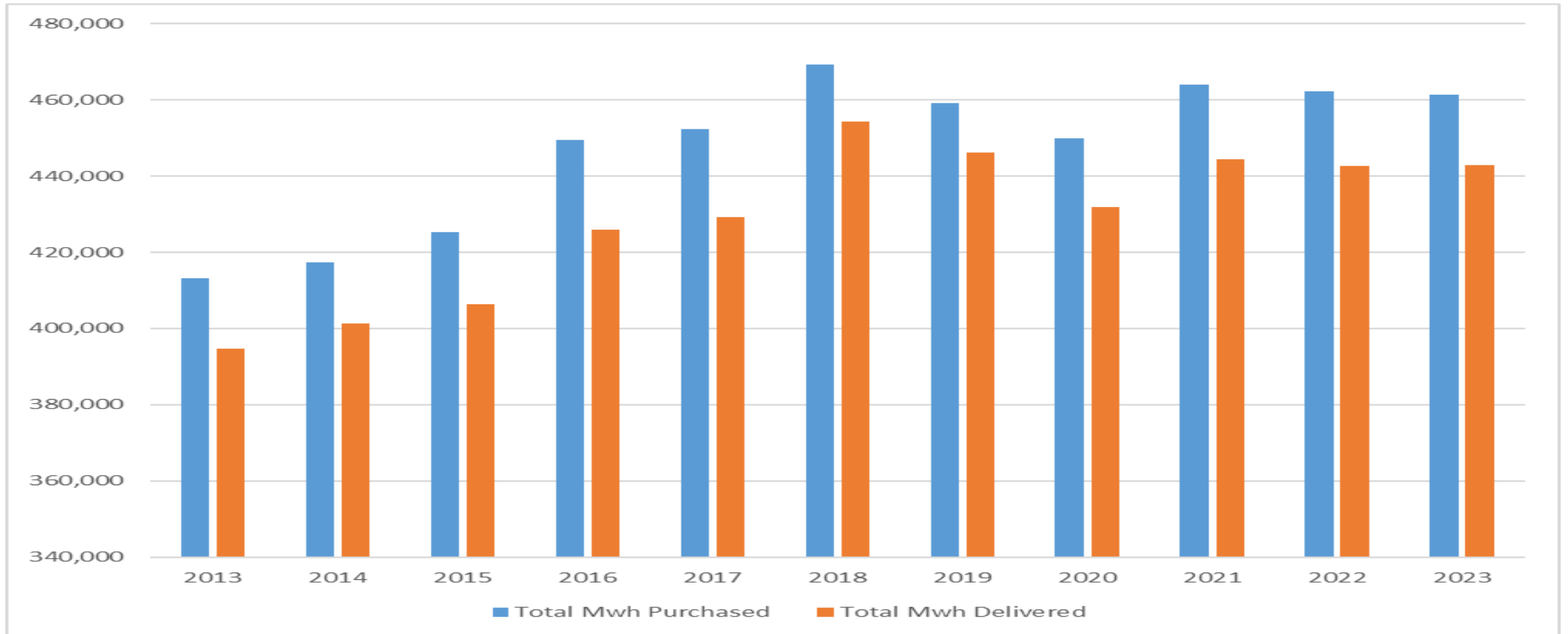
Shakopee Public Utilities 2023 15 – minute Coincidental Peak Electric System Demand was 110.00 Mega Watts.





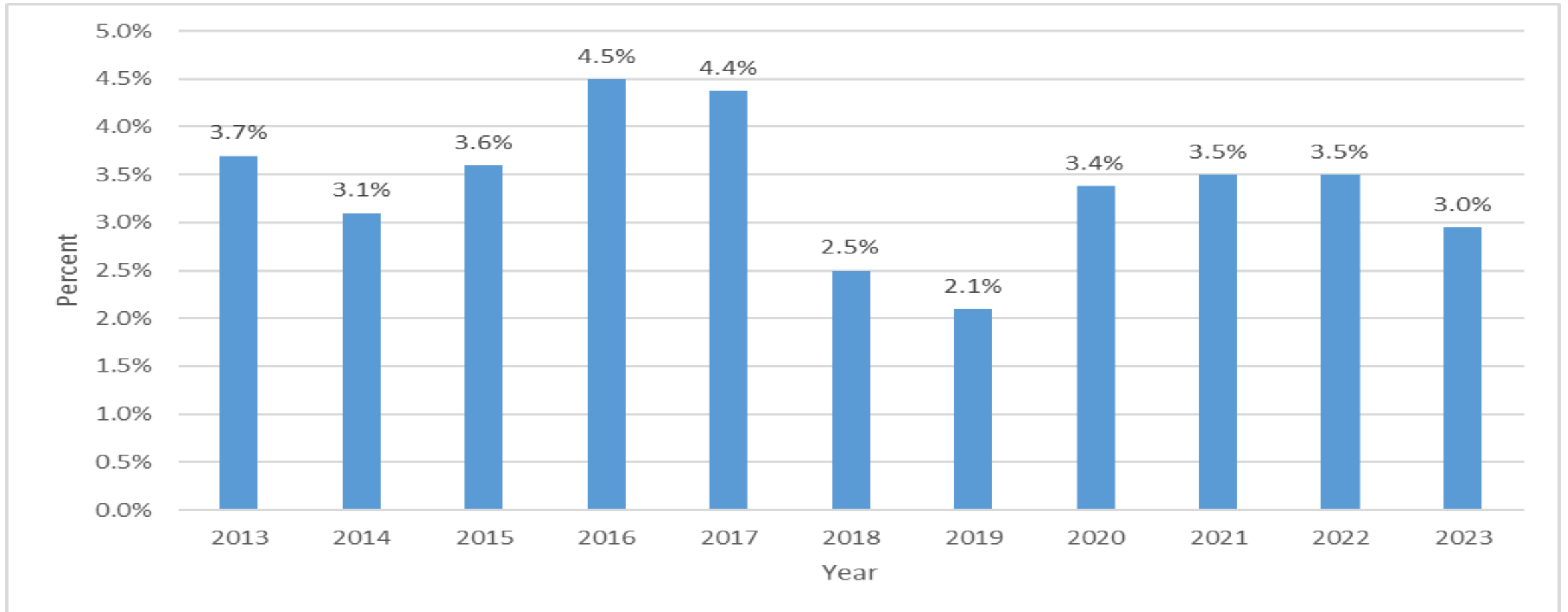
# Mega Watt Hour Purchased and Delivered

SPU purchased 461,469 MWh and sold 442,969 MWh of electricity during 2023.



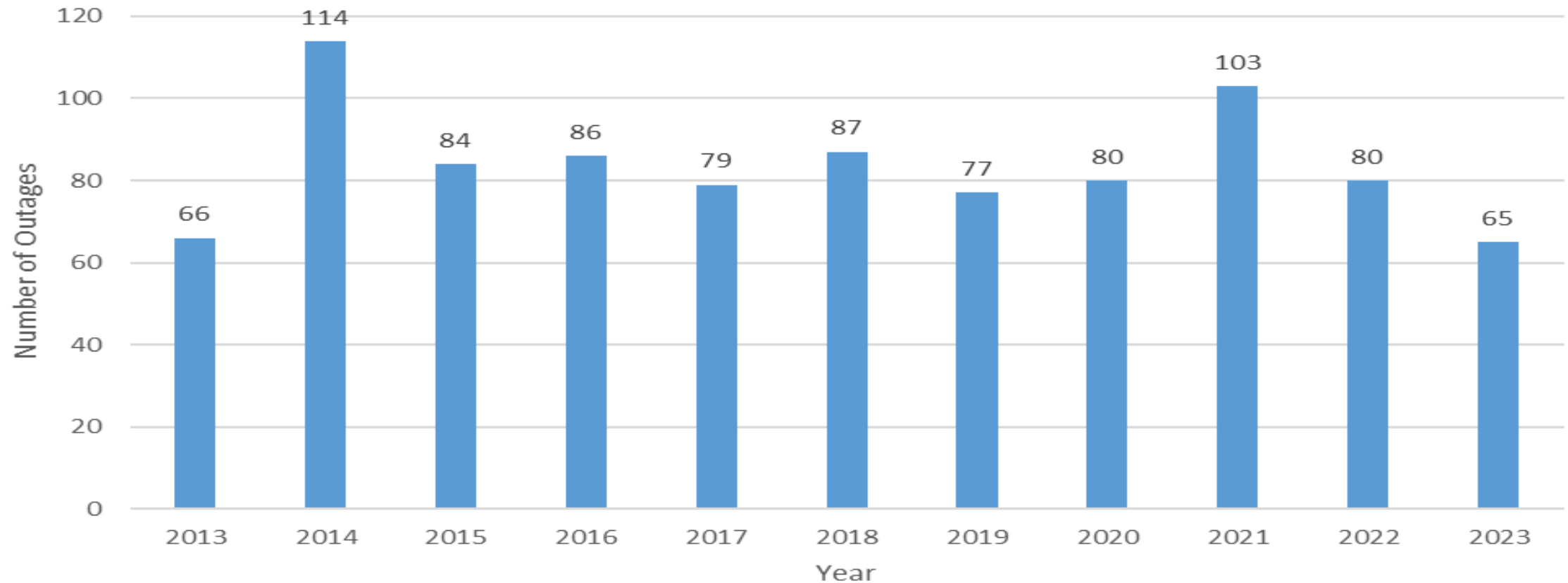
# Unaccounted for KWH (Line Loss)

SPU did not account for 13,612,252 kWh of power during 2023, which has gone down since 2022.

