

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
December 2, 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 –**
 - 2a) Response to Public Comment Discussion at November 4, 2024 Regular Meeting - Water Capacity Charge (GD)
 - 2b) Customer Written Appeal (GD)

3. **Consent Agenda**
 - C=> 3a) Approval of November 4, 2024 Minutes (GD)
 - C=> 3b) Approval of December 2, 2024 Agenda (JK)
 - C=> 3c) December 2, 2024 Warrant List (KW)
 - C=> 3d) Monthly Water Dashboard for October 2024 (LS)
 - C=> 3e) Tower 3 Reconditioning Bid Award Recommendation (LS)
 - C=> 3f) MMPA November Meeting Updates (GD)
 - C=> 3g) MMPA Master Agreement Amendment (GD)
 - C=> 3h) Res #2024-31 Resolution Approving of the Estimated Cost of Pipe Oversizing on the Water Main Project: Whispering Water 2nd Addition (JA)
 - C=> 3i) Res #2024-32 Resolution Regulating Wage Ranges (KW)
 - C=> 3j) Res #2024-33 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection and Authorizing Water Service to Certain Property Described as: Maras Addition, Lot 003 Block 001(JA)
 - C=> 3k) Res #2024-34 Resolution Designating an Official Means of Publication (KW)
 - C=> 3l) Res #2024-35 Resolution Designating Official Depositories of the Shakopee Public Utilities Commission (KW)
 - C=> 3m) Approve the Ehlers Water Connection Fee Study Report (JA)
 - C=> 3n) Approve the Dave Berg Consulting, LLC Rate Study (JA)
 - C=> 3o) Res #2024-36 Resolution Adjusting Fees Applied Under the Water Availability Charge Policy and Establishing Water Rates, Water Meter and Installation Fees and Charges for Customers Served by Shakopee Public Utilities for 2025 (JA)
 - C=> 3p) Res #2024-37 Resolution Adjusting the Underground Electrical Distribution Charge for Development and Establishing Electric Rates, Fees and Charges for Customers Served by Shakopee Public Utilities for 2025 (JA)
 - C=> 3q) 2025 – 2029 Final Capital Improvement Plan (JA)
 - C=> 3r) 2025 Capital Projects and Equipment – Final (JA)
 1. Administrative Projects and Equipment
 2. Electric Projects and Equipment
 3. Water Projects and Equipment
 - C=> 3s) 2025 Final Budget Approval (KW)

*** 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. **Liaison Report (JD)**

6. **Reports: Water Items**

6a) Water System Operations Report – Verbal (LS)

7. **Reports: Electric Items**

7a) Electric System Operations Report – Verbal (BC)

7b) Solar Grid Access Charge (JA)

*** Motion to approve the new Solar Grid Access Charge

8. **Reports: General**

8a) Marketing/Key Accounts Report – Verbal (SW)

8b) 2025 Commission Meeting and Workshop dates (GD)

*** Motion to approve the 2025 Commission Meeting and Workshop dates

8c) General Manager Report – Verbal (GD)

9. **Items for Future Agendas**

10. **Tentative Dates for Upcoming Meetings**

- January 6, 2025
- February 3, 2025

11. **Adjournment**



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

November 18, 2024

TO: Greg Drent, General Manager *GD*

FROM: Sharon Walsh, Director of Marketing, Key Accounts and Special Projects *SW*

SUBJECT: Response to Public Comment Discussion at November 4 Regular Meeting – Water Capacity Charges

Overview

SPU requires Water Capacity Charges (WCC) be paid when there are new connections to our water distribution system (i.e., new building construction) or increased water usage is expected from an existing building expansion or change in use. These charges are paid by developers or property owners as a one-time, upfront fee. They are not collected through ratepayer usage charges. The payments collected from these charges are placed into the Water Access Fund and are used for specific uses, such as siting and constructing new wells, pump houses, booster stations, water storage tanks, treatment plants and transmission water mains to support customer needs.

Anticipated usage at a given property is set by the Met Council in the form of SAC units*. SAC units are defined based on average usage within the 7-county metro area and the specific category/classification assigned to the permitted building by the Met Council. NOTE: A third party, independent analysis is utilized by the Met Council to make these determinations. SPU does not participate in or contribute to this analysis; therefore, we have no influence or input on the resulting SAC unit determinations.

We rely on the Met Council to make the appropriate determinations and then use the SAC unit equivalent to calculate the WCC charges applied to each connection or expansion. This process has been successfully and consistently utilized for all users on the SPU distribution system, ensuring funds are available for the uses identified above due to increased demand on the system**. Currently, WCC fees are not based on, or adjusted by, usage unique to individual properties.

The City of Shakopee does have a Business Subsidy Policy that provides economic development incentives and financial tools for qualifying businesses. This policy is available on their website: <https://www.shakopeemn.gov/business-development/economic-development/business-incentives-finance-programs>

It should also be noted the City of Shakopee is in communications with the Met Council on behalf of the business owner of Babe's Place regarding the number of SAC units. At the time of this memo no determination had been communicated.

Action Requested

No further action is requested unless the Commission is requesting any change in policy.

*A SAC unit is defined as 274 gallons per day.

**In the event a Met Council classification changes and the result is a decrease in the number of SAC units applied to a given property, SPU would refund the appropriate WCC charges accordingly.



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Date

Customer
Address
Shakopee, MN 55379

Re: Appeal to SmartMeter Opt-Out Policy

Dear Customer:

Thank you for contacting SPU regarding our technology upgrade to an Advanced Metering Infrastructure (AMI) metering system. Prior to implementing a system of this nature and scope, significant research was completed, including the use of this technology on a national basis and a comparison of radio frequency (RF) emissions from these meters relative to other RF transmitting devices.

As a public service provider, we follow guidelines and standards set by U.S. federal governmental agencies responsible for the control and safety of RF devices. We further rely on the manufacturer's compliance to these standards imposed on the manufacturing of RF devices. We can confidently share the meters being installed in our service territory comply with both.

SPU is not on the forefront of this technology. According to the U.S. Energy Information Administration (EIA), in 2022, approximately 119,000,000 AMI meters were installed in the United States. This represents about 72% of all electric meter installations, with residential customers accounting for about 88% of the AMI installations.

In comparison to other RF sources, AMI meters are significantly lower in exposure. The FCC limit for RF exposure is 1 milliwatt per square centimeter (mW/cm²). Using this formula, exposure from a wi-fi router is 67 times greater than a smart meter. A microwave – 313 times greater and a cell phone – 12,667 times greater. Two of the greatest reasons for the significantly lower exposure from smart meters is the combination of infrequent signal transmission and the physical distance between human and smart meter. These meters do not transmit constantly as many people believe. The sum of their transmissions is less than one minute per day. Also, these electric meters are placed outside your home, with a wall separating the living space from the meter. This is why we offer an Opt-Outside option for water meter installations. The communication module can also be mounted on the exterior of your home. (See ShakopeeUtilities.com>Residential>AMI Meter Upgrade for more information.)

We respect the views and opinions of all customers. Our decision to proceed with this technology was in response to customers' expectations and additional requests for data, managing increased costs and safety concerns related to manual meter reading, and utilizing the benefits of enhanced data for managing a public utility and serving our growing community. The data acquired from these meters will not be shared and/or used differently with regard to customer privacy. Usage patterns or reasons for usage are not public information and will remain the private information of individual account holders. These meters will not be used to limit or "stutter" power to individuals.

For these reasons, your request to prevent SPU from accessing our equipment and upgrading our technology has been denied. If you do not agree with this decision you have the right to attend a public commission meeting. If you choose to do so, please contact me by phone or email and request to be added to the January 6, 2025 agenda. The December 2, 2024 agenda has already been set.

Sincerely,

Greg Drent, General Manager
952-233-1511, gdrent@shakopeeutilities.com



November 18, 2024

Shakopee Public Utilities
Attention: Greg Dent, General Manager
P.O. Box 470
255 Sarazin Street
Shakopee, Minnesota 55379-1470

RE: Written Appeal Regarding SPU Meter Exchange Program

Dear Mr. Dent,

We have serious concerns with the roll-out of the SPU Meter Exchange Program. Based on information we have received to date regarding the new "Advanced" equipment, it appears that critical information was missing, overlooked, or denied in the Commission's decision to change out the analog/electromechanical meters and replace them with "smart" meters, and communicating such critical information to SPU customers.

It is common knowledge and fully supported by evidence, peer reviewed and published research, science and facts that "Advanced" utility meters including all electronic utility meters and all utility meters which contain any digital or electronic components whatsoever, are problematic for many reasons:

Health and Safety of Persons

1. Emit biologically harmful “pulsed” EMF radiation continually (whether transmitting data or not).
2. Fatally disrupt and disable medical devices such as Pacemakers.
3. Cause wasted electricity and health-damaging transients by the improper placement and use of a of a switch mode power supply within the utility meter.
4. Cause heating and antenna effects upon any metal body implants which damage body tissues.
5. Cause damage to health and life by placing high-energy radio transmitters in close proximity to human living spaces.

Safety and Integrity of Personal Property

1. Are fire hazards due to lack of surge protectors in violation of necessary standards for utility meters.
2. Cannot withstand typical grid surges.
3. Cause damage to, or destroy, homes, lives and structures when damaged by grid surges.

Privacy of Persons

1. Create and collect personal data of private activities in the home in violation of law.
2. Allow sharing of data of personal living habits with utility personnel and others without authorization of the property owner and occupants.
3. Represent unlawful invasion of privacy by the harvest and exploitation of databases of information about the personal and private activities inside the home without the consent of the owners, occupants and guests (4th Amendment, Bill of Rights).

Financial

1. Represent excess equipment costs with more expensive meters and represent more frequent replacement of the more expensive meters, all of which costs will be passed on to ratepayers via excess and unnecessary charges when this alternate "advanced" metering is unnecessary.
2. Represent unnecessary higher service costs in the processing and storing of data collected and general maintenance of the wireless grid network.

We respectfully request that *before replacing our existing, fully functioning analog/electromechanical meters*, that each of the above concerns be specifically and adequately answered in writing, with supporting factual documentation to prove the new "Advanced" meters cause no harm, detriment and/or additional risk to our persons or property.

Thank you in advance for your fair, consistent and respectful consideration of our concerns.

Sincerely,,

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
November 4, 2024
Regular Meeting

1. Call to Order. President Krieg called the November 4, 2024 meeting of the Shakopee Public Utilities Commission to order at 5:00 P.M. President Krieg, Vice President Letourneau, Commissioner DuLaney, Commissioner Fox, and Commissioner Mocol were present.
2. Communication/Closed Session Summary. President Krieg provided a summary of the conclusions of the closed session of the October 7, 2024 Commission meeting regarding the evaluation of the General Manager, Greg Drent. He noted the Commission's conclusion that Mr. Drent performed well, particularly as to leadership and management of the SPU organization. The Commission requested that Mr. Drent continue to evaluate overall staffing and appropriate levels of responsibility, as well as considering mentorship, succession planning, and crisis communication plans. The Commission asked that the informal working group currently considering employee compensation make a recommendation as to the General Manager's salary as part of the budget process.
3. Consent Agenda. Commissioner Fox moved to approve the consent agenda:
 - (a) October 7, 2024 minutes;
 - (b) November 4, 2024 Agenda;
 - (c) November 4, 2024 Warrant List;
 - (d) Monthly Water Dashboard for September 2024;
 - (e) September 30, 2024 – Financial Report;
 - (f) Residential Customer Deposit Assistance – CAP Agency;
 - (g) American National Bank (ANB) – Insured Cash Sweep Account;
 - (h) MMPA October 2024 Meeting Update.Commissioner Mocol seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.
4. Public Comment Period. Mary Isacson, owner of Babe's Place, summarized the history of SAC unit charges by the Met Council and SPU water charges for her business, with expansions over the years. She questioned the amount of SPU charges as too high given the nature of the expansion to include pool tables. Mr. Drent offered to provide details as to the SPU fees. Commissioner Mocol noted that SPU's transfer of funds to the City includes funds designated for economic development and suggested reaching out to the City to consider these funds.
5. Water Report. Lon Schemel, Water Superintendent, noted that he received the PFAS testing results from the State after the meeting packet was distributed. Although more information will be provided at the next meeting, he noted that SPU's numbers for PFAS/POS were all below regulated levels. Mr. Schemel reported that SPU provided required notices to customers as to unknown materials (as part of the lead services actions), sending 1,176 letters and 1,800 emails on October 18, 2024. He reported that the flushing program is complete for the year; because South Bridge was not addressed, it will be scheduled in the Spring. He noted that a gate valve blew off

on October 22, 2024, with SPU repairing the street along with the valve; twenty customers were affected for approximately four hours.

6. Ehlers Water Development Fee Study. Joseph Adams, Planning and Engineering Director, introduced Jessica Cook from Ehlers Public Finance Advisors to present the water development fee study. Ms. Cook summarized the study and the recommendations of combining the balances of the water capacity and trunk water funds, as well as 2025 increases for each fee. Mr. Adams explained the five recommendations from SPU staff detailed in the staff memo. Commissioner Mocol moved to accept the Ehlers Water Development Fee Study. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None. Commissioner Mocol moved to approve the five staff recommendations presented and to direct staff to prepare resolutions for the next Commission meeting. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

7. Dave Berg Consulting, LLC Rate Recommendations. Dave Berg presented his recommendations for adjustments to SPU electric and water rates. The Commission discussed the potential solar grid access charge and requested additional information as to affected customers and the impact on an average bill. The Commission also discussed the potential economic development rate and the impact on current practices; Mr. Drent recommended further study on this item. Commissioner Mocol moved to accept the Electric and Water Rates Final Report. Commissioner Fox seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

8. 2025 – 2029 Semi Final CIP. Mr. Adams provided an overview of the Capital Improvement Plan (CIP), with maps of electric and water projects. Vice President Letourneau moved to accept the 2025 - 2029 Semi-Final CIP and to direct staff to present the final CIP at the December meeting. Commissioner DuLaney seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

9. 2025 Preliminary Operating Budget. Kelley Willemsen, Director of Finance Administration, presented the 2025 Preliminary Operating Budget. She discussed wage and benefit assumptions for 2024. Commissioner Fox moved to accept the 2025 Preliminary Operating Budget. Commissioner Mocol seconded the motion. Ayes: Krieg, Letourneau, DuLaney, Fox, and Mocol. Nays: None.

10. Liaison Report. Commissioner DuLaney noted that the gravel pit project is expected to come before the City Council for approval in the next month. He thanked SPU for supporting the community, including the CAP contribution.