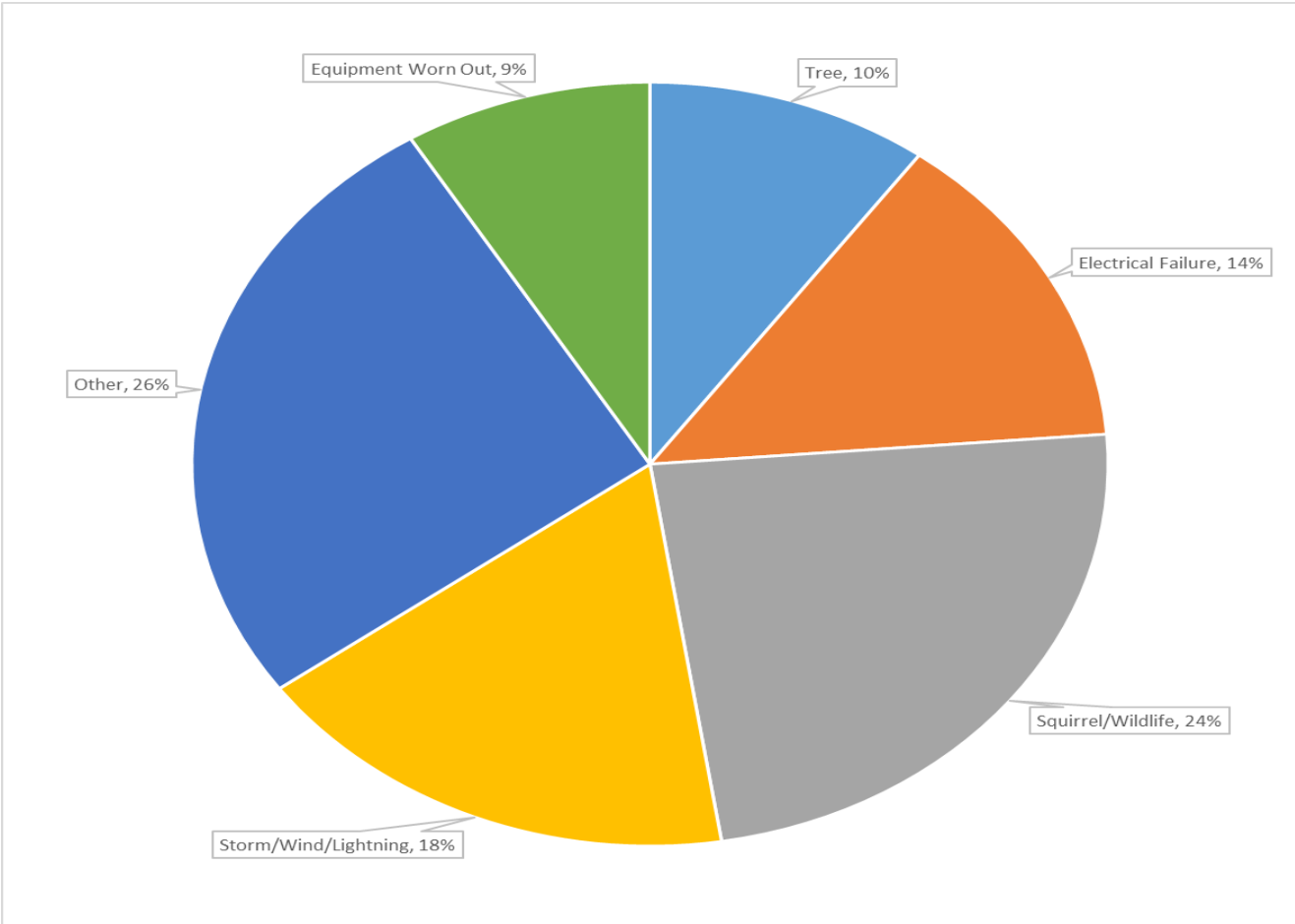


# Outages on SPU Electric System

SPU has recorded outages for over a 25 – year period. During 2023, SPU Crews responded to 65 outages on the electric distribution system.



# Outage Causes



# SAIFI

## System Average Interruption Frequency Index

---

*The average number of sustained outages that a customer would experience in a year.*

**SAIFI = Total Number of Customer Interruptions (>5 minutes)**

**Total Number of Customers Served**

**SPU 2023 SAIFI 0.07**

# SAIDI

## System Average Interruption During Index

---

*The average amount of time a customer on the utility's system spent without power during the year.*

**SAIDI = Number of Customer-Minutes Interrupted (>5 minutes)**

**Total Number of Customers Served**

**SPU 2023 SAIDI 4.17 minutes**

# CAIDI

## Customer Average Interruption During Index

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*The average amount of time a customer can expect to be without power when they lose power.*

CAIDI = Number of Customer-Minutes Interrupted (>5 minutes)

SPU 2023 CAIDI 60.35  
minutes

# ASAI

## Average Service Availability Index

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*Represents the fraction of time that a customer has received power during the year 2022.*

$$\text{ASAI} = \frac{\text{Customer Hours Service Availability}}{\text{Number of Customers X (No. of hours/year)}}$$

Number of Customers  
X (No. of hours/year)

SPU 2023 ASAI 99.999





# CERTIFICATE OF EXCELLENCE IN RELIABILITY

*This is to acknowledge that*

## **Shakopee Public Utilities**

*has significantly exceeded the 5-year average for all U.S. electric utilities\*  
for reliable electric service. The utility participates in the American Public Power  
Association's e-Reliability Tracker service to track its power outages  
and restoration against national benchmarks..*

\*As reported by the Energy Information Administration

April 8, 2024

A handwritten signature in black ink, appearing to read "Paul Zummo", is written over a horizontal line.

Paul Zummo  
Director, Research & Development



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DATE: May 1, 2024  
 TO: Commissioners  
 FROM: Greg Drent, General Manager *GPD*  
 Subject: APPA RP3 Award – Diamond Designation for 2024 - 2026

---

The American Public Power Association's (APPA) Reliable Public Power Provider (RP3) Program recognizes utilities demonstrating proficiency in four key disciplines: Reliability, Safety, Workforce Development, and System Improvement. The RP3 Program is a national designation. Utilities earn the designation of Gold (80 - <90), Platinum (91- <98), or Diamond (98-100). RP3 designations last for three years, starting on May 1 of the designation year and going to April 30 three years later. Utilities that wish to maintain their designation status must re-apply in the second year of the three-year designation period. Shakopee Public Utilities has maintained its Diamond designation since 2015 and started the application process to re-apply mid-year 2023 for the 2024 – 2026 period.

The application process starts in May and closes in September. SPU staff worked rigorously, pulling the data together for the application process. Criteria within each discipline are based on leading business practices and are intended to represent a utility-wide commitment to safe and reliable delivery of electricity. Applicants earn points for their practices and accomplishments in each of the four disciplines. Applications are reviewed by an 18-member review panel. Panel members are comprised of public power employees from across the country. Below is a checklist SPU follows for the RP3 application process.

#### Application

1. Utility Demographics Form

#### Section Checklists (2023 Application)

- I. Reliability
  - A. Reliability Indices Collection
    1. Reliability Tracking Methods
    2. Indices Data
  - B. Reliability Indices Use
    1. Use of Indices
    2. Reliability Survey
  - C. Mutual Aid
    1. Mutual Aid Participation
  - D. Disaster Plan
    1. Current Disaster Plan
  - E. Physical Security
    1. Physical Security

- F. Physical Security
  - 1. Prevention and Response
  - 2. Awareness
- II. Safety
  - A. Safety Manual
    - 1. Use of Manual
    - 2. Management Directive to Employees
  - B. Safe Work Practices
    - 1. Regular Safety Meetings
    - 2. Policy on Safety Rules
    - 3. Documented Job Site Inspections
    - 4. Documented Job Briefings
    - 5. Non-Utility Personnel Orientations
    - 6. Change to Practices due to Accidents
    - 7. Annual OSHA Topics Training
    - 8. AEDs
    - 9. Arc Hazard Assessment
    - 10. Disaster Drills
  - C. Benchmarking
    - 1. Safety Index Benchmarking
- III. Workforce Development
  - A. Succession Planning and Recruitment
    - 1. Employee Demographics
    - 2. Succession Plan
    - 3. Recruitment and Retention
    - 4. Compensation Study
  - B. Employee Development & Recognition
    - 1. Employee Reviews/Development
  - C. Education, Participation and Service
    - 1. Education Policy
    - 2. Education classes, conferences, workshops,
    - 3. Professional/Community/Service Organization Memberships
- IV. System Improvement
  - A. Research & Development
    - 1. R&D Program participation
  - B. System Maintenance and Betterment
    - 1. System Maintenance
    - 2. System Losses



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3. Planning Study
- C. Financial Health
1. Capital Improvement Plan
  2. Distributed Energy Resources
  3. Financial Health and Stability



As you can see from the list this process is very demanding on the utility and I am proud to announce that once again, Shakopee Public Utilities received the highest RP3 designation, "DIAMOND," for operational excellence and leading practices. The designation demonstrates SPU's dedication and commitment to its employees, customers, and community.

The Diamond designees have proven they are proficient in the four key disciplines – reliability, safety, workforce development, and system improvement. About 8% of AAPA utility members currently hold a Diamond level RP3 designation. Nine other Minnesota utilities hold the Diamond level designation. "Receiving an RP3 designation is a great honor, signifying a utility has demonstrated commitment to industry best practices", said Jeremy Ash, Chair of APPA's RP3 Review Panel.

No action Requested – Informational item and picture for website



**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: Greg Drent, General Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: 15 kV Pad Mount Switchgear Bid Award  
DATE: May 1, 2024

**ISSUE**

On April 30, 2024, staff opened bids for twenty one (21) 15 kV pad mount switch gear devices required to replenish stock for spares and complete 2024 and 2025 projects. The bid results are attached.

**DISCUSSION**

The apparent low bid received is from Border States Electric for Eaton/Cooper manufactured oil insulated switches in the combined total amount of \$1,179,501.17 for twenty one (21) switches per SPU specifications.

Due to the extended lead times for these switches, i.e. 50 weeks for delivery, payment is expected to be in spring 2025. There are \$700,000 funds budgeted for this material in the approved 2024 Capital Projects which will be carried forward into 2025. Additionally, there are projected Capital Improvement Project expenses of \$4,800,000 (\$700,000 plus \$2,000,000 plus \$700,000 plus \$700,000) in the following four year period from 2025-2028 for pad mount switches. As can be seen then the combined budget for 2024 and 2025 is \$1,400,000, which is more than the low bid amount.



**RECOMMENDATION**

Staff recommends the Commission award the 15 kV pad mount switch gear bid to Border States Electric for Eaton/Cooper manufactured oil insulated switches in the amount of \$1,179,501.17 for twenty one (21) pad mount switches.

**BID RESULTS**  
**ELECTRIC 15 kV PADMOUNT SWITCHGEARS**  
**Shakopee Public Utilities**  
**4/30/2024**

Vendor	Switchgear Type	Quantity Measure	Amount Needed	\$ / Quantity	Extended \$	MFG	Lead Time Weeks	\$ Above Lowest Bid	Prices Value Through	* NOTES
Company Name	BSE									
	RVAC-9	per unit	14	54,645.98	765,043.72	Eaton	50		6/1/2024	
	RVAC-11	per unit	5	55,598.73	277,993.65	Eaton	50		6/1/2024	
	VFI-9 12.5 600/600	per unit	1	73,332.64	73,332.64	Eaton	45		6/1/2024	
	VFI-11 12.5 600/600	per unit	1	63,131.16	63,131.16	Eaton	50		6/1/2024	
					<b>1,179,501.17</b>			<b>0.00</b>		
Company Name	EMS									
	RVAC-9	per unit	14	56,276.98	787,877.72	Eaton	52		6/4/2024	Price is off by \$.07, their quoted total extended cost was \$787,877.65
	RVAC-11	per unit	5	57,288.93	286,444.65	Eaton	52		6/4/2024	
	VFI-9 12.5 600/600	per unit	1	75,561.95	75,561.95	Eaton	52		6/4/2024	
	VFI-11 12.5 600/600	per unit	1	65,050.35	65,050.35	Eaton	52		6/4/2024	
					<b>1,214,934.67</b>			<b>35,433.50</b>		
Company Name	RESCO									
	EPDM 9	per unit	15	\$ 88,317.00	1,324,755.00	G&W	44		6/29/2024	Adder 3 phase gang link handle \$728. ABC CBA config \$11,532.00 LV mounting \$5,495 for item 1 \$6,...
	EPDM 11	per unit	6	\$ 83,836.00	503,016.00	G&W	44		6/29/2024	
					<b>1,827,771.00</b>					<b>648,269.83</b>

**SHAKOPEE PUBLIC UTILITIES  
MEMORANDUM**

TO: Greg Drent, General Manager   
FROM: Joseph D. Adams, Planning & Engineering Director   
SUBJECT: UNDERGROUND CABLE PURCHASE  
DATE: April 30, 2024

**ISSUE**

On April 1, 2024, The Commission previously approved of staff's recommendation to award the bid for 100,000 nominal feet of 500 MCM and 100,000 nominal feet of 750 MCM underground EPR insulated cable required to complete 2024 and 2025 feeder extension projects to WESCO for cable manufactured by CME.

**DISCUSSION**

The apparent low bid received was from WESCO for CME cable in the combined total amount of \$1,553,200 for EPR insulated cable per SPU specifications. For evaluation purposes, all cable bids are normalized to the same base metal pricing (\$/lb.) for the copper and aluminum content by weight and actual payment is based on the published index price at time of shipment.

Staff executed a purchase order for the entire quantities of both size cables, 500 MCM and 750 MCM, upon bid award by the Commission. Upon receipt of SPU's purchase order WESCO submitted it to CME who rejected it and pointed out that CME had not included the feature of "filled strand" in the quote they had provided to WESCO for the 750 MCM cable, only for the 500 MCM cable. WESCO had included the feature "filled strand" in the official bid for both size cable, 750 MCM and 500 MCM. The specification staff supplied to all bidders only listed "filled strand" for the 500 MCM cable. The specification for the 750 MCM cable listed "strand" and omitted "filled. Strand filling is applying a desiccant material in the voids between cable strands as a moisture blocking agent. This is a desirable feature of underground cable except in desert dry locales where the added expense is not justified.

CME informed SPU via WESCO that they could add "filled strand" to the 750 MCM cable but would have to add 7% to their quoted price to WESCO. WESCO told SPU that consequently





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they would also have to increase their bid price by 7%. Staff conferred with the Commission's legal counsel who advised that due to the multiple errors the best course of action would be to reject all bids and re-bid as state statutes does not allow for changing bid prices once bids have been opened. Staff informed WESCO and notified them the purchase order was not in effect.

#### RECOMMENDATION

Staff recommends the Commission reverse its action awarding the bid for all the subject cable to WESCO/CME and reject all bids and direct staff to prepare a new formal bid.





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DATE: May 1, 2024  
TO: Commissioners  
FROM: Greg Drent, General Manager *GD*  
Subject: Union Contact

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The SPU electric department voted to become union members with the International Union of Operating Engineers, Local No. 49, on August 14, 2023. Since the electric department vote, SPU has had several meetings and one mediation session to work out the union contract details. This is the first contract, so there is no redline version to review. SPU's starting point was the current handbook, and the details were worked on from there.