11. Electric Report. Brad Carlson, Electric Superintendent, provided an update on current projects, including undergrounding, new services, Canterbury Commons, and automated meter infrastructure (AMI) upgrades. He noted that two employees participated in mutual aid for approximately 9-10 days. Mr. Carlson reported four outages since the last Commission meeting, including two animal-related items, one tree falling from a storm, and one equipment failure at a switch.

12. General Manager Report. Mr. Drent provided an update on marketing/key accounts in addition to the General Manager report. For the AMI project, he reported installation of 15,725 electric meters, which is 72% complete, and 7,493 water meters, which is 60% complete. He also noted upcoming SPU community events, including Gifts for Seniors, Toys for Tots, and a blood drive. Mr. Drent stated that he and Mr. Carlson participated in the Electrification Conference at the University of Minnesota. He noted on-going progress with the budget and assistance from the informal working group, developing information including relocation benefits for the Hawkins property, and a recent inquiry involving a data center.

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

Greg Drent, Commission Secretary

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- January 6, 2025

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11. **Adjournment**

Proposed As Consent Item

3C

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

December 2, 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 11/01/2024

AAR BUILDING SERVICE CO.	\$4,298.63	NOVEMBER CLEANING
ALTEC INDUSTRIES INC	\$1,012.96	6 FT GROUND ASSEMBLY
APPLE FORD OF SHAKOPEE	\$94.41	OIL CHANGE WATER TRUCK
BORDER STATES ELECTRIC SUPPLY	\$252,128.33	SHRINK HEAT PRI. 1/0 & 4/0 SPLICES
CDW GOVERNMENT LLC	\$354.35	LABEL MACHINE/LABELS
CORE & MAIN LP	\$28,110.00	WATER OMNI METERS
VOID	\$0.00	VOID
D R HORTON	\$96,386.52	WO2785 HIGHVIEW PR K 1ST ADDN REFUND
DIVERSIFIED ADJUSTMENT SERVICES INC	\$771.53	DUE TO COLLECTION AGENCY SEPT STMT
GREG DRENT	\$280.00	PER DIEM LOUISVILLE KY APPA CONF.
EUROFINS EATON ANALYTICAL, LLC	\$4,875.00	PERFLOURINATED & POLYFLUORINATED ALKY
GINA GANGELHOFF	\$500.00	ENERGY STAR COOLING/HEATING REBATE
GRAINGER INC	\$119.62	12 V/2 A STABILIZED POWER
THOMAS HENNER	\$50.00	WATER SENSE TOILET REBATE
HERCULES INDUSTRIES INC	\$987.66	MASTER KEY
INNOVATIVE OFFICE SOLUTIONS	\$3,619.57	WO2848 6 STOOLS FOR COMM ROOM
IRBY - STUART C IRBY CO	\$2,918.07	WIRE #2 COPPER
JOEL JORGENSON	\$500.00	ENERGY STAR COOLING/HEATING REBATE
JT SERVICES	\$35,276.07	LED COLLECTOR STREET LIGHT BRNZ
DAI LE	\$50.00	WATER SENSE TOILET REBATE
VOID	\$0.00	VOID
MINN VALLEY TESTING LABS INC	\$332.00	WATER TESTING COLIFORM
NCPERS GROUP LIFE INS.	\$192.00	OCTOBER PREMIUMS
GERRY NEVILLE	\$100.50	REIMBURSE 150 MILES
OLE AND LENA'S GARAGE DOOR SERV LLC	\$921.50	ADA FRONT ENTRANCE DOOR REPAIR
PETER ORCHARD	\$500.00	ENERGY STAR COOLING/HEATING REBATE
DALE POE	\$500.00	ENERGY STAR COOLING/HEATING REBATE
SAFETY SIGNS LLC.	\$9,703.05	WO#2837 SAFETY SIGN CIRCUIT 31 EXT
SCOTT COUNTY RECORDERS	\$46.00	WO#2807 BLAKEY RECORDING FEE
SCOTT COUNTY TREASURER	\$2,100.00	OCTOBER FIBER CHARGE
STINSON LLP	\$1,474.00	SEPT LABOR MATTERS
SUMMIT FIRE PROTECTION CO	\$2,519.00	ANNUAL FIRE EXTINGUISHER INSPECTION
T & R ELECTRIC SUPPLY CO INC	\$64.13	PCB SAMPLES
TESCO - THE EASTERN SPECIALITY COMPANY	\$2,349.55	METER SEALS(E)
UNLIMITED SUPPLIES INC.	\$8.03	3/8-16 x 3/4, HHCS GR5Z(E)
VALLEY-RICH CO., INC	\$11,666.34	VALVE REPAIR
VIVID IMAGE, INC.	\$650.00	NOVEMBER RETAINER ESSENTIAL+PLAN
WATER CONSERVATION SERVICE INC	\$364.06	LEAK LOCATE @ 1033 SHUMWAY 10/7/24
WATERLY LLC	\$9,375.00	SHAKO OPWORKS SUBSC 11/1/24-10/31/25
WESCO RECEIVABLES CORP.	\$21,017.00	PROKNIT WIPES(E)
CENTERPOINT ENERGY - ACH	\$445.20	GAS USAGE 10TH AVE 9/9-10/8 /2024
FP MAILING SOLUTIONS	\$525.00	PURCHASE PARCEL SHIPPING FUNDS
FURTHER - ACH	\$28.80	MEDICAL CLAIM FLEX REIMB
PAYROLL DIRECT DEPOSIT 11.01.24	\$136,449.23	
BENEFITS & TAXES FOR 11.01.24	\$128,267.87	

Total Week of 11/01/2024

\$761,930.98

WEEK OF 11/08/2024

CREDIT REFUNDS
BORDER STATES ELECTRIC SUPPLY
CARLSON LAVINE
SIEW KIN CHOW
CONCRETE CUTTING & CORING INC
CORE & MAIN LP
DAVE BERG CONSULTING, LLC
DITCHWITCH OF MINNESOTA
DIVERSIFIED ADJUSTMENT SERVICES INC
DSI/LSI
EUREKA CONSTRUCTION, INC.
EUROFINS EATON ANALYTICAL, LLC
FERGUSON US HOLDINGS, INC.
LINDA FLEISCHMAN
FLYTE HCM LLC
GENERAL SECURITY SERVICES CORP
GOPHER STATE ONE-CALL
GRAINGER INC
HAWKINS INC
HENNEN'S AUTO SERVICE INC.
GABRIELLE HOGG
HOTSY EQUIPMENT OF MINNESOTA
HREXPERTISEBP LLC
IDEAL SERVICE
INT'L UNION OF OPER ENGINEERS LOCAL 49
IRBY - STUART C IRBY CO
JR LARSON GROUNDS MAIN
DAI LE
LOCATORS & SUPPLIES INC
LOFFLER COMPANIES - 131511
LOFFLER COMPANIES - 131511
MAX STEININGER INC.
ROXANNE MICKELSON
MINN VALLEY TESTING LABS INC
MPOWER TECHNOLOGIES, INC.
MVEC - MINN VALLEY ELECTRIC COOP
GERRY NEVILLE
NPL CONSTRUCTION COMPANY
OLSEN CHAIN & CABLE, INC.
ONE TECH ENGINEERING INC.
JIM PITTERIE
PRESCRIPTION LANDSCAPE
RESCO
RICE LAKE CONSTRUCTION GROUP
TOM KRAEMER, INC
WESCO RECEIVABLES CORP,
KEVIN WETHERILLE
KELLEY WILLEMSEN
BRAD & AMY WOODWARD
XCEL ENERGY
DELTA DENTAL PLAN OF MN
FURTHER - ACH
PRINCIPAL LIFE INS. COMPANY
MINNESOTA LIFE
HEALTHPARTNERS

\$37,737.07 CREDIT REFUNDS
\$85,210.15 AMI 2472 ELECTRIC MTR INSTALL
\$216.39 HYDRNT MTR#13206359 RETURN REFUND
\$500.00 ENERGY STAR COOLING/HEATING REBATE
\$49.52 BOSCH HANDLE ASSY(E)
\$372.00 4"X0"8 7/8" FLGXFLG DIP(W)
\$15,000.00 ELECT/WATER COST OF SVC RATE STUDIES
\$2,605.57 MOVE/REPLACE TRACKS ON EXCAVATOR
\$262.57 DUE TO COLLECTION AGENCY OCT STMT
\$445.11 NOVEMBER GARBAGE SERVICE
\$1,051.55 HYDRNT MTR#22061738 RET REFUND
\$3,000.00 PFAS 533
\$909.90 LF 1 MIP SWVL F/ CHFSW CPHN(W)
\$500.00 ENERGY STAR COLLING/HEATING REBATE
\$10.00 OCTOBER COBRA
\$447.05 VIDEO SYSTEM MAINT 11/1/24-1/31/25
\$997.65 OCTOBER TICKETS
\$89.98 WHITE GLOVES(E)
\$140.00 DEMURRAGE CHLORINE CYLINDERS
\$1,081.68 OIL CHANGE ELECT TRK#612
\$500.00 ENERGY STAR COOLING/HEATING REBATE
\$686.40 TRUCK & EQUIP WASH BULK
\$787.50 OCT 2024 HR CONSULTING
\$19,434.32 REMOTE KEYPAD MOUNTING KIT
\$794.50 UNION DUES FOR OCTOBER
\$1,290.30 CREDIT POLYMER CUTOUT
\$1,192.49 HYDRNT MTR#22061735 RETURN REFUND
\$150.00 ENENERGY STAR DISHWASHER REBATE
\$2,048.89 RED FLAGS
\$242.46 RED INK CARTRIDGE LOFFLER POSTAGE MACHIN
\$1,750.29 BILLING PD 7/1-9/30 2024 POSTAGE MACHINE
\$1,213.48 HYDRNT MTR#22061408 RETURN REFUND DUE
\$175.00 ENERGY STAR CLOTHES WASHER REBATE
\$436.00 WATER TESTING NITRATES
\$1,320.00 AMI 2472 & 2718 SUPPORT SERVICES
\$26,190.83 WO#2837 SS 31 FEEDER EXT FOR DOCKENDORF
\$131.32 REIMBURSE 196 MILES
\$5,404.00 WO#2837 BORING FEEDER EXT DOCKENDORF
\$119.54 HOOK SWIVEL W/LATCH
\$6,300.00 A.G. WORK 9/30/24-10/4/24
\$500.00 ENERGY STAR COOLING/HEATING REBATE
\$445.72 HYDRNT MTR#22073707 RETURN REFUND
\$475.50 SLEEVE ALUM LOOP SPLICE
\$514,173.16 WO#2581 P.H.#8 - PYMT 8
\$628.59 AMI 2472 NOVEMBER MONTHLY RENT
\$20,262.39 TORK 3000 SPST 120V WP PHOTOCONTR
\$500.00 ENERGY STAR COOLING/HEATING REBATE
\$1,344.84 PER DIEM/LODGING APPA CONF KY
\$1,972.45 WO#2718 AMI REIMB CARPET DAMAGE
\$3,822.24 ELECTRICITY USE 9/23-10/22 VALLEY PARK D
\$5,815.98 OCT. PREMIUMS AND CHARGE MONTH
\$221.50 OCT. HEALTH SAV. ACCT. ADM. FEES
\$4,669.78 OCT. PREMIUMS FOR LTD AND STD
\$1,131.81 OCT. LIFE INS. PREMIUMS
\$72,448.90 HEALTH INS. PREMIUMS NOV. DED. FOR OCT.

Total Week of 11/08/2024

\$849,206.37

WEEK OF 11/15/2024

ABDO LLP	\$1,472.50	OCTOBER FS ACCOUNTING SERVICES
B & B TRANSFORMER INC	\$26,154.03	TRANSFORMER FOR ST LIGHTING TAXABLE
BARR ENGINEERING CO.	\$16,137.00	WO#2683 TANK #9 9/6-10/4 2024 PROF SVCS
BIRDS LAWN CARE LLC	\$3,943.99	OCTOBER LAWN CARE SVC
CORY R BOOTH	\$150.00	ENERGY STAR DISHWASHER REBATE
BORDER STATES ELECTRIC SUPPLY	\$36,497.12	PIPE 2" INNERDUCT COUPLING
CDW GOVERNMENT LLC	\$3,642.27	MISC CREDITS ON ACCT TO USE
CITY OF SHAKOPEE	\$6,278.42	OCTOBER FUEL BILL
CITY OF SHAKOPEE	\$534,197.54	OCTOBER SW \$421,267.06 & SD \$112,930.48
CITY OF SHAKOPEE	\$338,400.00	OCTOBER PILOT MONTHLY TRF FEE
CITY OF SHAKOPEE	\$1,080.04	OCTOBER SD/SPU PROPERTIES
COMLINK SOLUTIONS, LLC	\$88,021.30	WO2950 EAGLE CREEK/MCCOLL FIBER
CORE & MAIN LP	\$605.00	6"X0'8 7/8" FLGXFLG DIP
CORVAL CONSTRUCTORS, INC.	\$563.00	HVAC REPAIR
CUSTOMER CONTACT SERVICES	\$498.17	ANSWERIGN SVC 11/12-12/9 2024
D R HORTON	\$27,051.26	WO#2806 HIGHVIEW PRK 1ST ADDN UG E REFUN
FERGUSON US HOLDINGS, INC.	\$1,762.61	4 CURB ST WRCH(W)
FLYTE HCM LLC	\$150.00	COBRA RENEWAL JAN 2025
FRONTIER ENERGY, INC.	\$10,118.59	OCTOBER SHAKO C&I IMPLMENTATION
GEOMETRIX CO	\$292.90	TRANSFORMER HOLE COVERS
GRAINGER INC	\$8.57	DRIVER GLOVES(E)
GRAYBAR ELECTRIC COMPANY INC	\$9,435.80	PIPE 3" PVC SCH40
HARRIS ST PAUL, INC	\$413.00	HEATING VALVE REPAIR
HENNEN'S AUTO SERVICE INC.	\$1,068.96	ELECTRIC TRK#627 WHEEL BEARINGS/OIL CHG
DEAN HOCHHALTER	\$500.00	ENERGY STAR COOLING/HEATING REBATE
INNOVATIVE OFFICE SOLUTIONS	\$557.52	OFFICE SUPPLIES
INTERSTATE ALL BATTERY CTR	\$19.51	BATTERY(E)
IRBY - STUART C IRBY CO	\$917.94	BLOWERKIT
JOHNSON CONTROLS FIRE PROTECTION LP	\$512.75	ALARM & DETECTION 10/28/24
JUDY JOHNSON	\$500.00	ENERGY STAR COOLING/HEATING REBATE
MARK JOHNSON	\$500.00	ENERGY STAR COOLING/HEATING REBATE
JT SERVICES	\$238.43	ST LIGHTING CONNECTOR
KATAMA TECHNOLOGIES, INC.	\$750.00	AMI WO#2472 GENERAL CONSULT FEES OCTOBER
LAKE REGION CUSTOM WOODWORKS	\$32,190.89	WO#2848 COMM RM REMODEL BAL DUE
LEAGUE OF MINN CITIES INS TRUST	\$134.19	WC CLAIM#00510713 10/9/24 K MENDEN
LOCATORS & SUPPLIES INC	\$795.64	RED CONSTRUCTION MARKING PAINT
LOFFLER COMPANIES - 131511	\$5,482.02	CWR LETTER/INSERTS
MATHESON TRI-GAS INC	\$1,103.18	NITROGEN IND EXCHANGE(E)
MINN VALLEY TESTING LABS INC	\$260.00	WATER TESTING NITRATES
MN OCCUPATIONAL HEALTH - LOCKBOX 135054	\$269.00	DRUG TESTING
GERRY NEVILLE	\$194.97	REIMBURSE 291 MILES
NISC	\$34,120.64	OCTOBER PRINT SERVICES
NORTHERN STATES POWER CO	\$2,929.92	OCTOBER POWER BILL
NORTHERN TOOL & EQUIP CATALOG HOLD INC	\$129.97	30" THE SNOWPLOW SN
NORTHWEST ASPHALT INC	\$978.52	RETURNED HYDT MTR#22061735 REFUND DUE
OFFICE OF MNIT SERVICES	\$734.01	OCTOBER (WAN) MONTHLY SERVICE INV
OMRY CANTERBURY, LLC	\$42,518.00	INTERIOR LIGHTING/APPLIANC REBATE
RY RAM	\$105.00	REFUND FOR BACKFLOW TESTING FEE
RESCO	\$1,950.24	CT 1200/5 BAR
RICE LAKE CONSTRUCTION GROUP	\$557,825.76	WO#2581 P.H.23 PYMT #9
RW BECK GROUP, INC, LEIDOS ENG. LL	\$23,430.75	OCT 2024 SPU LONG RANG PLANNING STUDY
ROBERT SKORCZEWSKI	\$500.00	ENERGY STAR COOLING/HEATING REBATE
SPENCER FANE LLP	\$19,101.50	OCTOBER LEGAL SERVICES
SRF CONSULTING GROUP, INC.	\$77.27	WO#2885 SHENANDOAH/CR101 OCT PROF SVCS
STATES MANUFACTURING CORPORATION	\$36,041.77	LIGHTING CABINETS
TORO COMPANY	\$44,140.16	COMPRESSED AIR UPGRADES REBATE
US HOME LLC	\$111,832.22	WO2779 ARBOR BLUFF WM PLAN REFUND
VERIZON	\$614.25	OCTOBER TRUCK TRACKING
BRAD & AMY WOODWARD	\$1,915.00	AMI 2718 REIMB FINAL DAMAGED CARPET EXP
MARK YOST	\$500.00	ENERGY STAR COOLING/HEATING REBATE
AMERICAN NATL BANK_MASTERCARD_ACH	\$10,803.82	OCTOBER 2024 CC STATEMENT
FIRST DATA CORPORATION	\$10,405.73	OCTOBER MERCH BNKCD FEES
FURTHER - ACH	\$4,655.97	MEDICAL/DAYCARE FLEX CLAIM REIMBS
MMPA C/O AVANT ENERGY	\$3,061,756.56	OCTOBER POWER BILL
MN DEPT OF REVENUE ACH PAYMENTS	\$355,082.00	OCTOBER SALES & USE TAX PAYABLE
PAYROLL DIRECT DEPOSIT 11.15.24	\$129,133.92	
BENEFITS & TAXES FOR 11.15.24	\$123,696.96	

Total Week of 11/15/2024

\$5,727,848.05

WEEK OF 11/22/2024

A & M SHAKOPEE CHILD CARE INC.
ALTERNATIVE TECHNOLOGIES INC
AMARIL UNIFORM COMPANY
ARAMARK REFRESHMENT SERVICES INC
ARROW ACE HARDWARE
BORDER STATES ELECTRIC SUPPLY
CENTURY PROMOTIONAL ADVERTISING LLC
CHOICE ELECTRIC INC
COMCAST CABLE COMM INC,
COMLINK SOLUTIONS, LLC
DAKOTA SUPPLY GROUP
DGR ENGINEERING
FRITZ CABINETRY & FURNITURE LLC
GRAINGER INC
GRAYBAR ELECTRIC COMPANY INC
GREYSTONE CONSTRUCTION CO
HAWKINS INC
OLIVIA HEIM
BRIAN HOANY
HOLIDAY STATIONSTORES LLC
INNOVATIVE OFFICE SOLUTIONS
INTERSTATE ALL BATTERY CTR
IRBY - STUART C IRBY CO
DAI LE
LOFFLER COMPANIES
MIDWEST SAFETY COUNS, INC.
MN ROADWAYS
MP NEXLEVEL LLC
NAGEL COMPANIES LLC
NAPA AUTO PARTS
GERRY NEVILLE
RIES HEATING & A/C INC
ROERS SHAKOPEE APARTMENTS LLC
SCOTT COUNTY TREASURER
SWERVO DEVELOPMENT
GRANT TAYLOR
RAMESH VEERA
WESCO RECEIVABLES CORP.
TAMARA WOHLERS
FURTHER - ACH
VERIZON WIRELESS SERVICES LLC

\$5,681.00 INTERIOR/EXTERIOR LIGHTING REBATE
\$1,573.00 OIL MOISTURE/DISSOLVED GAS ANALYSIS
\$247.68 SPU UNIFORM CLOTHING B.SCHWARTZ
\$329.19 COFFEE BREAKROOMS
\$67.43 HAMM BIT DRILL SET(E)
\$9,504.40 2S 320 METERS
\$514.00 SPU CLOTHING ORDER
\$5,787.14 MOUNT/WIRE VFD DRIVE WELL HOUSE 8
\$2.30 CABLE FOR BREAKROOMS
\$25,336.80 WO 2909 - 225-17TH AVE E FIBER WORK
\$455.22 TRANSFORMER SLING
\$2,888.16 WO2837 SS31 LATERAL 3PH EXT OCTOBER
\$2,693.12 WO#2932 UG ELECTRIC FRITZ CABINETRY
\$767.71 SNOW SHOVELS/BROADCAST SPREADER(E)
\$4,454.68 BOXW/OPEN BOTTOM 36IN(E)
\$318.12 REFUND HYDRNT MTR#1321375 RETURNED
\$4,559.34 CHLORINE CYLINDERS/HYDROFLU ACID
\$241.50 PER DIEM PALM SPRING CA OCT 2024
\$500.00 ENERGY STAR COOLING/HEATING REBATE
\$2,298.55 WO2879 CIRCLE K UG ELEC REFUND
\$1,612.34 OFFICE SUPPLIES
\$148.70 BATTERIES - IT DEPT
\$1,918.24 METER SOCKETS
\$175.00 ENERGY STAR CLOTHES WASHER REBATE
\$242.96 RED INK CARTRIDGE POSTAGE MACHINE
\$104.93 FR GLOVES
\$2,000.00 INFARED THERMAL PATCH
\$729.55 REFUND HYDRNT MTR#22061415 RETURNED
\$1,840.00 WO#2880 BORING @ GATEWAY TOWNHOMES
\$8.98 OIL FOR SNOWBLOWER(E)
\$128.64 REIMBURSE 192 MILES
\$305.00 SERVICE @ P.H.#2 INSTAL THERMOSTAT LINE
\$17,369.69 WO2807 BLAKELY UG ELECTRIC REFUND
\$23,768.00 WO#2890 CTY RD 78/69 RBOU WM CASIN
\$678.61 REFUND HYDRNT MTR#93196948 RETURNED
\$150.00 ENERGY STAR DISHWASHER REBATE
\$175.00 ENERGY STAR CLOTHESWASHER REBATE
\$445.16 3M 3/4X10FT(E)
\$50.00 ENERGY STAR DISHWASHER REBATE
\$98.14 MEDICAL FLEX CLAIM REIMB
\$4,697.10 OCTOBER CELL PHONE BILL 9/24-10/23

Total Week of 11/22/2024

\$124,865.38

Grand Total

\$7,463,850.78

Helley Willemssen

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Monthly Water Dashboard

As of: October 2024

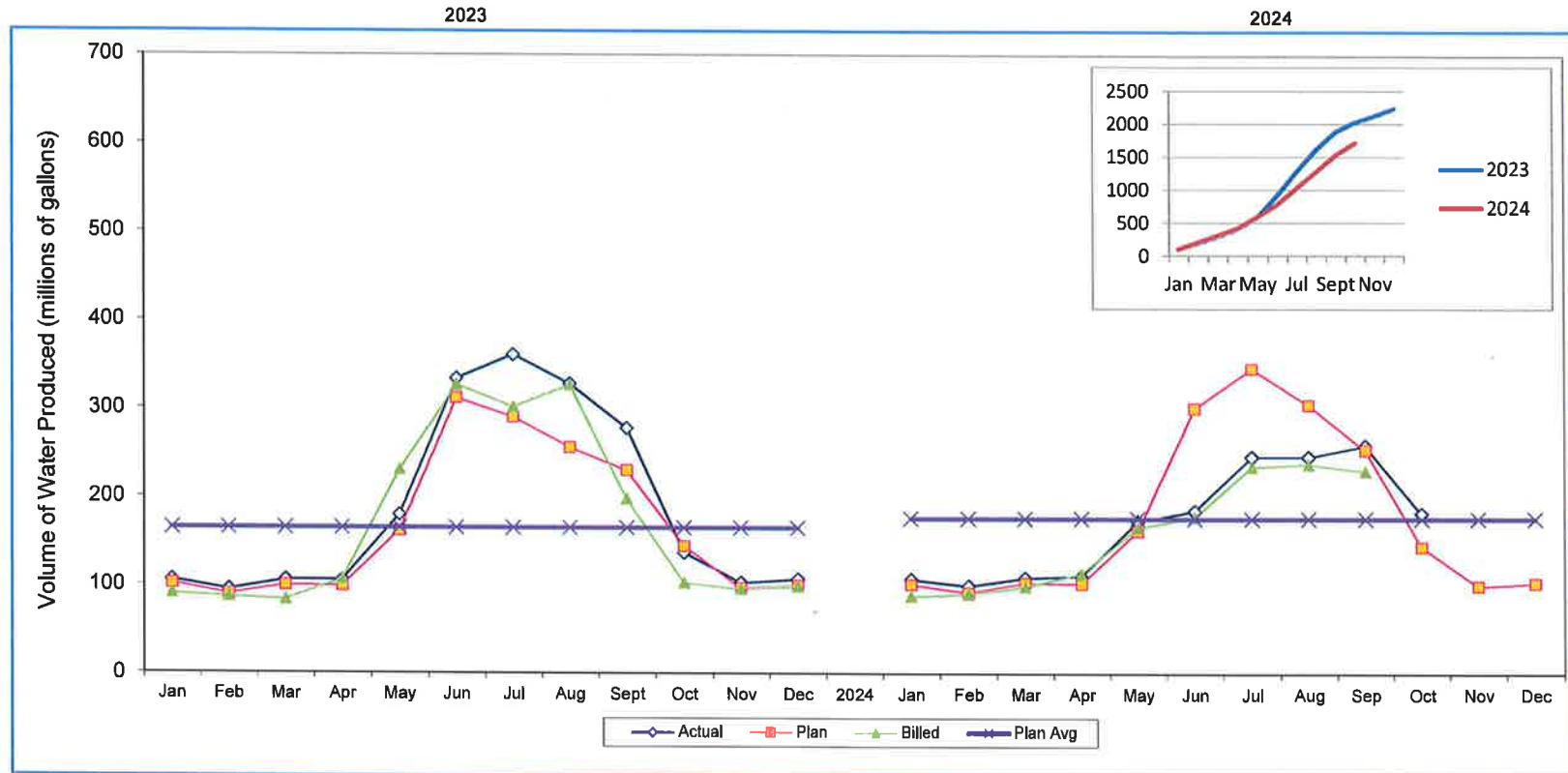
Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure Water Pumped/Metered

Monthly Avg	
2021	173
2022	167
2023	187

Last 6 months actuals	173	185	246	246	259	182
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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	111	173	185	246	246	259	182		
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%	107%	107%	91%	85%	84%	87%	90%		
Billed	91	87	84	107	231	327	302	327	198	103	96	99	88	91	99	114	166	178	235	238	230			

* Actual gallons pumped vs. Plan



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TO: Greg Drent, General Manager *GD*
FROM: Lon R. Schemel, Water Superintendent *LRSchemel*
SUBJECT: Tower 3 Reconditioning Bid Award Recommendation
DATE: November 19, 2024

On November 7, 2024, electronic bids were opened by KLM (our project engineer) for the Tank 3 reconditioning project located at 803 Canterbury Rd. The apparent low-qualifying bidder is G&L Tank Sandblasting and Coatings LLC in the amount of \$1,256,990.00. This amount is for simple lettering and logo. G&L provided an alternate bid item for a lettering and logo upgrade of \$80,000.00. The Engineer’s Opinion of Cost is \$1,600,000.00. Funding for the project comes from the 2024 CIP Operating Fund with an approved amount of \$2,000,000.

Costs

Low Bid	\$1,256,990.00
Lettering Upgrade	\$80,000.00 optional
Engineering Costs	\$124,130.00
Contingencies (SPU)	\$20,000.00
Costs Total	\$1,481,120.00

Funding

Operating Fund	\$2,000,000.00
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CIP Surplus	\$518,880.00
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Optional lettering upgrade will be presented to the Commission for final approval.

Action Requested: Staff requests that the Commission award the contract for the reconditioning of Tower 3 to G&L Tank Sandblasting and Coatings LLC in the amount of \$1,256,990.00 and the possible lettering upgrade of \$80,000.00.



November 13, 2024

Lon Schemel
Water Superintendent
Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379

by Email

RE: Bid evaluation for Cleaning, Repairing, & Painting of the 1,500,000-Gallon Elevated Reservoir (Tower Number Three) for Shakopee Public Utilities in Shakopee, MN; Utility Work Order No. 2769 and KLM Project No. 2180-23.