Commissioner Letourneau was present during the mediation session that happened on April 11, 2024. The session lasted approximately 10 hours and was very productive. The union has voted to ratify the contract. This is a two-year contract versus a three-year contract, as we were too far off on a third year since this is the first contract with the union. Staff understands the desire to have a three-year contract, but we couldn't get there as too many topics were unanswered for the third year. Topics for future discussions are MNFMLA requirements, health insurance rates, short-term disability, and wages, to name a few.

I have attached a copy of the union contract for your review, and I recommend approving the contract.

**Action:** Approve 2024 and 2025 union contract between SPU and International union of operating engineers, Local No. 49

# COLLECTIVE BARGAINING AGREEMENT

Between

THE SHAKOPEE PUBLIC UTILITIES

And

INTERNATIONAL UNION OF OPERATING  
ENGINEERS, LOCAL NO. 49



January 1, 2024 through December 31, 2025

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## **ARTICLE 1 – AGREEMENT**

- 1.1 **Agreement** This Agreement is entered into between Shakopee Public Utilities Commission (hereinafter called the EMPLOYER), and Local 49, International Union of Operating Engineers, (hereinafter called the UNION).
- 1.2 **Scope** This Agreement constitutes the entire Agreement between the parties and no verbal statements shall supersede any of its provisions. Any amendment or agreement supplemental hereto shall not be binding upon either party unless executed in writing by the parties hereto.
- 1.3 **Purpose** This Agreement is entered into by the parties for the general purpose of promoting the mutual interests of the Employer and its employees; to maintain cooperation and understanding between the parties; establish certain hours, wages, and other conditions of employment for the duration of this Agreement; establish procedures for the resolution of disputes concerning this Agreement's interpretation and/or other application. In the spirit of existing harmonious relations, the parties to this Agreement shall cooperate fully to secure the advancement and achievement of these purposes.

## **ARTICLE 2 – RECOGNITION**

- 2.1 The Employer recognizes the Union as the exclusive bargaining representative, under Minnesota Statutes, Section 179A.03, Subdivision 8, as certified by the Bureau of Mediation Services on August 14, 2023, BMS Case No. 24PCE0191, and described as:
- All employees employed by Shakopee Public Utilities Commission, Electric Department, who are public employees within the meaning of Minn. Stat. 179A.03, subd. 14, excluding supervisory, confidential, clerical, and all other employees.
- 2.2 In the event that the Employer and the Union are unable to agree as to the inclusion or exclusion of a new or modified job class the issue shall be submitted to the Bureau of Mediation Services for determination.

### **ARTICLE 3 – DEFINITIONS**

- 3.1 UNION: The International Union of Operating Engineers, Local No. 49.
- 3.2 EMPLOYER: Shakopee Public Utilities Commission.
- 3.3 UNION MEMBERS: Members of the International Union of Operating Engineers, Local No. 49.
- 3.4 EMPLOYEE: A member of the exclusively recognized bargaining unit.
- 3.5 BASE PAY RATE: The Employee's hourly rate exclusive of any special allowances.
- 3.6 DAYS: Unless otherwise indicated, means the Employer's regular business days.
- 3.7 PROMOTION: Movement of an employee from one job classification to another within the bargaining unit, where the maximum hourly wage rate/salary for the new position is higher than that of the employee's former position.
- 3.8 EVALUATION/TRAINING PERIOD: A six-month period at the start of employment with the Employer (or at the beginning of a promotion, reassignment, or transfer).
- Probationary periods are six months in duration. The evaluation period may be extended for up to six months by the department head in consultation with the General Manager. The employee will be given written notice that the evaluation period has been extended. An employee serving his/her initial evaluation period may be disciplined at the sole discretion of the Employer, up to and including dismissal. An employee so disciplined, including dismissal, will not have any grievance rights.
- 3.9 SEPARATION IN GOOD STANDING: An Employee leaving service with the Employer after giving two weeks' advance notice, providing the Employee has not been discharged for misconduct or is not resigning in lieu of being terminated for misconduct.
- 3.10 SENIORITY: Length of continuous service in any of the job classifications covered by Article 2 – Recognition. (Overall/master seniority).

### **ARTICLE 4 – UNION SECURITY**

In recognition of the Union as the exclusive representative:

- 4.1 The Employer shall deduct from the wages of Employees, who authorize such a deduction in writing, an amount necessary to cover monthly union dues as established by the Union and remit such deduction to the appropriate designated officer of the Union with a list of the names of the Employees from whose wage deductions were made. The

Union shall certify to the Employer, in writing, the current amount of regular dues to be withheld.

In addition to monthly union dues set by the Union, the Employer will, upon written authorization from the individual employee, deduct from the employee the working dues assessment. These dues will be deducted at ten cents (\$.10) per hour, not to exceed forty (40) hours per week. (For these purposes, hours include all hours for which an employee is paid in a week.) All money collected by the Employer, as provided herein, shall be remitted, along with the reporting form which states the employee's name, last four digits of social security number, hours worked and amount of working dues owed to the Union's office located at 2829 Anthony Lane South, Minneapolis, MN 55418 not later than 15<sup>th</sup> day of the month following the month in which deductions were made.

The Union shall indemnify, defend, and hold harmless the Employer from any and all claims against the Employer arising out of the Employer's collection and remission of dues in accordance with Section 4.1.

- 4.2 The Union shall designate two (2) Employees from the bargaining unit to act as Stewards and shall inform the Employer in writing of such choices.
- 4.3 A non-employee Business Representative of the Union, previously certified to the Employer as provided herein may, with the prior notice to the Employer, come on the premises of the Employer for representational purposes including, bargaining, processing grievances, and meeting new hires within 30 days of hire for at least 30 minutes without charge to pay or leave time per Minn. Stat. § 179A.07, Subd. 9.
- 4.4 The Employer shall make space available on the employee bulletin board for posting Union notices and announcements.

#### **ARTICLE 5 – EMPLOYER AUTHORITY**

- 5.1 Except as otherwise specifically provided in this Agreement, the Employer retains all the rights and functions of management that it has by law. In particular, it is understood and agreed that, in accordance with Minn. Stat. 179A.07, the Employer is not to required and will not meet and negotiate on matters of inherent managerial policy. Matters of inherent managerial policy include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure, selection of personnel, and direction of personnel.
- 5.2 As long as the action of the Employer does not violate any specific provision of this Agreement, and without limiting the generality of the foregoing or in any way Minn. Stat. 179A.07, the Employer shall have the absolute and unqualified right to, in its sole discretion:
- 5.3 Determine services to be offered, and plan, direct and control all operations.

- 5.4 Discontinue or subcontract all or any part of its business operations, with the understanding that the Employer will not subcontract work while any Employee is on layoff. In the event that an employee is on layoff, that Employee would be called before using subcontractors to perform bargaining unit work.
- 5.5 Determine (a) the layout and equipment to be used in the business; (b) the processes, techniques, methods, and means of providing services.
- 5.6 Introduce new services, techniques, methods, processes, machines, jobs or classifications, and/or determine, change, delete or combine existing services, techniques, methods, processes, jobs, job duties, job descriptions or classifications, provided that, where Employer adds a new classification or materially changes the duties of a classification such that it requires new or different skills or certifications, it will bargain with the Union over the wage for the new or changed classification. In such cases, the Employer shall set the initial wage rate, and if the Union does not agree to it or the parties cannot reach agreement on a wage rate, then the matter shall be submitted to arbitration, consistent with the grievance and arbitration process set forth in this Agreement.
- 5.7 Determine (a) the allocation and assignment of work or workers; (b) the quality and quantity of work to be performed; (c) the policies affecting the selection and training of employees; (d) the right to hire, recall, transfer, promote and lay off employees; (e) and the right to suspend or discharge employees.
- 5.8 Maintain discipline and control the use of Employer property, and determine safety and health measures impacting access, control, maintenance, and operation of Employer property.

## **ARTICLE 6 – EMPLOYER SECURITY**

- 6.1 **No Lockout.** The Employer agrees that so long as this Agreement is in effect there shall be no lockout.
- 6.2 **No Strike.** In no event will employees strike in violation of Minn. Stat. 179A.18, subd. 1. Further, the Union, its officers, agents, members, and employees covered by this Agreement agree that so long as the Agreement is in effect, there shall be no strikes, partial or complete sit-downs, slowdowns, stoppages, or cessations of work, including actions of a sympathy nature, boycotts, or any unlawful acts of any kind that interfere with the Employer's operation or its provision of services. Any violation of this provision may be made the subject of disciplinary action, including discharge.