Dear Mr. Schemel,

The project bid opening was held on Thursday, November 7, 2024, at 11:00 AM CST. A total of nine bids were received. Bids were submitted and opened publicly through QuestCDN's online bidding platform. Bids received were as follows:

Bidders	Base Bid	Add. Alternate #1 Lettering & Logo Upgrade
Engineer's Estimate	\$1,600,000.00	\$50,000.00
Tanksco Inc.	\$1,179,520.00	\$12,000.00
G&L Tank Sandblasting and Coatings LLC	\$1,256,990.00	\$80,000.00
BRZ Coatings, Inc.	\$1,372,000.00	\$45,000.00
J.R. Stelzer Co.	\$1,431,800.00	\$35,000.00
Viking Industrial Painting	\$1,546,700.00	\$44,000.00
Tankez Coatings	\$1,605,000.00	\$70,000.00
Classic Protective Coatings, Inc.	\$1,632,620.00	\$48,000.00
LC United Painting	\$2,269,000.00	\$84,000.00
TMI Coatings, Inc.	\$2,298,000.00	\$64,000.00

The low bidder, Tanksco Inc., was unable to provide a reference list of a minimum of five full tank/tower rehabilitations they have performed that have been at least 75% or greater in size when compared to the 1.5-million-gallon Tower Number Three. Four were provided on their reference list, but KLM was only able to make contact with one of those cities to confirm the work performed. KLM is familiar with only one of their other qualifying projects. Tanksco Inc. has performed work on past KLM projects of much smaller capacity with good success. However, having fewer than the five projects required means they do NOT meet the specified experience requirements of this Project.

The second low bidder, G&L Tank Sandblasting and Coatings LLC (G&L), provided documentation that meets or exceeds all the specified qualifications requirements. They have also successfully met the standards and obligations of several reservoir projects of larger sizes with KLM Engineering in the last few years, one being the recently completed Savage, MN tower. They perform quality work, are very responsive and accommodating to changes



Corporate Office

1976 Wooddale Drive, Suite 4
Woodbury, MN 55125

encountered during projects, and follow specified schedules for bringing the reservoirs back into service in a timely manner.

G&L has confirmed they are comfortable honoring their proposed amounts above and expressed an understanding of the Project Requirements. Considering their favorable bid and positive work history, KLM recommends awarding the contract to G&L for their Base Bid amount of \$1,256,990.00. Should the Commission decide on a 360-degree wrapping logo, the Add. Alternate #1 price of \$80,000.00 provided by G&L would be used as the basis for determining a change to the Contract Agreement total amount.

Please feel free to contact me with any questions.

Sincerely,

KLM Engineering Inc.

Benjamin Feldman, PE
Manager of Engineering

Bid Tabulation Sheet

Bid Opening Date: November 7, 2024
 Bid Opening Time: 11:00 AM
 Owner: Shakopee Public Utilities,
Minnesota

Cleaning, Repairing, & Painting
 Description: 1,500,000-Gallon Elevated Reservoir; Tower Number Three
 Bid Location: QuestCDN online vbid platform
 City Project No.: 2769
 KLM Project No.: 2180-23

Contractor	Bid Bond	Bid Item No. 1	Bid Item No. 2	Bid Item No. 3	Bid Item No. 4	Bid Item No. 5	Bid Item No. 6	Bid Item No. 7	Base Bid	Bid Item No. 8
		Structure Modifications	Surface Repairs	Interior Wet Area Abrasive Blast & Coating	Interior Dry Area Spot Repair & Coating (Sweating Areas)	Exterior Area Abrasive Blast & Coating & Containment	Lettering & Logo	Mobilization		Add. Alternate #1 Lettering & Logo Upgrade
Tanksco Inc.	x	Lump Sum	\$ 71/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,179,520.00	\$12,000.00
		\$285,000.00	\$8,520.00	\$398,000.00	\$45,000.00	\$415,000.00	\$8,000.00	\$20,000.00		
G&L Tank Sandblasting and Coatings LLC	x	Lump Sum	\$ 200/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,256,990.00	\$80,000.00
		\$270,500.00	\$24,000.00	\$270,390.00	\$80,000.00	\$575,100.00	\$22,000.00	\$15,000.00		
BRZ Coatings, Inc.	x	Lump Sum	\$ 125/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,372,000.00	\$45,000.00
		\$210,000.00	\$15,000.00	\$370,000.00	\$70,000.00	\$662,000.00	\$25,000.00	\$20,000.00		
JR Stelzer Co.	x	Lump Sum	\$ 200/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,431,800.00	\$35,000.00
		\$330,425.00	\$24,000.00	\$362,900.00	\$64,000.00	\$631,475.00	\$9,000.00	\$10,000.00		
Viking Industrial Painting	x	Lump Sum	\$ 195/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,546,700.00	\$44,000.00
		\$366,700.00	\$23,400.00	\$300,500.00	\$53,800.00	\$740,000.00	\$24,000.00	\$38,300.00		
Tankez Coatings	x	Lump Sum	\$ 200/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,605,000.00	\$70,000.00
		\$220,000.00	\$24,000.00	\$345,000.00	\$120,000.00	\$840,000.00	\$36,000.00	\$20,000.00		
Classic Protective Coatings, Inc.	x	Lump Sum	\$ 100/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$1,632,620.00	\$48,000.00
		\$365,000.00	\$12,000.00	\$396,200.00	\$98,500.00	\$690,700.00	\$24,000.00	\$46,220.00		
LC United Painting	x	Lump Sum	\$ 150/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$2,269,000.00	\$84,000.00
		\$374,000.00	\$18,000.00	\$546,000.00	\$149,000.00	\$1,119,000.00	\$28,000.00	\$35,000.00		
TMI Coatings, Inc.	x	Lump Sum	\$ 150/hr	Lump Sum	Lump Sum	Lump Sum	Lump Sum	Lump Sum	\$2,298,000.00	\$64,000.00
		\$410,000.00	\$18,000.00	\$588,000.00	\$180,000.00	\$988,000.00	\$24,000.00	\$90,000.00		



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To: SPU Commissioners
From: Greg Drent, General Manager *GD*
Date: November 26, 2024
Subject: MMPA November 2024 Meeting Update

The Board of Directors of the Minnesota Municipal Power Agency (MMPA) met on November 19, 2024, at Chaska City Hall in Chaska, Minnesota and via videoconference.

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


Clean Energy Choice program participation increased by 41 participants. 5.9% of residential customers participate in the program.

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

The Board discussed Xcel Energy's request to increase electric rates in Minnesota by 9.6% for 2025 and another 3.6% for 2026.



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DATE: November 26, 2024
TO: Commissioners
FROM: Greg Drent, General Manager 
Subject: MMPA Master Agreement Amendment

MMPA is requesting an amendment to the Master Agency Agreement with Shakopee. The proposed amendment is in section 9(C) - Voting of the Master Agency Agreement. The attached resolution and memo from MMPA explain the proposed changes to the Master Service Agreement and provide the rationale for the updates.

The proposed change pertains to the issue identified with the current weighted voting. Currently, if a member gets a large data center, they would receive a disproportionate number of votes from the sales to this large customer and be able to vote the rest of the organization out.

With the amendment, if MMPA secures a very large power user under their transmission transformed rate, that community couldn't count that load for voting loads. All normal load increases would count towards voting totals, only very large users under a special rate are taken out.

Both SPU and the city need to pass the amendment request as both entities approved the Master Service Agreement. Once SPU commission approves the change to the Master Service Agreement then we will be requesting the City of Shakopee also pass the amended MMPA Master Service Agreement.

I support the change and recommend approval of the amendment.

Action: Approve MMPA Master Agreement Amendment



220 South Sixth Street Suite 1300 Minneapolis, MN 55402
tel. 612.349.6868 fax. 612.349.6108 www.mmpa.org

October 25, 2024

To: Minnesota Municipal Power Agency (MMPA) Board Members and Alternates
From: David Niles, Senior Vice President, Avant Energy, Inc., Agent for MMPA
Subject: Amendment to MMPA Agency Agreement, Governing Body Approval Needed

MMPA Representatives Use Weighted Voting

Weighted voting totals are used for certain specific actions of the MMPA Representatives, such as approving new members and approving the issuance of debt.

Currently, each MMPA member gets one weighted vote, plus another vote for every 5,000 Megawatt-hours (MWh) it purchases from MMPA in a year. The current weighted voting totals for 2024 are attached for reference.

Issue Identified with Current Weighted Voting Definition

The MMPA Board of Directors identified an issue with the current weighted voting definition. A member could receive a disproportionate number of votes from sales to a large customer if MMPA invested capital to provide transmission and distribution service to the customer, rather than the member.

Representatives Approved Change to Weighted Voting Total Calculation

MMPA's Representatives approved an amendment to MMPA's Agency Agreement changing how weighted votes are calculated. The amendment would exclude MWh delivered to a customer when MMPA has made the investment in transformation or other facilities to serve the customer, rather than the member.

Approval Required by Members' Governing Bodies

MMPA's Agency Agreement requires approval by two thirds of members' governing bodies. This means that approval is needed by your City Council (and, if you have a Utility Commission as a governing body, both the City Council and the Utility Commission).

Please place approval of this resolution on an upcoming agenda for your governing body. I understand that many cities have their own form of resolution, but please let me know if you would like any assistance in drafting a resolution. If you would like someone from MMPA to attend your governing body meeting in support of approval, please let me know.

MINNESOTA MUNICIPAL POWER AGENCY (THE "AGENCY")

RESOLUTION 2024-01 OF THE REPRESENTATIVES OF THE AGENCY

WHEREAS, the Board of Directors has recommended an amendment to the Agency Agreement, and

WHEREAS, The Representatives of the Agency have discussed and studied the proposed amendment to the Agency Agreement and are collectively of the opinion that the proposed change to the Agency Agreement is necessary and appropriate and will facilitate the goal of the Agency to provide economic and reliable power to its members; and

WHEREAS, in accordance with Section 9(L) of the Agency Agreement (i) at least two-thirds of the Representatives of the Agency, each casting one vote and (ii) at least two-thirds of the total number of votes capable of being cast by all Representatives in accordance with the currently effective weighted voting formula approve the following amendment.

NOW THEREFORE BE IT RESOLVED by the Representatives of the Minnesota Municipal Power Agency:

1. That the Agency Agreement be amended by changing Section 9(C) to read as follows:

9(C) Voting. Except as otherwise expressly provided in this Agency Agreement, each action at any meeting of the Representatives shall be taken by a majority of the votes cast on the question by the Representatives present, each exercising a number of votes allocated to the Member he or she represents as follows (referred to herein as a "weighted vote"):

(1) one vote; plus

(2) one additional vote for each full 5,000 megawatt hours of electric energy purchased from the Agency by the Member during such Member's most recent fiscal year. Any electric energy purchased from the Agency during the Member's most recent fiscal year to serve a customer where the Agency (a) has invested in transformation or other facilities to serve said customer and (b) is providing electric power and energy to the Member to serve the customer pursuant to a special rate structure (such as a transmission transformed contract) shall be excluded from the additional vote calculation in the preceding sentence; plus

- (3) if the votes allocated to any Member pursuant to clauses (1); and (2) would equal or exceed the total number of votes allocated to all other Members, its allocation of votes shall be reduced to one vote less than those allocated to all other Members.

The allocation of votes to each member shall be made in accordance with the formula outlined above as soon as practicable after the beginning of each Fiscal Year. The allocation shall be made by the Secretary of the Municipal Power Agency based upon ~~a certificate of the Commission or Representative of the Member~~ the Municipal Power Agency's billing files, and such allocation shall be verified by the Board of Directors. Each such allocation shall remain effective until such time as a new allocation is made for the next Fiscal Year.

2. That each Member be provided with a proposed resolution of approval and concurrence to be adopted by the Member's City Council and (as appropriate) Utility Commission.
3. That this resolution, together with the concurring resolutions of City Councils and Utility Commissions of Members, be filed with the Secretary of State of the State of Minnesota.

FOR ADOPTION:

Anoka, Buffalo, Chaska, East Grand Forks, Elk River, Le Sueur, Shakopee, Winthrop

AGAINST ADOPTION:

None

Absent: Arlington, Brownston, North St. Paul, Olivia

Adopted and passed this 22nd day of October, 2024.


Chairman

ATTEST:


Secretary

MMPA Member Voting Totals - 2024

Source: Agency Agreement, MMPA

	2023 MWh Purchases	Allocation of Votes to Members			% Allocation of Votes	
		One Vote (1)	Additional Votes (2)	Subtotal (3)		Weighted Vote
Anoka	274,011	1	54	55	55	14.03%
Arlington	22,036	1	4	5	5	1.28%
Brownnton	4,994	1	0	1	1	0.26%
Buffalo	126,652	1	25	26	26	6.63%
Chaska	422,930	1	84	85	85	21.68%
East Grand Forks	89,355	1	17	18	18	4.59%
Elk River	341,682	1	68	69	69	17.60%
Le Sueur	89,251	1	17	18	18	4.59%
North St. Paul	75,181	1	15	16	16	4.08%
Olivia	6,698	1	1	2	2	0.51%
Shakopee	461,469	1	92	93	93	23.72%
Winthrop	16,675	1	3	4	4	1.02%
Total	1,930,931	12	380	392	392	100.00%

- (1) Each Member is allocated one vote.
- (2) Each Member is allocated "one additional vote for each full 5,000 megawatt hours of electric energy purchased from the Agency by the Member during such Member's most recent fiscal year".
- (3) If votes allocated to any Member pursuant to clauses (1) and (2) of Member Agreement "would equal or exceed the total number of votes allocated to all other Members, its allocation of votes shall be reduced to one vote less than those allocated to all other Members".

APPROVED BY BOARD OF DIRECTORS

SECRETARY



 Mark Hanson

DATE:

1/23/2024

RESOLUTION #2024-31
RESOLUTION APPROVING PAYMENT FOR THE PIPE OVERSIZING
COSTS ON THE WATERMAIN PROJECT:

WHISPERING WATERS 2ND ADDITION

WHEREAS, the Shakopee Public Utilities Commission had previously approved of an estimated amount of \$42,475.00 with Resolution #2022-18 for oversizing on the above described watermain project, and

WHEREAS, the pipe sizes required for that project have been installed as shown on the engineering drawing by Probe Engineering Company, Inc., 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 these costs to install oversize pipe above the standard size.

NOW THEREFORE, BE IT RESOLVED, that the payment by the Shakopee Public Utilities Commission for the oversizing on this project is approved in the amount of \$44,484.90, 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 2nd day of December, 2024.

President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

RESOLUTION #2024-32

RESOLUTION REGULATING WAGE RANGES

BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION in meeting duly assembled on December 2, 2024, that the Shakopee Public Utilities Commission does hereby amend Resolution #2023-32 and affirm wage ranges in accordance with the rates in “Appendix A” to this Resolution.

BE IT FURTHER RESOLVED that said wage ranges are to become effective from and after January 1, 2025 as applicable.

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 2nd day of December, 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

**Appendix "A" To Resolution # 2024-32
Shakopee Public Utilities 2025 Wage Ranges**

Position	Hourly Personnel Range (\$ Per Hour)			Salaried Personnel Range (\$ Bi-Weekly)		
	General Manager				8,034.71	10,043.38
Director of Finance and Administration				5,746.55	7,183.19	8,619.83
Planning & Engineering Director				5,746.55	7,183.19	8,619.83
Director of Field Operations				5,746.55	7,183.19	8,619.83
Electric Superintendent				4,985.17	6,231.23	7,477.30
Director of Key Accounts, Marketing & Special Projects				4,985.17	6,231.23	7,477.30
Director of IT & Technical Services				4,985.17	6,231.23	7,477.30
Engineering Supervisor				4,604.02	5,754.80	6,905.57
Water Superintendent				4,222.87	5,279.28	6,334.77
Accounting Supervisor				3,842.64	4,802.84	5,763.96
Technical Services Supervisor				3,842.64	4,802.84	5,763.96
CS & Billing Supervisor				3,461.49	4,327.32	5,192.24
Accounting Specialist						
Accounting Technician, AP & Human Resources)	3	28.99	36.24	43.49		
Administrative Assistant	5	38.50	48.14	57.77		
AMI Data Analytics/Meter Service Worker	4	33.75	42.19	50.62		
Billing & Customer Service Clerk	4	33.75	42.19	50.62		
Billing Specialist (Lead)	3	28.99	36.24	43.49		
Communication Specialist	4	33.75	42.19	50.62		
Dispatcher	3	28.99	36.24	43.49		
Electric Supervisor	3	28.99	36.24	43.49		
Engineering Technician	8	52.79	65.99	79.18		
GIS Administrator	4	33.75	42.19	50.62		
Inventory & Maintenance Specialist	4	33.75	42.19	50.62		
Meter Reader	3	28.99	36.24	43.49		
Network Administrator	PT	24.23	30.28	36.34		
Procurement Specialist	4	33.75	42.19	50.62		
Project Accountant	3	28.99	36.24	43.49		
Temp/Summer Help	4	33.75	42.19	50.62		
Water Operator-Apprentice	PT	20.00	25.00	30.00		
Water Operator-Journeyman	3	28.99	36.24	43.49		
Water Supervisor	4	33.75	42.19	50.62		
		43.27	54.09	64.90		

Apprenticeship Pay Scale - Starting wage

2025

Start Employment

1st six months of program and starting 1st year module (completed 1,000 work hours)	\$ 36.86
2nd six months of program and 1/2 of 1st year module (completed 2,000 work hours)	\$ 38.78
3rd six months of program and start of 2nd year module (completed 3,000 work hours)	\$ 40.71
4th six months of program and 1/2 of 2nd year module (completed 4,000 work hours)	\$ 42.63
5th six months of program and start of 3rd year module (completed 5,000 work hours)	\$ 44.56
6th six months of program and 1/2 of 3rd year module (completed 6,000 work hours)	\$ 46.49
7th six months of program and start of 4th year module (completed 7,000 work hours)	\$ 48.41
8th six months of program and 1/2 of 4th year of module (completed 8,000 work hours)	\$ 50.34
Thereafter Lineworker Rate with completion of module 4 and Journeyman test	\$ 52.26
	\$ 55.01

Journeyman Lineman Rate

\$ 55.01

Service Department Lead/Lead Lineworker are 9% above journey lineworker rate

\$ 59.96

Meter/Electronics Technician rate is 95% of journey lineworker

\$ 52.26

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

\$ 36.86

Water Duty Pay - Non Union

600.00 Weekly

Water Duty Pay Holiday - Non Union

700.00 Weekly

Commissioner

500.00 Monthly

Commissioner, President

600.00 Monthly

MMPA Representative

100.00 Monthly

RESOLUTION #2024-33

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

PID 270570030
MARAS ADDITION, LOT 003, BLOCK 001

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 \$10,771.59 based on 2.01 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:

PID 270570030
MARAS ADDITION LOT 003 BLOCK 001

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 2nd day of December, 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

RESOLUTION #2024-34

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 2025.

Passed in regular session of the Shakopee Public Utilities Commission, this 2nd day of December, 2024.

Commission President: Justin Krieg

ATTEST:

Secretary: Greg Drent

RESOLUTION #2024-35

RESOLUTION DESIGNATING OFFICIAL DEPOSITORIES
OF THE SHAKOPEE PUBLIC UTILITIES COMMISSION

WHEREAS, the State of Minnesota Statutes 118.A02 and 118A.06 provide that the governing body of each government entity shall designate, as a depository of its funds, one or more financial institutions.

NOW THEREFORE BE IT RESOLVED, by the Shakopee Public Utilities Commission of the City of Shakopee, Minnesota that the following institutions are designated as depositories.

American National Bank, formerly Western Bank

PFM Asset Management, LLC

US Bank as Custodian for Minnesota Municipal Money Market Fund

US Bank Trust and Custody

Adopted in regular session of the Shakopee Public Utilities Commission of the City of Shakopee, Minnesota held this 2nd day of December 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent



December 2, 2024

Water Availability Charge Study

FOR SHAKOPEE PUBLIC UTILITIES



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APPENDIX A: WATER TRUNK CHARGE CAPITAL PROJECT AND REVENUE PROJECTION

APPENDIX B: WATER CAPACITY CHARGE CAPITAL PROJECT AND REVENUE PROJECTION

APPENDIX C: DETAILED GROWTH ESTIMATES

APPENDIX D: WATER AVAILABILITY FUND CASHFLOW PROJECTION



Water Availability Fee Study

OVERVIEW

Shakopee Public Utilities (SPU) serves a geographic area that is growing through new development and redevelopment. As growth occurs, SPU is expanding its water system to meet new demand by extending water mains and expanding its capacity to pump, treat, and store drinking water. SPU pays for the expansion of its system through the collection of two fees, the Trunk Water Charge and the Water Capacity Charge. Each of these fees are collected from developers as part of the land entitlement and building permit processes.

Trunk Water Charge – the Trunk Water Charge (TWC) pays for extending and oversizing water mains. It is calculated based on the net developable acreage of a site. The 2024 Trunk Water Charge is \$5,359 per net acre.

Water Capacity Charge – the Water Capacity Charge (WCC) pays for the capital costs of expanding the water system including new wells, future water treatment plants, pump house additions and expansions, tanks and transmission water mains, booster stations, and auxiliary facilities such as pressure reducing valves and control stations. The water capacity charge is calculated based on Residential Equivalency Units (REUs) calculated by the Metropolitan Council in accordance with their Sewer Access Charge (SAC) Manual. The 2024 Water Capacity Charge is \$5,693 per SAC unit. In addition, there is a surcharge for industrial property of \$0.134 per square foot. These fees are collected with the building permit.

Prior to 2025, the Trunk Water Charges and Water Capacity Charges were accounted for in separate funds. Ehlers recommends that SPU combine the two capital funds into a single Water Availability Fund. Revenues received in the new, combined fund will continue to be used solely for costs associated with expanding the water system to serve new growth.

SPU last worked with Ehlers in 2020 to complete a financial analysis reviewing the trunk and capacity charges and their adequacy. Since that study, SPU has inflated the charges annually. The fees have been sufficient to fund all capital projects without bonding. The combined cash balance in the existing Water Capacity Charge Fund and Trunk Water Fund as of December 31, 2023, was \$16,441,871.



STUDY APPROACH

This study maintains the SPU's policy objective of ensuring that future growth pays for itself, without reliance on future water utility fees to pay for infrastructure required to serve new development.

Ehlers prepared a 20-year cash flow projection for the Water Availability Fund through the year 2044 to examine projected cash flows in future years and estimate the fees necessary to meet all financial obligations of the fund while maintaining adequate cash reserves.

The cash flow analysis method determines future revenue requirements by incorporating the cost of capital projects and any potential debt service. We also include future growth estimates in the model. The primary source documents used for this analysis were SPU's audited financial statements, budget documents, Capital Improvement Plans, the Comprehensive Water Systems Plan Update from 2024, the City's Comprehensive Plan, detailed site-specific growth estimates provided by the City of Shakopee, and water use and REU estimates provided by SEH.

CAPITAL IMPROVEMENT PLANS

For the purposes of this study, we assumed that full build-out of the system would occur by 2044, one year ahead of the 2045 full build-out contemplated in the Comprehensive Water System Plan Update. SPU staff and consulting engineers developed 20-year Capital Improvement Plans for the trunk oversizing costs and other water system improvements (see Appendices A and B). The projects for the next first five years of the study period are drawn from SPU's detailed capital plans. These cost estimates already include inflation. Beginning in 2030, the estimated project costs were drawn from the SHE Comprehensive Water System Plan Update, which provided costs in today's dollars. The SEH capital costs have been inflated by 4% annually from the 2024 cost estimates.

Each project identified in the CIP was analyzed to determine what proportion of the total expense was related to growth. For replacement of existing infrastructure, this allocation was determined by calculating the system's available capacity, which is the historical maximum day demand divided by the reliable supply capacity identified in the 2024 Comprehensive Water System Plan Update.¹ The portion of the project that was related to growth was incorporated into the study to be paid for with system development fees.

¹ See Table 10 and Section 5.4 of the 2024 Comprehensive Water System Plan.



The major capital projects are summarized in the tables below: Please see Appendices A and B for detailed capital plans.

Table 1. Major Water Capacity Capital Improvements

2024 Comprehensive Water System Plan CIP	Amount*
Wells	4,740,000
Water Treatment	5,487,500
Pumphouses	3,235,000
Tanks and Transmission	6,127,500
Booster Stations and Auxiliary	7,560,000
TOTAL	\$27,150,000

**Costs are presented in present value*

Table 2. Major Trunk Infrastructure Capital Improvements

2024 Comprehensive Water System Plan CIP	Amount*
Upsize 6 to 12-Inch Trunk Main	11,620,000
Upsize 6 to 16-Inch Trunk Main	7,040,000
Zone Boundary PRVs	2,800,000
Trunk Oversizing	2,455,000
Highway Crossing/Casing	1,200,000
Trunk Water Mains	325,000
TOTAL	\$25,440,000

**Costs are presented in present value*

Per- and poly-fluoroalkyl substances (PFAS) are a group of man-made chemicals used in products like non-stick cookware, water-repellent clothing, and firefighting foams. These chemicals can enter groundwater supplies and, once there, they can accumulate over time and are difficult to remove. PFAS can pose health risks such as cancer, liver damage, and developmental issues. The Minnesota Department of Health (MDH) has developed guidance for PFAS concentrations that are considered to pose little or no risk to human health through a Health Risk Index (HRI) that is used to assess the risk of contaminant levels, with an HRI of greater than 1 considered to be in exceedance. To ensure water quality, SPU monitors PFAS levels in their wells through regular testing. Current testing results for PFAS contaminants show



that SPU's wells are well below the HRI threshold of 1, with the highest HRI recorded at 0.33 in Well #5. In this study, we have assumed that a water filtration plant will be needed in 2029. However, changes in PFAS levels or health standards guidance could require changes in the scope of treatment facilities and infrastructure needed to accommodate the treatment of PFAS. If treatment of PFAS is needed in the future, it will require higher fees to pay for the portion of PFAS treatment that would be allocable to unused capacity in the system.

GROWTH PROJECTIONS

The estimated growth in the City of Shakopee and Jackson Township was derived from parcel-by-parcel analysis of likely development to occur in the City and Jackson Township by 2044. This analysis was prepared by the City of Shakopee and then refined by SPU staff to only count future growth that has not already paid development fees. The growth estimates do not include growth into Louisville Township as outlined in the Comprehensive Water System's alternative CIP scenarios due to the uncertainty of how water will be delivered to Louisville Township at this time.

The resulting anticipated growth will produce less water demand than the projected total demand in the Comprehensive Water Systems Plan Update from 2024. Water infrastructure must be installed prior to development, creating a mismatch between investment and cost recovery. We have conservatively assumed that by 2044 full build-out of the system infrastructure will have occurred but development will still be in progress. The total net acres developed by 2044 is estimated to be 1,344 acres. We assumed an equal number of acres would receive service each year, resulting in fee collection on 67.2 acres per year.

Further, the study conservatively assumed that trunk lines would be installed through existing neighborhoods to access future development, but no revenue would be collected from existing neighborhoods.

The residential growth projections provided by the City of Shakopee were used to convert the expected dwelling units to the projected number of SAC units. Single-family residential properties are 1 SAC unit, each townhome unit is 0.9 SAC units, and each apartment unit is 0.8 SAC units, consistent with the SPU's existing policy

The City provided commercial and industrial growth projections as a number of developable acres. This acreage was converted to SAC units using the following formula.

$$\text{Developable Acres} \times 43,560 \text{ Sq. Ft./Acre} \times \text{Floor Area Ratio} = \text{Estimated Sq. Ft. of Development}$$



The Floor Area Ratio is an estimate of how much land the building will cover, and we assumed that all commercial and industrial properties would cover one-third of the site. For industrial property, we assumed that there would be one SAC unit for each 1,900 sq. ft. of building area. For mixed-use and commercial property, we assumed one SAC unit for each 3,800 sq. ft. of building area.

Detailed growth estimates are provided in Appendix C

PROPOSED WATER TRUNK CHARGE

Water Trunk Fee increases will be needed to pay for oversizing trunk lines and other transmission improvements. Trunk fees are currently insufficient to pay for all growth-related trunk costs. Therefore, Ehlers is recommending annual increases of 8% in 2025 and 2026, then 3.5% each subsequent year through 2044. The proposed Water Trunk Charges for the next five years are shown in the table below.