## **ARTICLE 7 – RIGHTS – GRIEVANCE PROCEDURE**

- 7.1 **Grievance:** Any dispute or disagreement as to the interpretation or application of the specific terms and conditions of this Agreement and the Employer's policies.
- 7.2 **Contents of a Grievance:** All grievances shall be in writing. Only one subject matter or incident shall be covered in any one grievance. The written grievance shall contain the name and position of the grievant, a clear and concise statement of the grievance, the issue involved, the relief sought, the date and time (if known) the alleged violation took place, and the specific section of the Agreement or policy alleged to have been violated. All grievances shall be signed and dated.
- 7.3 **Processing of a Grievance:** It is recognized and accepted by the Union and the Employer that the processing of grievances as hereinafter provided is limited by the job duties and responsibilities of the steward and grievant Employee(s) and shall therefore be accomplished during normal working hours only when consistent with such Employee's duties and responsibilities. The steward shall be allowed a reasonable amount of time, not to exceed one-half hour per grievance, for the investigation and presentation of grievances during normal working hours provided the aggrieved Employee(s) and the steward have previously notified and received the approval of the designated supervisor where the designated supervisor has determined that such absence is reasonable and would not be detrimental to the work programs of the Employer.
- 7.4 **Waiver:** If a grievance does not comply with any of the procedural requirements set forth in Section 7.5, it shall be considered "waived." If a grievance is not appealed in conformance with any of the procedural requirements in Section 7.5 or any agreed waiver of the requirements thereof, it shall be considered settled on the basis of the Employer's last answer. If the Employer does not answer a grievance or an appeal thereof within the specified times limits, the Union may elect to treat the grievance as denied at that step and immediately appeal the grievance to the next step. The time limit in each Step may be extended by mutual written agreement of the Employer and the Union at each step. In addition, the Employer and Union may mutually agree to extend the timelines and mediate the grievance following the Step 3 final answer from the Employer prior to appealing the matter to Step 4.
- 7.5 **Procedure:** Grievances, as defined by Section 7.1, shall be resolved in conformance with the following procedure:
- Step 1** An Employee or Union representative claiming a violation concerning the interpretation or application of this Agreement shall, within fourteen (14) calendar days after such alleged violation has occurred, present such grievance to the Electric Superintendent. The Electric Superintendent will discuss the matter with the grievant and Union representative and give an answer to such Step 1 grievance to the Union representative within seven (7) calendar days after receipt.



A grievance not resolved in Step 1 shall be appealed to Step 2 within seven (7) calendar days after the Electric Superintendent's final answer in Step 1. Any grievance not appealed in writing to Step 2 by the Union within seven (7) calendar days shall be considered waived.

**Step 2** If appealed to Step 2, the grievance shall be presented by the Union and discussed with the General Manager or designee. The General Manager or designee shall give the Union representative the Employer's Step 2 answer in writing within seven (7) calendar days after receipt of such Step 2 grievance. A grievance not resolved in Step 2 may be appealed to Step 3 within seven (7) calendar days following the General Manager or designee's final Step 2 answer. Any grievance not appealed in writing to Step 3 by the Union within seven (7) calendar days shall be considered waived.

**Step 3** A grievance unresolved in Step 2 and appealed to Step 3 shall be submitted to the Minnesota Bureau of Mediation Services (BMS) for mediation. Both parties must agree in order for the grievance to be submitted to mediation. If they do not, it will be automatically moved to step 4. A grievance not resolved in Step 3 may be appealed to Step 4 within seven (7) calendar days following the conclusion of the mediation.

**Step 4** A grievance unresolved in Step 3 and appealed to Step 4 shall be submitted to Arbitration. The parties shall attempt to agree upon an arbitrator within seven (7) calendar days after receipt or notice of referral and, in the event the parties are unable to agree upon an arbitrator within said seven (7) calendar day period, either party may request the Bureau of Mediation Services to submit a panel of five (5) arbitrators. The party striking the first name shall be the grieving party with each party then alternately striking names. The remaining person shall be the arbitrator. Failure to select an arbitrator within ninety (90) days of the Employer's answer in Step 3, shall be considered a "waiver" of the grievance; unless the delay in selection is caused by the Employer, or the delay is mutually agreed upon by the parties in writing.

- 7.6 **Arbitrator's Authority:** The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the terms and conditions of this Agreement. The arbitrator shall consider and decide only the issue(s) submitted by the Employer and the Union in writing and shall have no authority to make a decision on any other issue not so submitted.

The arbitrator shall be without power to make decisions contrary to, or inconsistent with, or modifying or varying in any way the application of laws, rules or regulations having the force and effect of law. The arbitrator's decision shall be submitted to both parties in writing within thirty (30) days following the close of the hearing or the submission of briefs by the parties, whichever be later, unless the parties agree to an extension. The decision shall be binding on both the Employer and the Union and shall be based solely on the arbitrator's interpretation or application of the express terms of this Agreement, applicable laws, and the facts of the grievance presented.

The fees and expenses for the arbitrator's services and proceedings shall be borne equally by the Employer and the Union provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings the cost shall be shared equally.

- 7.7 **Choice of Remedy:** It is specifically understood that any matters governed by statutory or regulatory provisions, except as expressly provided for in this Agreement, shall not be considered grievances under this Agreement. In the event more than one procedure is available for resolution of a dispute arising from any provisions covered by this Agreement, the aggrieved employee(s) shall be limited to one procedure through which remedy may be sought. If the aggrieved Employee(s) utilizes a procedure other than the grievance procedure herein, then the employee is precluded from appealing under this procedure. If the Employee utilizes this procedure, then the Employee is precluded from appealing under another procedure. Employees may use both this grievance procedure and a statutory procedure to the extent that it is required by state or federal law.

## **ARTICLE 8 – DISCIPLINE**

- 8.1 The Employer will discipline or discharge Employees for just cause only.
- 8.2 Written reprimands, notices of suspension, notices of demotion and/or transfer, and notices of dismissal which are to become part of an Employee's personnel file shall be read with a signature acknowledging receipt. Employees' signatures do not mean the employee agrees with the reprimand. Employees will receive a copy of such reprimands and/or notices.

## **ARTICLE 9 – WORK SCHEDULES**

- 9.1 The Employer is the sole authority in establishing work schedules.
- 9.2 Work week: begins on Friday at 4:00 p.m. and continues through the following Friday at 4:00 p.m. A work week is seven (7) consecutive twenty-four (24) hour periods.
- 9.3 The regular workweek for employees shall be four (4) nine (9) hour days, from 7:00 am – 4:30 pm Monday through Thursday and 7:00 am – 11:00 am on Friday.

Service to the public may require the establishment of regular shifts for some Employees on a daily, weekly, seasonal, or annual basis other than the regular workday and workweek. The Employer shall give fourteen (14) workdays advance notice to the Employees affected by changes to the Employee's normally scheduled workdays.

- 9.4 In the event that work is required because of unusual circumstances such as (but not limited to) fire, flood, snow, sleet or breakdown of municipal equipment or facilities, (including scheduled outages), no advance notice need be given.
- 9.5 Except on Fridays, when the work schedule is only four hours. A paid fifteen (15) minute break is allowed within each four (4) consecutive hours of work and an unpaid thirty (30) minute lunch period shall be taken by employees each day.

#### **ARTICLE – 10 OVERTIME PAY**

- 10.1 All hours worked in excess of forty (40) hours in a work week shall be paid at the rate of one and one-half (1 1/2) times the Employee's regular base pay rate.
- 10.2 All hours worked on Sundays or Holidays are paid at two times the Employee's regular base pay rate.
- 10.3 For the purposes of computing overtime compensation, overtime hours worked shall not be pyramided, compounded, or paid twice for the same hours worked.
- 10.4 There shall be no overtime worked without prior approval by the Employer.
- 10.5 Sick leave, vacation leave, compensatory time, floating holiday pay, jury duty pay, bone marrow leave, bereavement pay, or observed holidays shall be considered as hours worked for purposes of calculating overtime.
- 10.6 Unless otherwise stated in this Agreement, overtime compensation shall be in pay or compensatory time at one and one-half times the regular rate of pay. The employee may choose whether to receive pay or compensatory time.

#### **ARTICLE – 11 COMPENSATORY TIME**

- 11.1 Employees may accumulate compensatory time in lieu of overtime compensation at the rate of one and one half (1 1/2) times the overtime hours worked. All compensatory time will be recorded as such on official time sheets, both when it is earned and when it is used.
- 11.2 An employee may accrue up to, but not in excess of, a maximum of forty (40) hours of compensatory time at any given point. Once an employee's compensatory time bank hits forty (40) hours, they must spend it down in order to add back to it, up to the maximum. Employees may request and use compensatory time off in the same manner as other leave requests.
- 11.3 Accrued compensatory time may be taken in thirty (30) minute increments. All scheduling of compensatory time off shall be pre-approved by the Electric Superintendent.



**ARTICLE – 12 ON-CALL IN PAY, REMOTE WORK PAY, REST TIME, MUTUAL AID & STANDBY DUTY**

- 12.1 **Call In Pay:** Call ins will be paid for at least two hours for the first two hours worked or any part thereof and then half hour increments for any subsequent time worked past the initial two-hour period. Hours compensated during call in count toward overtime calculation. Work scheduled in advance is not subject to the two-hour call in. Call in pay will start at the time of arrival at the shop or at the field location and the pay will end 30 minutes after leaving the shop or if leaving the field/work location and returning home. New call outs start when off payroll. For the purpose of computing overtime compensation, overtime hours worked shall not be pyramided, compounded, or paid twice for the same hours worked.
- 12.2 **Reconnect/Remote Work Pay:** Reconnect work will be paid for one-hour minimum overtime pay. Remote work will be paid for one-hour minimum overtime pay. Reconnect or Remote work hours may not be pyramided.
- 12.3 **Rest Time:** Employees required to work more than three (3) hours between the hours of 11:00 pm and 7:00 am on a normal workday shall be granted a rest period of (1) hour for each hour worked. While on such rest period, employees shall not suffer a loss of their regular workday's pay. This time should be work taken at the beginning of the next scheduled work shift. No employee shall be required to come back to work for less than 2 hours at the end of the day. The employee must notify their supervisor if taking rest time.
- 12.4 **Mutual Aid:** When in the case of providing mutual aid to another electric municipality in case of major storms, an employee is required to spend the night in a different community, they will receive one and one-half times their regular base rate of pay for all hours worked Monday – Saturday and double time for all hours worked on Sundays and Holidays. Where not required to spend the night, the employee will be paid in accordance with the standard practices.
- 12.5 **Standby Duty:** Standby duties are assigned to qualified employees on a rotating basis. Weekly standby duties include being within thirty (30) minutes travel time of the Shakopee Public Utilities Service Center. The standby person is to be available at all times to receive and answer calls from the answering service or Scott County Sheriff's Office and to be in mental and physical condition to safely perform work that may arise in responding to a call. A vehicle is supplied for use to the electric standby person to respond to calls. If for any reason a substitute is arranged by the scheduled standby person, this must be reported to the dispatcher, Human Resources and also the Superintendent, if available.

The pay rate for standby duties and holiday duties will be eleven (11) hours pay at their regular rate of pay for Monday-Sunday. An electric employee assigned to be on stand-by

duty on one of the 11 designated holidays will be paid and an additional two (2) hours of pay at their regular rate of pay.

### **ARTICLE - 13 SENIORITY**

**13.1 Probationary Employees:** During the probationary period, an Employee may be discharged at the sole discretion of the Employer, and the Employee shall have no access to the grievance and arbitration procedure for any such discharge.

**13.2 Layoff:** If the Employer should layoff any bargaining unit Employee(s) for a period of thirty (30) calendar days, the following conditions shall apply:

- A. The Employer shall determine the position(s) in the classification, which are to be eliminated, provided however, that all Employees in temporary, seasonal, and part-time positions shall be laid off before regular Employees.
- B. Seniority within the effected classification shall govern the order in which Employees are laid off. The Employer shall lay off Employees in reverse order of their seniority in the classification. The Employer shall give written notice to the Employee(s) to be laid off with a copy provided to the Union, as soon as practicable.
- C. In the event a position of a higher class is eliminated, and layoffs become necessary, employees may exercise their seniority to displace (“bump”) less senior Employees of a lower class in which the Employee is qualified, with the understanding that they will be paid at the rate of the position into which they bump.
- D. Seniority rights shall not control where it would result in the Employer not having the appropriate licensed Employees to conduct the work of the department.

**13.3 Recall:** Where Employees were laid off in accordance with Section 13.2, they will be recalled in the order of their seniority within their classification.

- A. An Employee on lay-off shall be notified of recall by email at their last known email address, at least seven (7) calendar days prior to the reporting date. The Employee shall notify the Employer of their intent to return to work within 48 hours of receipt of notice and shall report to work on the reporting date specified by the Employer unless other arrangements have been agreed to by the Employer and Employee in writing. If the Employee does not return to work under the terms of recall mutually agreed to by the parties, the Employee shall be deemed to have terminated employment with the Employer. Employees shall remain on a recall

list for twelve (12) months or until they fail to return to work in response to a recall, whichever occurs first.

**ARTICLE 14 – COMPENSATION**

14.1 Rates of Pay: Employees covered by this Agreement shall be compensated in accordance with the Salary Schedule marked "Appendix A" attached hereto and made a part of this Agreement.

14.2 Employer shall provide Employees with a pay stub or access to an online pay stub showing Employee earnings, vacation, sick and safe leave, floating holidays, and compensatory time and shall be paid biweekly by automatic deposit. When a payday falls on a holiday, Employees shall receive pay the preceding workday.

14.3 Pay Day: Employees shall be paid bi-weekly on alternate Fridays. When a payday falls on an official holiday, employees shall receive their paychecks the nearest preceding workday.

14.4 Pay Period: A fourteen (14) day period beginning on Friday at 4:00 p.m. and ends the following Friday at 4:00 p.m. A work week is seven (7) consecutive twenty-four (24) hour periods.

**ARTICLE 15 – VACATION**

15.1 Vacation Leave Schedule as follows:

Years of Service	Paid Vacation	Total hours allowable for carryover.
0-5 Years	80 Hours	40 Hours
6-10 Years	120 Hours/year	60 Hours
11-15 Years	160 Hours/Year	80 Hours
	Up to a maximum of 25 days/year	
After 15 Years	200 Hours/Year	100 Hours
	Up to a maximum of 25 days/year	

15.2 **Eligibility:** Vacation is available to all regular full-time and is available any time during the year upon approval of management.

15.3 **Accrual Rate:** Vacation is pro-rated during the first year of employment. After the first year, vacation is granted on the employee's anniversary date. Vacation may be used in half-hour increments or more. Employees may carry over one half of what will be earned on that year. Any vacation hours over one half will be forfeited.

15.4 **Earnings and Use:** Employees may request vacation by completing a vacation request form and submitting it to their Department Head for approval. Vacation requests should be made with as much advance notice as possible. In general, vacations lasting a week

or more require a 2-week advance notice. Prior approval of management is required for vacation time. Vacations must not interrupt workflow. Every effort will be made to honor requests; however, Shakopee Public Utilities must reserve the right to limit the number of employees absent at any one time in order to meet customer needs. If an official holiday occurs during a scheduled vacation, the charge against the employee's earned vacation will be reduced by one day.

#### **ARTICLE 16 – BEREAVEMENT LEAVE**

16.1 Employees may use upon approval by their Department Head up to twenty-four (24) hours of Bereavement pay for a death of a spouse, child, stepchildren, sibling, parent, in-laws of the same degree, stepparent, grandparent, grandchild of the employee or of the employee's spouse, or for any other relative residing permanently with and dependent upon the employee. Employees may use one day of bereavement leave for all other funerals, not listed above, (with a cap of three (8-hour) days per calendar year).

Employees may use up to 3 hours of Utility paid time to attend services for a death of a co-worker, subject to Department Head approval.

Bereavement pay will be calculated on the basis of eight (8) hours at the employee's normal rate of pay and count as hours worked for overtime purposes. Employees are expected to notify their Department Head immediately if they will be absent from work and need to take Bereavement leave.