Table 3. Proposed Water Trunk Charge

Year	Annual Rate Increase	Rate Per Acre
2024	4.75%	\$ 5,359
2025	8.00%	\$ 5,788
2026	8.00%	\$ 6,251
2027	3.50%	\$ 6,469
2028	3.50%	\$ 6,696
2029	3.50%	\$ 6,930

PROPOSED WATER CAPACITY CHARGE

3.5% annual increases to the water capacity charge will be needed to pay for the proposed projects that serve future development. The proposed Water Capacity Charge for the next five years is shown in the table below.



Table 4. Proposed Water Capacity Charge

Year	Annual Rate Increase	Capacity Charge
2024	1.00%	\$ 5,693
2025	3.50%	\$ 5,892
2026	3.50%	\$ 6,098
2027	3.50%	\$ 6,312
2028	3.50%	\$ 6,533
2029	3.50%	\$ 6,761

FEE IMPACTS ON SAMPLE DEVELOPMENTS

The charts below show the impact of the proposed fees on three sample residential developments.

Table 5. Fee Impacts for Single Family Development

Total Water Development Fees on a Single Family Home

Assumes 3 Units per Acre

Year	Trunk Charge	Capacity Charge	Total Water Development Fees	Annual Increase	Percent Increase
2024	\$ 1,786	\$ 5,693	\$ 7,479	\$ 137	1.9%
2025	\$ 1,929	\$ 5,892	\$ 7,821	\$ 342	4.6%
2026	\$ 2,084	\$ 6,098	\$ 8,182	\$ 361	4.6%
2027	\$ 2,156	\$ 6,312	\$ 8,468	\$ 286	3.5%
2028	\$ 2,232	\$ 6,533	\$ 8,765	\$ 296	3.5%
2029	\$ 2,310	\$ 6,761	\$ 9,072	\$ 307	3.5%



Table 6. Fee Impact for Sample Townhome Development

Total Water Development Fees on a Townhome

Assumes 10 units per Acre

1 Townhome Unit = .9 SAC Unit

Year	Trunk Charge	Capacity Charge	Fee per Unit	Annual Increase	Percent Increase
2024	\$ 536	\$ 5,124	\$ 5,660	\$ 75	1.3%
2025	\$ 579	\$ 5,303	\$ 5,882	\$ 222	3.9%
2026	\$ 625	\$ 5,489	\$ 6,114	\$ 232	3.9%
2027	\$ 647	\$ 5,681	\$ 6,328	\$ 214	3.5%
2028	\$ 670	\$ 5,880	\$ 6,549	\$ 221	3.5%
2029	\$ 693	\$ 6,085	\$ 6,778	\$ 229	3.5%

Table 7. Fee Impact for Sample Apartment Development

Total Water Development Fees on a 100 Unit Multifamily Project

Assumes a 3 Acre Site

1 Multifamily Unit = .8 SAC Unit

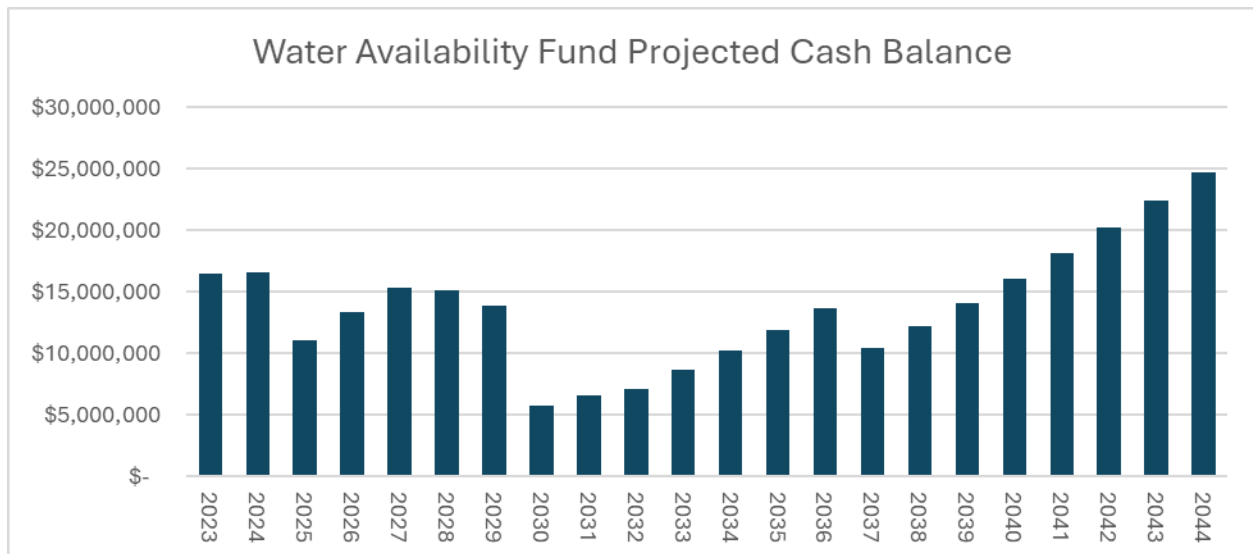
Year	Trunk Charge	Capacity Charge	Total Fee for Project	Annual Increase	Percent Increase
2024	\$ 16,077	\$ 455,440	\$ 471,517	\$ 5,203	1.1%
2025	\$ 17,363	\$ 471,380	\$ 488,743	\$ 17,227	3.7%
2026	\$ 18,752	\$ 487,879	\$ 506,630	\$ 17,887	3.7%
2027	\$ 19,408	\$ 504,954	\$ 524,363	\$ 17,732	3.5%
2028	\$ 20,087	\$ 522,628	\$ 542,715	\$ 18,353	3.5%
2029	\$ 20,790	\$ 540,920	\$ 561,710	\$ 18,995	3.5%



Summary: Putting it All Together

The 2024 Water Availability Charge Study provides a framework to ensure SPU is positioned to pay for the infrastructure needs of a growing population. A prospective analysis of future capital needs and anticipated growth indicates a need for SPU to increase its Water Capacity Charge and Trunk Charge to maintain a healthy cash balance and financial flexibility while providing a high level of service. We have modeled 3.5% annual increases for the Water Capacity Charge and 8.0% increases in 2025 and 2026 for the Water Trunk Charge, followed by 3.5% annual increases beginning in 2027. The projected future cash balance of the Water Availability Fund is presented in Figure 1.

Figure1. Water Availability Fund Projected Cash Balance



The SPU Board of Commissioners strives to pay for capital projects with cash rather than issuing debt. This fee study is an opportunity to re-evaluate the use of cash vs. debt to finance future projects. The existing cash and anticipated water system development charges are projected to be sufficient to pay cash for all capital improvements currently built into the model. Even though we are currently anticipating the use of cash for funding future capital expenses, regular updates to capital plans and ongoing monitoring of cash reserves are recommended to give the utility the flexibility to change financing strategies depending on how infrastructure needs and market conditions change over time.



Development Fee Comparison

As part of the Water Availability Charge Study, Ehlers compared SPU's water development fees with other cities in the southern part of the Twin Cities Metro Area. While knowing how SPU "stacks up" against other communities is helpful because developers are often making that comparison, it should not be the basis for setting fees. Development fees can vary based on several factors:

- Differing infrastructure costs due to factors outside of a city's control such as terrain, availability of aquifers, and water quality
- Differing development patterns
- Differing philosophy about whether growth should pay for itself through development fees or whether it should be paid for over time from user charges
- Differing degrees of analysis and whether a fee study has been completed

The SPU water system must be constructed around lakes and SMSC lands and Highway 169 which bisects the City, all of which add to the system's expense. The DNR restricts the installation of municipal wells east of CH 83 to protect natural features such as Dean lake, Boiling Springs, Eagle Creek, and Savage Fen. Furthermore, the SPU Board has historically held that growth should pay for itself through development fees. These factors all contribute to the result that SPU has higher development fees than some neighboring communities.

Ehlers compared the water-related development fees for three sample property types. For each sample development, we provide a graph that shows the total water-related fees collected with development for each community, as well as the 2024 SPU fees and the proposed 2025 SPU fees that are included in this report.



Figure 2. Comparison of Water Development Fees for a Single-Family Home

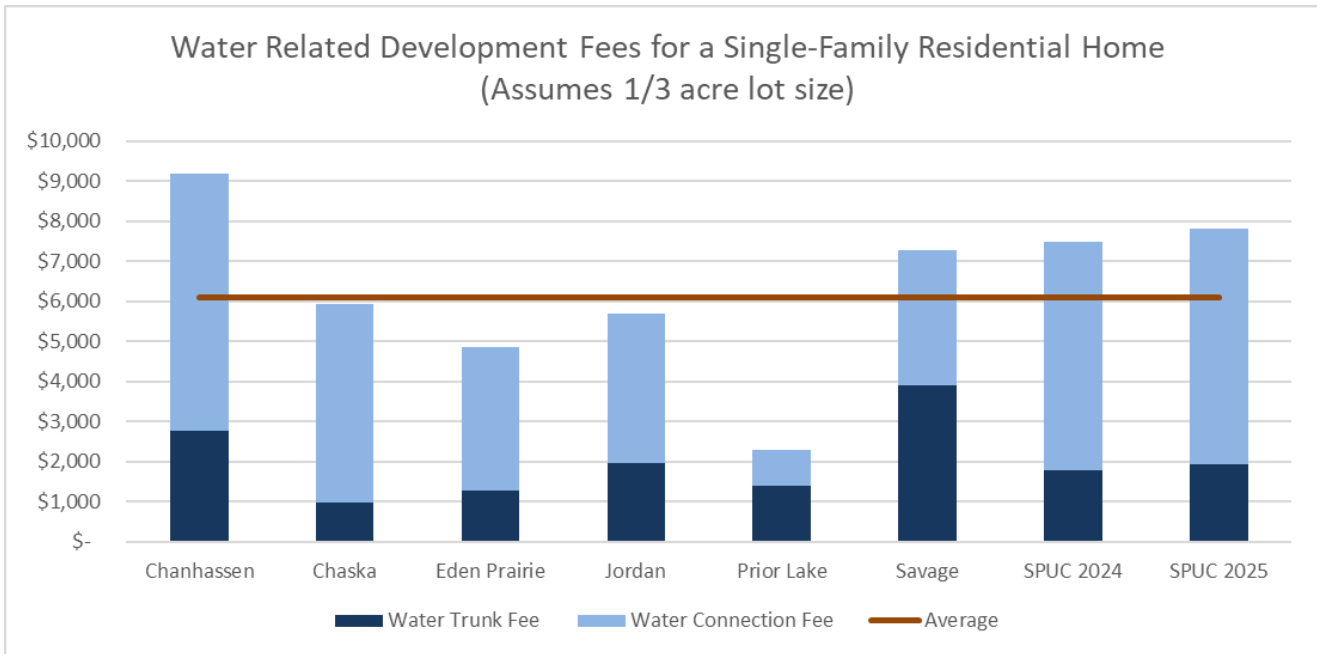


Figure 3. Comparison of Water Development Fees for an Industrial Development

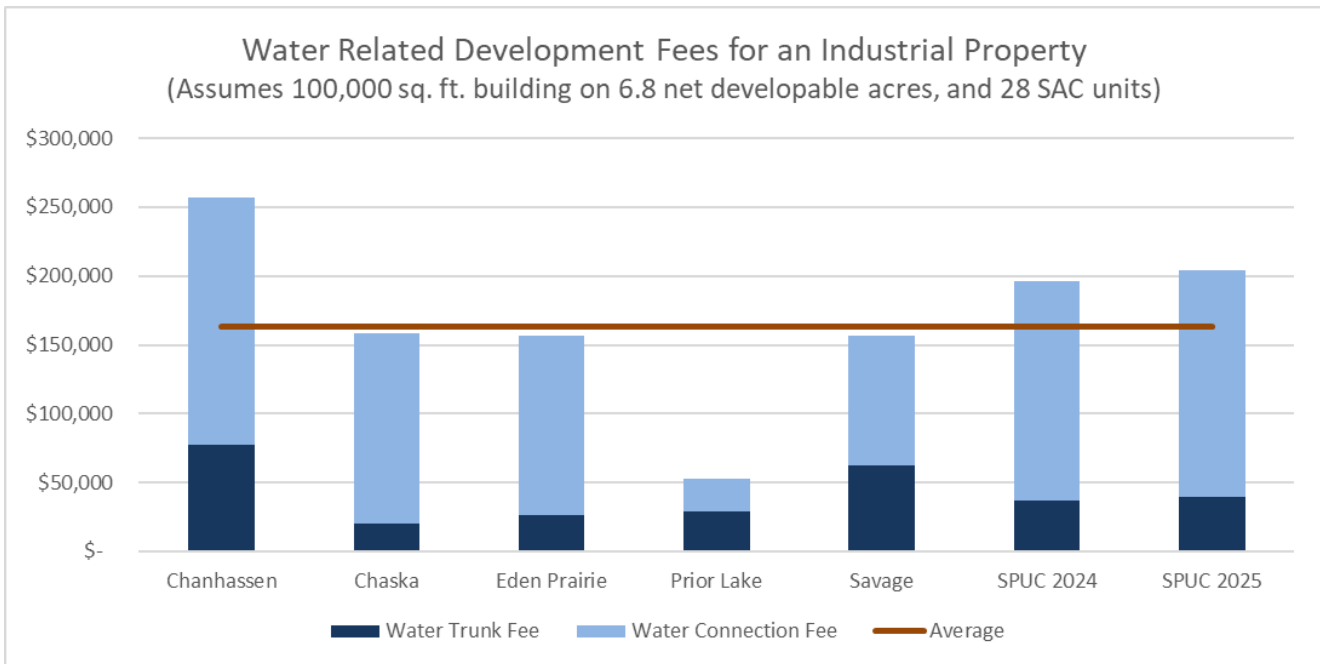
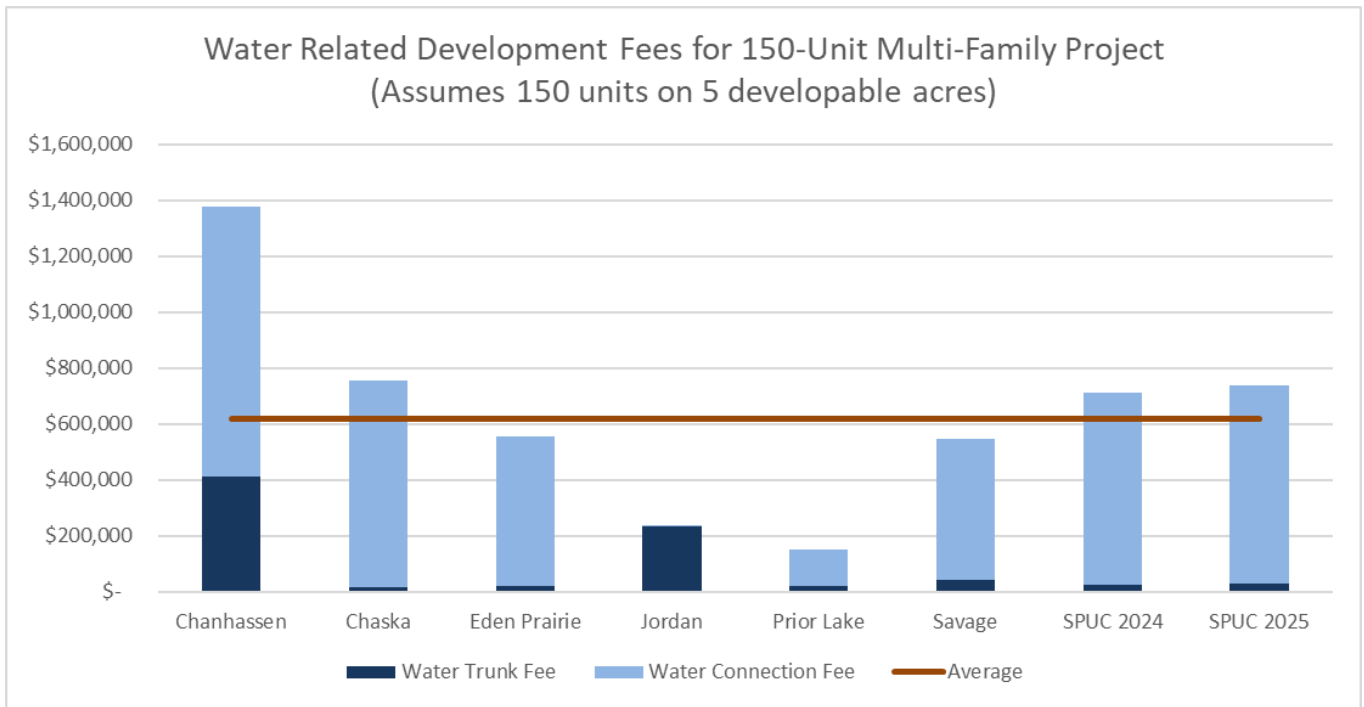