#### **ARTICLE 17 – SICK LEAVE**

17.1 Sick leave accumulates from year to year up to a maximum of 720 hours. Unused sick leave will be paid out at termination according to the Sick Leave Severance Payout schedule for employees who have been employed five years or longer. Sick leave hours may be used in half-hour increments. Employees must use vacation or personal leave for any additional days missed or take these days without pay.

17.2 The Employer and Union agree that the accrual and use of Sick Leave shall comply with, or exceed, the requirements of the Minnesota Earned Safe and Sick Time Law, Minn. Stat. §§ 181.9445 – 181.9448, effective January 1, 2024.

17.3 Sick Leave Bank. On January 1st of each year any employee who will be receiving their new 96 hours of sick and exceed the 720-hour maximum will have those excess hours converted into an amount based on that employee's current hourly rate of pay and deposited into that employee's individual Health Care Savings Plan account. Upon termination all employees will be required to deposit their unused sick hours into their Health Care Savings Plan.



**ARTICLE 18 – POST-EMPLOYMENT HEALTHCARE SAVINGS PLAN (HCSP)**

18.1 The Employer participates in the Post Employment Health Care Saving Plan administered by the Minnesota State Retirement System (MSRS) by contributing monthly, as determined by the Commission for all benefit-eligible employees. This money shall be deposited in employees’ accounts in accordance with the terms and conditions of the plan. Additionally, all benefit eligible employees shall contribute a percentage of their wages to the plan through pre-tax payroll deductions, this percentage amount is based on the number of years an employee is enrolled in PERA (that would include at SPU and any other government position). Listed below outlines the timetable of when percentages will increase.

Years of Service with PERA	0 – 10 years	Beginning 11 – 15 years	Beginning 16 – 20 years	Beginning 21 + years
% of Payroll Contribution	1%	2%	3%	4%
SPU Contribution	\$22.50/pay period	\$22.50/pay period	\$22.50/pay period	\$22.50/pay period

**ARTICLE 19 – INSURANCE**

19.1 Health Insurance. The Employer will contribute a monthly amount toward group health insurance benefits for each eligible employee and their dependents.

- A. The Employer shall contribute one hundred percent (100%) of the insurance premium for employee-only portion of the health insurance plan approved annually by Employer. The Employer shall also pay 80% of the difference between the amount it pays for the employee-only portion of the premium (as described in the preceding sentence) and the actual premium for other options (i.e., single plus child/children, single plus spouse, family).
- B. The Employer shall contribute the amount approved by the Employer into each Employee's HSA accounts. Currently those amounts are \$1,550 for single coverage and \$2,100 for other options (i.e., single plus child/children, single plus spouse, family).
- C. The Employer shall have the right to select the insurance carrier and base level plan and any other coverage options offered to the Employees in the Employer's sole discretion.

- D. It shall be understood that the Employer's only obligation is to purchase an insurance policy and pay the amounts above agreed to and no claim shall be made against the Employer as a result of any denial of any insurance benefits by any insurance carrier.

19.2 Dental Insurance. The employer offers dental insurance through the employers Insurance provider for eligible full time Employees and their spouse/partner and/or their dependents.

- A. The Employer shall contribute one hundred percent (100%) of the dental premium for Employee and 80% for other coverage options (i.e., single plus child/children, single plus spouse, family).
- B. The Employer shall have the right to select the insurance carrier and the policy.
- C. It shall be understood that the Employer's only obligation is to purchase an insurance policy and pay the amounts above agreed to and no claim shall be made against the Employer as a result of any denial of any insurance benefits by any insurance carrier.

19.3 Life Insurance. Employer shall contribute one hundred percent (100%) towards and provide Employees with a life insurance policy. The Employer shall have the right to select the insurance carrier and the life insurance policy in the Employer's sole discretion.

19.4 Health Savings Account (HSA). Effective January 1, 2024, the Employer shall contribute two-thousand one hundred dollars (\$2,100) to family HSA eligible accounts, and one-thousand five-hundred fifty dollars (\$1,550) for employee HSA eligible accounts.

19.5 Deferred Compensation Plan. Employees shall be permitted to participate in the Employer's Minnesota State Retirement System (MSRS) Deferred Compensation Plan (the "Plan") on the same basis as Employer's non-bargaining unit employees, including receiving matching contributions to employee pre-tax dollars made annually by Employer, whenever applicable. The Plan is designed as a long-term savings program, principally to help employees save for retirement. The plan is voluntary and allows eligible employees to make contributions both on a before-tax and after-tax basis. Dollars deposited in the plan as a before-tax contribution are not included in the employee's taxable income.

## **ARTICLE 20 – HOLIDAYS**

20.1 Shakopee Public Utilities provides paid time off to all regular full-time and regular part-time employees for certain Federally observed holidays and Floating holidays. Recognized Holidays, include the following:

- New Year's Day
- Martin Luther King Jr. Day
- President's Day
- Memorial Day
- Juneteenth
- Independence Day
- Labor Day
- Veteran's Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Day

20.2 When a holiday falls on a Saturday, it will generally be observed on the preceding Friday. When a holiday falls on a Sunday, it will generally be observed on the following Monday. Employees will be notified at the beginning of each calendar year of the holiday schedule.

20.3 Employees are eligible for holiday pay as soon as employment begins.

20.4 Employees called in to work on the observed holiday shall be compensated at two (2) times the Employees base rate of pay in addition to holiday pay.

20.5 Full-time employees will receive pay for two floating holidays at their normal straight time rate. The floating holidays must be taken between January 1<sup>st</sup> and must be used by December 31<sup>st</sup>, or they are considered forfeited. Employees hired before July 1<sup>st</sup> will receive two Floating holidays in that calendar year. Employees hired after July 1<sup>st</sup> will receive one Floating holiday in that calendar year.

20.6 Regular nonexempt full-time employees will be paid eight (8) hours' holiday pay based on their regular rate of pay at the time of the holiday.

**ARTICLE – 21 UNIFORMS, SAFETYWEAR, CLOTHING, LICENSURE REIMBURSEMENTS**

21.1 For employees requiring OSHA-mandated reflective shirts, the employer will provide up to five shirts per employee, annually. The employer will provide reflective jackets and sweatshirts. The employer will provide the following uniform items to employees: vests, all PPE Items, Rain Gear, Gloves. These items will be fire retardant and provided annually (in all cases these are "up to" numbers, and the items will be provided on an as needed basis up to these numbers): 6 short sleeve shirts, 6 long-sleeve shirts, 1 hooded sweatshirt, and 6 pants.

- 21.2 In order to encourage employee safety, Electric Department Employees shall receive an annual safety footwear allowance for reimbursement of up to two-hundred and seventy-five dollars (\$275.00) for the purchase of approved safety boots upon presentation of a receipt.
- 21.3 Employer shall provide Electric Department Employees up to five-hundred dollars (\$500) every other year for prescription safety glasses. Employees must submit an itemized receipt in order to receive reimbursement; this must be done within 60 days. The Employer will provide work gloves as needed.
- 21.4 The Employer will pay the difference between a standard driver's license and Commercial Driver's License, with required endorsements at the time of renewal.
- 21.5 All job descriptions that require a valid health card required to hold a Commercial Driver's License will be reimbursed by the Employer.
- 21.6 All membership in professional organizations where membership is required by law or deemed beneficial to the Employer will be reimbursed by the Employer.
- 21.7 Employer shall provide an employer-owned cell phone to all employees following successful completion of their probationary period. The employee may choose from a menu of free options provided by the carrier, with the understanding that Employee may pay to upgrade at their own expense.

## **ARTICLE – 22 EDUCATIONAL ASSISTANCE**

- 22.1 Shakopee Public Utilities is committed to investing in its employees through continued education and training. If employees are considering attending a class or seminar, they should discuss it with their Department Head in advance. Required paperwork must be completed before attending any class and/or being reimbursed. In order to receive reimbursement, all seminars, training and/or classes must be directly related to their current position as determined by their Department Head and Human Resources. Approval will be determined on a case-by-case basis.

For graded courses, employees must receive a grade of "C" or better in order to receive reimbursement. Reimbursable items include tuition, fees, and books up to an annual maximum dollar amount determined by the General Manager. The annual education assistance reimbursement maximum is \$5,250.00, subject to change by the Employer.