Figure 4. Comparison of Water Development Fees for an Apartment Development



**Appendix A
Shakopee Public Utilities Commission
Trunk Water Charge
Capital Improvement Program**

Projects	Amount	Year	%	Allocation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
TRUNK WATER MAINS															
Misc. expenses to coordinated w/County & City Projects	75,000	2026	100%	75,000			75,000								
Misc. expenses to coordinated w/County & City Projects	150,000	2027	100%	150,000				150,000							
Projects to be determined	100,000	2025	100%	100,000		100,000									
				-											
OVERSIZING															
				-											
12" WM South of Valley View Road @ Independence 0.50 mile (Hauer) 1-HES	125,000	2025	100%	125,000		125,000									
12" WM West of CR 69 thru area B 1.0 miles 1-HES	325,000	2025	100%	325,000		325,000									
12" WM West of CR 69 thru area B 1.0 miles 2-HES	195,000	2025	100%	195,000		195,000									
12" WM CR 16 from CR 15 west to CR 69 - 0.75 mile 2-HES	200,000	2025	100%	200,000		200,000									
12" WM Notermann Extension West of Valley Creek Crossing 330'	20,000	2025	100%	20,000		20,000									
16" WM Krystal Addition to CR 79 (800 ft) NES	185,000	2026	100%	185,000			185,000								
12" WM Vierling Drive West from CR 69 0.25 mile NES	65,000	2026	100%	65,000			65,000								
12" WM on Stagecoach Rd from Eagle Creek Preserve to Hansen Ave .025 miles	150,000	2028	100%	150,000					150,000						
16" WM East of Emblem parallel to 17th Ave 0.75 miles	400,000	2028	100%	400,000					400,000						
16" WM South of Countryside parallel to CR 15 0.5 miles	540,000	2029	100%	540,000						540,000					
12" WM CR 69 0.25 miles north of CR 78	150,000	2030	100%	150,000							150,000				
Projects to be determined	100,000	2025	100%	100,000		100,000									
				-											
2024 Comprehensive Water System Plan CIP															
	Amount	Year	Capacity %	Allocation											
Upsize 6 to 12-Inch Trunk Main	11,620,000	TBD	100%	11,620,000											
Upsize 6 to 16-Inch Trunk Main	7,040,000	TBD	100%	7,040,000											
Zone Boundary PRVs	2,800,000	TBD	100%	2,800,000											
Highway Crossing/Casing	1,200,000	TBD	100%	1,200,000											
											1,242,500	1,242,500	1,242,500	1,242,500	1,242,500
Annual projects to complete the Comprehensive Water System Plan															
TOTAL				25,440,000	0	1,065,000	325,000	150,000	550,000	540,000	1,392,500	1,242,500	1,242,500	1,242,500	1,242,500
Percent Inflation						0%	0%	0%	0%	0%	4%	4%	4%	4%	4%
Inflated Project Costs					0	1,065,000	325,000	150,000	550,000	540,000	1,761,957	1,635,045	1,700,447	1,768,465	1,839,204

TOTAL CIP FROM COMPREHENSIVE WATER SYSTEM PLAN	
Upsize 6 to 12-Inch Trunk Main	11,620,000
Upsize 6 to 16-Inch Trunk Main	7,040,000
Upsize 6 to 18-Inch Trunk Main	-
Upsize 6 to 124-Inch Trunk Main	-
Zone Boundary PRVs	2,800,000
Highway Crossing/Casing	1,200,000
TOTAL	22,660,000
Less Planned 2025-2029	(2,780,000)
Remaining	19,880,000
Annual Amount over 16 years	1,242,500

Note: Amount prior to inflation

**Appendix A
Shakopee Public Utilities Commission
Trunk Water Charge
Capital Improvement Program**

Projects	Amount	Year	%	Allocation	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
TRUNK WATER MAINS														
Misc. expenses to coordinated w/County & City Projects	75,000	2026	100%	75,000										
Misc. expenses to coordinated w/County & City Projects	150,000	2027	100%	150,000										
Projects to be determined	100,000	2025	100%	100,000										
				-										
OVERSIZING				-										
12" WM South of Valley View Road @ Independence 0.50 mile (Hauer) 1-HES	125,000	2025	100%	125,000										
12" WM West of CR 69 thru area B 1.0 miles 1-HES	325,000	2025	100%	325,000										
12" WM West of CR 69 thru area B 1.0 miles 2-HES	195,000	2025	100%	195,000										
12" WM CR 16 from CR 15 west to CR 69 - 0.75 mile 2-HES	200,000	2025	100%	200,000										
12" WM Notermann Extension West of Valley Creek Crossing 330'	20,000	2025	100%	20,000										
16" WM Krystal Addition to CR 79 (800 ft) NES	185,000	2026	100%	185,000										
12" WM Vierling Drive West from CR 69 0.25 mile NES	65,000	2026	100%	65,000										
12" WM on Stagecoach Rd from Eagle Creek Preserve to Hansen Ave .025 miles	150,000	2028	100%	150,000										
16" WM East from Emblem parallel to 17th Ave 0.75 miles	400,000	2028	100%	400,000										
16" WM South of Countryside parallel to CR 15 0.5 miles	540,000	2029	100%	540,000										
12" WM CR 69 0.25 miles north of CR 78	150,000	2030	100%	150,000										
Projects to be determined	100,000	2025	100%	100,000										
				-										
2024 Comprehensive Water System Plan CIP	Amount	Year	Capacity %	Allocation										
Upsize 6 to 12-Inch Trunk Main	11,620,000	TBD	100%	11,620,000										
Upsize 6 to 16-Inch Trunk Main	7,040,000	TBD	100%	7,040,000										
Zone Boundary PRVs	2,800,000	TBD	100%	2,800,000										
Highway Crossing/Casing	1,200,000	TBD	100%	1,200,000										
					1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500
Annual projects to complete the Comprehensive Water System Plan														
TOTAL				25,440,000	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500	1,242,500
Percent Inflation					4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Inflated Project Costs					1,912,772	1,989,283	2,068,854	2,151,608	2,237,672	2,327,179	2,420,266	2,517,077	2,617,760	2,722,471

**Appendix A
Shakopee Public Utilities Commission
2024 Water Availability Charge Study
Estimate of Acres Served**

Future Acreage to Full Buildout 2045	
Net Developable Acres	1344
Build-Out Period (Years)	20

* Excludes existing rural residential development and Louisville Township

Growth Reduction Factor
Developable Acreage Assumption

Year	Total Acres Platted
2020	
2021	
2022	
2023	
2024	
2025	67.2
2026	67.2
2027	67.2
2028	67.2
2029	67.2
2030	67.2
2031	67.2
2032	67.2
2033	67.2
2034	67.2
2035	67.2
2036	67.2
2037	67.2
2038	67.2
2039	67.2
2040	67.2
2041	67.2
2042	67.2
2043	67.2
2044	67.2
Total	1344

Appendix A
Shakopee Public Utilities Commission
2024 Availability Charge Study
Trunk Water
Revenue Projection

2024 Trunk Water Charge (TWC)
 All Properties \$ **4,451** per Net Acre
 Growth Reduction Factor / 100%

Capital Projects	Year	Amount*	Year	Annual Rate Increase	Rate Per Acre	Acres	Fee Revenue
Trunk Mains and Oversizing	2024	1,087,500	2024	4.75%	\$ 5,359	122	656,035
Trunk Mains and Oversizing	2025	1,065,000	2025	8.00%	\$ 5,788	67.2	388,926
Trunk Mains and Oversizing	2026	325,000	2026	8.00%	\$ 6,251	67.2	420,040
Trunk Mains and Oversizing	2027	150,000	2027	3.50%	\$ 6,469	67.2	434,741
Trunk Mains and Oversizing	2028	550,000	2028	3.50%	\$ 6,696	67.2	449,957
Trunk Mains and Oversizing	2029	540,000	2029	3.50%	\$ 6,930	67.2	465,706
Trunk Mains and Oversizing	2030	1,761,957	2030	3.50%	\$ 7,173	67.2	482,005
Trunk Mains and Oversizing	2031	1,635,045	2031	3.50%	\$ 7,424	67.2	498,876
Trunk Mains and Oversizing	2032	1,700,447	2032	3.50%	\$ 7,684	67.2	516,336
Trunk Mains and Oversizing	2033	1,768,465	2033	3.50%	\$ 7,953	67.2	534,408
Trunk Mains and Oversizing	2034	1,839,204	2034	3.50%	\$ 8,231	67.2	553,112
Trunk Mains and Oversizing	2035	1,912,772	2035	3.50%	\$ 8,519	67.2	572,471
Trunk Mains and Oversizing	2036	1,989,283	2036	3.50%	\$ 8,817	67.2	592,508
Trunk Mains and Oversizing	2037	2,068,854	2037	3.50%	\$ 9,126	67.2	613,245
Trunk Mains and Oversizing	2038	2,151,608	2038	3.50%	\$ 9,445	67.2	634,709
Trunk Mains and Oversizing	2039	2,237,672	2039	3.50%	\$ 9,776	67.2	656,924
Trunk Mains and Oversizing	2040	2,327,179	2040	3.50%	\$ 10,118	67.2	679,916
Trunk Mains and Oversizing	2041	2,420,266	2041	3.50%	\$ 10,472	67.2	703,713
Trunk Mains and Oversizing	2042	2,517,077	2042	3.50%	\$ 10,838	67.2	728,343
Trunk Mains and Oversizing	2043	2,617,760	2043	3.50%	\$ 11,218	67.2	753,835
Trunk Mains and Oversizing	2044	2,722,471	2044	3.50%	\$ 11,610	67.2	780,220
Total Projects to be Funded with WAC Charges		\$ 35,387,559	Total Projections for 2024 - 2045			1,466	12,116,026

Appendix B
Shakopee Public Utilities Commission
Water Capacity Charge
Capital Improvement Program

Projects	Amount	Year	Operating %	Development %	Allocation to WCC	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
WELLS																
NES Jordan Well #26 @ Church Addition (25%)	100,000	2026	75%	25%	25,000			25,000								
NES Jordan Well #26 @ Church Addition (25%)	660,000	2027	75%	25%	165,000				165,000							
2-HES Jordan Well #22 at Tank #8 (100%)	800,000	2030	0%	100%	800,000							800,000				
WATER TREATMENT																
Land Rights (25%)	5,000,000	2025	75%	25%	1,250,000		1,250,000									
NES Water Treatment Plant design (25%)	1,200,000	2028	75%	25%	300,000					300,000						
NES Water Treatment Plant Construction Site Prep (25%)	12,000,000	2029	75%	25%	3,000,000						3,000,000					
Raw Watermain locations TBD (25%)	1,250,000	2027	75%	25%	312,500				312,500							
Raw Watermain locations TBD (25%)	1,250,000	2028	75%	25%	312,500					312,500						
Raw Watermain locations TBD (25%)	1,250,000	2029	75%	25%	312,500						312,500					
PUMP HOUSE ADDITIONS/EXPANSIONS																
2-HES Pump House 23 @ Tank #8 Site (includes landscaping for tank #8)	725,000	2025	0%	100%	725,000		725,000									
NES Pumphouse for Well #26 @ Church Addition (25%)	100,000	2027	75%	25%	25,000				25,000							
NES Pumphouse for Well #26 @ Church Addition (25%)	3,640,000	2028	75%	25%	910,000					910,000						
Pumphouse #6 Updating and Backup Generation (25%)	150,000	2028	75%	25%	37,500					37,500						
Pumphouse #6 Updating and Backup Generation (25%)	1,500,000	2029	75%	25%	375,000						375,000					
PH#2 Conversion to Control House and raw watermain to PH#3 (25%)	4,250,000	2028	75%	25%	1,062,500					1,062,500						
TANKS AND TRANSMISSION WATER MAIN																
2-HES District Storage (0.5 MG, Elevated Tank #9) @ Wood Duck Trail	4,500,000	2025	0%	100%	4,500,000		4,500,000									
16" Transmission WM East of Tank #9 0.75 miles	1,200,000	2025	0%	100%	1,200,000		1,200,000									
BOOSTER STATIONS																
Inline Booster Station Site @ Foothill Road and Horizon Drive	200,000	2025	0%	100%	200,000		200,000									
IHES to 2HES Inline Booster Station @ Foothill/Horizon	#####	2030	0%	100%	1,000,000							1,000,000				
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	100,000	2025	0%	100%	100,000		100,000									
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	5,000,000	2030	0%	100%	5,000,000							5,000,000				
AUXILIARY FACILITIES																
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	60,000	2025	0%	100%	60,000		60,000									
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	150,000	2026	0%	100%	150,000			150,000								
Normal Zone Elevated Tank Altitude Valves	150,000	2026	0%	100%	150,000			150,000								
Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	150,000	2026	0%	100%	150,000			150,000								
Pressure Reducing Valve - 1-HES to NES on Hwy 169	150,000	2027	0%	100%	150,000				150,000							
Hwy 169 Flow Station	600,000	2030	0%	100%	600,000							600,000				
TOTAL						-	8,035,000	475,000	652,500	2,622,500	3,687,500	7,400,000	-	-	-	-