Employees who wish to pursue additional training and/or development must complete an Educational Assistance Application form and give this form to their Department Head prior to beginning the course. The course must be preapproved to be eligible for reimbursement. After the employee and Department Head have signed the form, it should be forwarded to Human Resources.

Upon completion of the seminar, training and/or class, the employee must submit a check request to Human Resources and attach documentation indicating completion of the class and the grade received. Director of Finance and Administration must approve the check request.

The Employer invests in educational assistance with the expectation that the investment be returned through enhanced job performance. If the employee voluntarily resigns his or her position with the Employer within 3 years of completing the class, the amount of that payment will be considered a loan, and the employee will be required to repay the educational assistance on a pro-rated basis.

If an employee voluntarily resigns his or her position with the Employer within 3 years of completing the class and receiving assistance the amount of that payment will be considered a loan and the employee will be required to repay the educational assistance on a pro-rated basis. A plan payment will be made upon termination.

### **ARTICLE – 23 JOB POSTINGS**

- 23.1 Job vacancies within the bargaining unit shall be posted for five (5) working days so that members of the bargaining unit can be considered for such vacancies. An employee must apply for the position within five (5) working days after such notice is posted.
- 23.2 The Employer retains the right to final decision in the selection of Employees to fill posted jobs based on qualifications, experience, and abilities. Whenever all relevant qualifications, abilities and experience are equal, then seniority as outlined in Article 13 will prevail. Nothing in this Article prevents the Employer from hiring qualified outside applicants.
- 23.3 Employees filling a job vacancy within the bargaining unit based on the provisions of this Article shall be subject to the conditions of the training period as defined by Article 3.8 during the training period, the Employer may return an Employee to their former position at the sole discretion of the Employer.

### **ARTICLE 24 – SEPARATION OF EMPLOYMENT**

- 24.1 If an employee elects to leave Shakopee Public Utilities, he/she should put their intent in writing. The Employer requires a two (2) week notice so they can begin the process to adequately fill the position. The notice requirement may be waived by mutual agreement of the parties. An employee may use 40 hours of vacation in place of hours worked when given a two-week notice. Employees who have submitted their resignation may use no more than 40 hours of vacation leave between the date their resignation was submitted and the effective date of the resignation. Exceptions to this policy may be allowed for special circumstances, contingent upon approval by the General Manager.

Employees will be paid for any earned but unused vacation hours and compensatory time in addition to hours worked, with the understanding that one-half of the vacation shall go to the Employee's HCSP.

In the event the Employer terminates the employment of a qualified veteran, the appropriate due process will be provided in accordance with applicable law.

Employees must return any and all Employer property and/or materials, information, etc. no later than their last day worked.

**ARTICLE 25 – SICK LEAVE SEVERANCE**

25.1 The Employer acknowledges long-term service by providing a sick leave payout formula (into your Health Care Savings Plan) listed below if the employee meets all the following conditions:

- Full-time or part-time benefit-eligible employee with SPU for 5 continuous years or more.
- On January 1st of each year any employee who will be receiving their new 96 hours of sick leave and exceed the 720-hour maximum will have those excess hours, converted into an amount based on that employee's current hourly rate of pay, deposited into that employee's individual Health Care Savings Plan account.
- Employee is separating employment in good standing.
- The percentage of the severance pay-out shall be based on a maximum of 720 hours of accumulated sick leave calculated on the basis of the employee's current annual base pay.
- The severance payment will be deposited in the employee's HCSP account not later than the first regularly scheduled payday following the employee's final day of employment.

<b>Completion of Continuous Service With SPU</b>	<b>Severance Payout formula as % of accumulated sick leave</b>
0-4 years	0%
5-14 years	45%
15 years	55%
16 years	57%
17 years	59%
18 years	61%
19 years	63%
20 years	65%
21 years	67%
22 years	69%
23 years	71%

24 years	73%
25 years	75%
30 years	100%

Anniversary date of full-time employment or part-time benefit-eligible date is used to compute years of service with SPU.

**Compensatory Time**

An employee who is separated for any reason shall be paid for any accumulated compensatory time.

**Vacation Time**

An employee who is separated for any reason shall be paid for any accumulated vacation leave.

Upon the separation from employment 50% of all earned unused vacation will be paid to an employee in a one lump sum check and 50% will be deposited into their Health Care Savings Plan account, except for those employees who fail to provide the required notice of intent to resign as set forth in Article 24 – Separation of Employment and those employees who are involuntarily terminated for reasons other than job elimination or staff reduction will not receive this benefit.

**ARTICLE 26 – WAIVER**

26.1 Any and all prior agreements, resolutions, practices, policies, rules and regulations regarding terms and conditions of employment, to the extent inconsistent with the provisions of this Agreement, are hereby superseded.

26.2 The parties mutually acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands with respect to any term or condition of employment not removed by law from bargaining. All agreements and understandings arrived at by the parties are set forth in writing in this Agreement for the stipulated duration of this Agreement. The Employer and the Union each voluntarily and unqualifiedly waives the right to meet and negotiate regarding any and all terms and conditions of employment referred to or covered by this Agreement or with respect to any term or condition of employment not specifically referred to or covered by this Agreement, even though such terms or conditions may not have been within the knowledge or contemplation of either or both of the parties at the time that this contract was negotiated or executed.

**ARTICLE 27 – SAVINGS CLAUSE**

27.1 This Agreement is subject to the laws of the United States, the state of Minnesota, and the Shakopee Public Utilities Commission. In the event that any provision of this Agreement shall be held to be contrary to the law by a Court of competent jurisdiction, or

administrative ruling or is in violation of legislation or administrative regulations, such provision shall be voided. All other provisions of this Agreement shall continue in full force and effect. The voided provisions may be renegotiated at the written request of either party.

**ARTICLE 28 – DURATION**

28.1 This Agreement shall be in effect as of January 1, 2024, and shall remain in full force and effect through December 31, 2025, and thereafter unless either party hereto shall give notice sixty (60) days prior to the expiration date of their desire to modify this Agreement.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

**SHAKOPEE PUBLIC UTILITIES**

**INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 49**

\_\_\_\_\_

\_\_\_\_\_  
Jason George  
Business Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Mark J. Pothen  
Chief of Staff

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Steward

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Steward

Date: \_\_\_\_\_

**Appendix "A"**  
**Wage and Classification Rates**

2024: Effective on the first day of the first pay period of 2024, Employees covered by this Agreement shall be placed in their applicable wage scale as listed in Appendix A.

2025: Effective on the first day of pay period of 2025, Employees covered by this Agreement shall receive a three percent (3%) general increase as listed in Appendix A.

All wage increases are retroactive to January 1, 2024.

**Apprenticeship Pay Scale - Starting wage**

**Start Employment**

- 1st six months of program and starting 1st year module (completed 1,000 work hours)
- 2nd six months of program and 1/2 of 1st year module (completed 2,000 work hours)
- 3rd six months of program and start of 2nd year module (completed 3,000 work hours)
- 4th six months of program and 1/2 of 2nd year module (completed 4,000 work hours)
- 5th six months of program and start of 3rd year module (completed 5,000 work hours)
- 6th six months of program and 1/2 of 3rd year module (completed 6,000 work hours)
- 7th six months of program and start of 4th year module (completed 7,000 work hours)
- 8th six months of program and 1/2 of 4th year of module (completed 8,000 work hours)
- Thereafter Lineworker Rate with completion of module 4 and Journeyman test

	2024	2025
	New Hrly rate	New Hrly rate
67%	\$ 35.78	\$ 36.86
70.50%	\$ 37.65	\$ 38.78
74%	\$ 39.52	\$ 40.71
77.50%	\$ 41.39	\$ 42.63
81%	\$ 43.26	\$ 44.56
84.50%	\$ 45.13	\$ 46.48
88%	\$ 47.00	\$ 48.41
91.50%	\$ 48.87	\$ 50.33
95%	\$ 50.74	\$ 52.26
100.00%	\$ 53.41	\$ 55.01

**Journeyman Lineman Rate**

\$53.41	\$53.41	\$ 55.01
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Service Department Lead/Lead Lineworker are 9% above journey lineworker rate

Meter/Electronics Technician rate is 95% of journey lineworker

Locator/Meter Specialist rate is 67% of journey lineworker rate

\$58.22	\$58.22	\$ 59.96
\$50.74	\$50.74	\$ 52.26
\$35.78	\$35.78	\$ 36.86