2024 Comprehensive Water System Plan CIP	Amount	Year	Capacity %	Development %	Allocation to WCC	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Supply																
New Replacement Well - Replace Well No. 4	3,000,000	2032	75%	25%	750,000									750,000		
New Water Supply Well (Capacity)	3,000,000	2037	0%	100%	3,000,000											
Transfer																
Well No. 9 Flow Control Valve Upgrades	400,000	2030	75%	25%	100,000							100,000				
Arbor Hills Booster Station (w/NEW WTP)	5,000,000	2046			-											
					-											
Distribution																
Upsize 6 to 12-Inch Trunk Main		TBD	0%		-											
Upsize 6 to 16-Inch Trunk Main		TBD	0%		-											
Upsize 6 to 18-Inch Trunk Main	1,180,000	2031	0%	25%	295,000								295,000			
Upsize 6 to 24-Inch Trunk Main	530,000	2031	0%	25%	132,500								132,500			
Zone Boundary PRVs		TBD	0%		-											
Highway Crossing/Casing		TBD	0%		-											
Plan CIP (Dollars)	167,745,000				27,150,000	0	0	0	0	0	0	100,000	427,500	750,000	0	0
Percent Inflation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	4%	4%	4%	4%
Inflated Project Costs	167,745,000	0	0	0	27,150,000	2,400,000	8,035,000	475,000	652,500	2,622,500	3,687,500	9,489,893	562,561	1,026,427	0	0

Appendix B
Shakopee Public Utilities Commission
Water Capacity Charge
Capital Improvement Program

Projects	Amount	Year	Operating %	Development %	Allocation to WCC	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
WELLS																
NES Jordan Well #26 @ Church Addition (25%)	100,000	2026	75%	25%	25,000											
NES Jordan Well #26 @ Church Addition (25%)	660,000	2027	75%	25%	165,000											
2-HES Jordan Well #22 at Tank #8 (100%)	800,000	2030	0%	100%	800,000											
WATER TREATMENT																
Land Rights (25%)	5,000,000	2025	75%	25%	1,250,000											
NES Water Treatment Plant design (25%)	1,200,000	2028	75%	25%	300,000											
NES Water Treatment Plant Construction Site Prep (25%)	12,000,000	2029	75%	25%	3,000,000											
Raw Watermain locations TBD (25%)	1,250,000	2027	75%	25%	312,500											
Raw Watermain locations TBD (25%)	1,250,000	2028	75%	25%	312,500											
Raw Watermain locations TBD (25%)	1,250,000	2029	75%	25%	312,500											
PUMP HOUSE ADDITIONS/EXPANSIONS																
2-HES Pump House 23 @ Tank #8 Site (includes landscaping for tank #8)	725,000	2025	0%	100%	725,000											
NES Pumphouse for Well #26 @ Church Addition (25%)	100,000	2027	75%	25%	25,000											
NES Pumphouse for Well #26 @ Church Addition (25%)	3,640,000	2028	75%	25%	910,000											
Pumphouse #6 Updating and Backup Generation (25%)	150,000	2028	75%	25%	37,500											
Pumphouse #6 Updating and Backup Generation (25%)	1,500,000	2029	75%	25%	375,000											
PH#2 Conversion to Control House and raw watermain to PH#3 (25%)	4,250,000	2028	75%	25%	1,062,500											
TANKS AND TRANSMISSION WATER MAIN																
2-HES District Storage (0.5 MG, Elevated Tank #9) @ Wood Duck Trail	4,500,000	2025	0%	100%	4,500,000											
16" Transmission WM East of Tank #9 0.75 miles	1,200,000	2025	0%	100%	1,200,000											
BOOSTER STATIONS																
Inline Booster Station Site @ Foothill Road and Horizon Drive	200,000	2025	0%	100%	200,000											
IHES to 2HES Inline Booster Station @ Foothill/Horizon	#####	2030	0%	100%	1,000,000											
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	100,000	2025	0%	100%	100,000											
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	5,000,000	2030	0%	100%	5,000,000											
AUXILIARY FACILITIES																
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	60,000	2025	0%	100%	60,000											
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	150,000	2026	0%	100%	150,000											
Normal Zone Elevated Tank Altitude Valves	150,000	2026	0%	100%	150,000											
Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	150,000	2026	0%	100%	150,000											
Pressure Reducing Valve - 1-HES to NES on Hwy 169	150,000	2027	0%	100%	150,000											
Hwy 169 Flow Station	600,000	2030	0%	100%	600,000											
TOTAL						-	-	-	-	-	-	-	-	-	-	-

2024 Comprehensive Water System Plan CIP	Amount	Year	Capacity %	Development %	Allocation to WCC	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Supply																
New Replacement Well - Replace Well No. 4	3,000,000	2032	75%	25%	750,000											
New Water Supply Well (Capacity)	3,000,000	2037	0%	100%	3,000,000			3,000,000								
Transfer																
Well No. 9 Flow Control Valve Upgrades	400,000	2030	75%	25%	100,000											
Arbor Hills Booster Station (w/NEW WTP)	5,000,000	2046			-											
					-											
Distribution																
Upsize 6 to 12-Inch Trunk Main		TBD	0%		-											
Upsize 6 to 16-Inch Trunk Main		TBD	0%		-											
Upsize 6 to 18-Inch Trunk Main	1,180,000	2031	0%	25%	295,000											
Upsize 6 to 24-Inch Trunk Main	530,000	2031	0%	25%	132,500											
Zone Boundary PRVs		TBD	0%		-											
Highway Crossing/Casing		TBD	0%		-											
Plan CIP (Dollars)	167,745,000				27,150,000	0	0	3,000,000	0	0	0	0	0	0	0	0
Percent Inflation	0%	0%	0%	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Inflated Project Costs	167,745,000	0	0	0	27,150,000	0	0	4,995,221	0	0	0	0	0	0	0	0

**Appendix B
Shakopee Public Utilities Commission
2024 Water Availability Charge Study
Estimate of SAC Units**

Future Units to Full Buildout 2024-2045								
	Engineer Design Est. SAC Units	City Estimates SAC Units	City's Est. Single Family Units*	City's Est. Multifamily Units	City's Est. Townhome Units	City's Est. Industrial SAC Units	City's Est. Commercial SAC Units	Industrial Sq Feet
Units			3,084	1,798	327			
SAC Units	9,414	6,815	3,084	1,438	294	1,116	883	
Sq Ft								4,240,279
Years to Build Out			20	20	20	20	20	20

* Excludes existing rural residential development

Growth Reduction Factor			100%	100%	100%	100%	100%	50%
Policy Reduction Factor			1.00	0.80	0.90	1.00	1.00	

Year	Single Family SAC Units	Townhome SAC Units	Multifamily SAC Units	Industrial SAC Units	Mixed Use SAC Units	Billable SAC Units	Billable Sq. Ft. for Industrial Surcharge
2020							
2021							
2022							
2023							
2024							
2025	154	15	72	56	44	341	106,007
2026	154	15	72	56	44	341	106,007
2027	154	15	72	56	44	341	106,007
2028	154	15	72	56	44	341	106,007
2029	154	15	72	56	44	341	106,007
2030	154	15	72	56	44	341	106,007
2031	154	15	72	56	44	341	106,007
2032	154	15	72	56	44	341	106,007
2033	154	15	72	56	44	341	106,007
2034	154	15	72	56	44	341	106,007
2035	154	15	72	56	44	341	106,007
2036	154	15	72	56	44	341	106,007
2037	154	15	72	56	44	341	106,007
2038	154	15	72	56	44	341	106,007
2039	154	15	72	56	44	341	106,007
2040	154	15	72	56	44	341	106,007
2041	154	15	72	56	44	341	106,007
2042	154	15	72	56	44	341	106,007
2043	154	15	72	56	44	341	106,007
2044	154	15	72	56	44	341	106,007
Total	3080	300	1440	1120	880	6820	2120140

1 Multifamily Unit = 0.8 SAC units and 1 Townhome Unit = 0.9 SAC units

Appendix B
Shakopee Public Utilities Commission
2024 Availability Chage Study
Water Capacity Charge
Revenue Projection

Assumes 1 Multifamily Unit = .8 SAC Units

Assumes 1 Townhome Unit = .9 SAC Units

Year	Capital Expenditure	Year	Annual Rate Increase	Capacity Charge	SAC Units	Annual Capacity Charge Revenue	Deferred Receipts	Industrial Surcharge Per Square Ft.	Industrial Building Sq. Ft.	Industrial Surcharge Revenue	Total Revenues	
2024	2,400,000	2024	1.00%	\$ 5,693	484	2,754,998	33,431	\$ 0.134			2,788,429	
2025	8,035,000	2025	3.50%	\$ 5,892	341	2,009,259	899,812	\$ 0.139	106,007	14,702	2,923,773	
2026	475,000	2026	3.50%	\$ 6,098	341	2,079,583	379,808	\$ 0.144	106,007	15,217	2,474,608	
2027	652,500	2027	3.50%	\$ 6,312	341	2,152,368	8,550	\$ 0.149	106,007	15,749	2,176,667	
2028	2,622,500	2028	3.50%	\$ 6,533	341	2,227,701		\$ 0.154	106,007	16,300	2,244,001	
2029	3,687,500	2029	3.50%	\$ 6,761	341	2,305,671		\$ 0.159	106,007	16,871	2,322,542	
2030	9,489,893	2030	3.50%	\$ 6,998	341	2,386,369		\$ 0.165	106,007	17,461	2,403,830	
2031	562,561	2031	3.50%	\$ 7,243	341	2,469,892		\$ 0.170	106,007	18,073	2,487,965	
2032	1,026,427	2032	3.50%	\$ 7,497	341	2,556,339		\$ 0.176	106,007	18,705	2,575,044	
2033	-	2033	3.50%	\$ 7,759	341	2,645,810		\$ 0.183	106,007	19,360	2,665,170	
2034	-	2034	3.50%	\$ 8,031	341	2,738,414		\$ 0.189	106,007	20,037	2,758,451	
2035	-	2035	3.50%	\$ 8,312	341	2,834,258		\$ 0.196	106,007	20,739	2,854,997	
2036	-	2036	3.50%	\$ 8,603	341	2,933,457		\$ 0.202	106,007	21,465	2,954,922	
2037	4,995,221	2037	3.50%	\$ 8,904	341	3,036,128		\$ 0.210	106,007	22,216	3,058,344	
2038	-	2038	3.50%	\$ 9,215	341	3,142,393		\$ 0.217	106,007	22,993	3,165,386	
2039	-	2039	3.50%	\$ 9,538	341	3,252,376		\$ 0.224	106,007	23,798	3,276,174	
2040	-	2040	3.50%	\$ 9,872	341	3,366,210		\$ 0.232	106,007	24,631	3,390,841	
2041	-	2041	3.50%	\$ 10,217	341	3,484,027		\$ 0.240	106,007	25,493	3,509,520	
2042	-	2042	3.50%	\$ 10,575	341	3,605,968		\$ 0.249	106,007	26,386	3,632,354	
2043	-	2043	3.50%	\$ 10,945	341	3,732,177		\$ 0.258	106,007	27,309	3,759,486	
2044	-	2044	3.50%	\$ 11,328	341	3,862,803		\$ 0.267	106,007	28,265	3,891,068	
		2045										
	\$ 33,946,601	Total Projections for 2020 - 2045				7,304	\$ 59,576,201	\$ 1,321,600		\$ 2,120,140	\$ 415,771	\$ 61,313,572

Appendix C
Shakopee Public Utilities Commission
Detailed Growth Projections 2024-2045

Site	Information Provided by City of Shakopee					Information Refined by SPU			
Single-Family Residential	Gross Acres	Approximate Developable Acres	Est. Units / Acre	Est. Units	Estimated Population	Trunk Acres to Charge	Units to Collect	ERUs	SAC Units
Breeggemann (both sites)	88.34	76.84	3	231	645	76.84	231	1	231
LaTour	33.37	28.37	3	85	238	28.37	85	1	85
Bauer 2	36.41	34.81	3	104	292	34.81	104	1	104
Bauer 3	38.62	37.62	3	113	316	37.62	113	1	113
ForeStar (Highview final phase)	33.5	26.9	3	81	226	26.9	81	1	81
Luers	33.8	31.3	3	94	263	31.3	94	1	94
Schmitz	82.8	75.2	3	226	632	75.2	226	1	226
O'Laughlin	108.11	93.11	3	279	782	93.11	279	1	279
Schmitt	68.53	48.53	3	146	408	48.53	146	1	146
Weckman	95.24	73.24	3	220	615	73.24	220	1	220
Gravel Pit	86.3	86.3	3	259	725	86.3	259	1	259
NorCor	31.77	29.57	3	89	248	29.57	89	1	89
Arbor Bluff (Approved)	80	65.33	3	196	549	46.74	191	1	191
Purcell	6.6	6.6	3	20	55	6.6	20	1	20
Marschall	7.41	7.41	3	22	62	7.41	22	1	22
Kristal Estates	4.41	3.66	3	11	31	3.66	11	1	11
Koehnen	13.43	12.63	3	38	106	12.63	38	1	38
O'laughlin 2	78.3	75.8	3	227	637	75.8	227	1	227
Sand	116.98	106.48	3	319	894	106.48	319	1	319
Bauer 4	15.9	15.9	3	48	134	15.9	48	1	48
Countryside 3rd	5.44	5.44	3	17	48	0	17	1	17
Countryside 4th	20.4	18.6	3	56	156	18.6	56	1	56
Notermann	10	1.25	3	4	11	1.25	4	1	4
Highview Park 1-3 (approved)			3	295	826	0	180	1	180
Moraine Addition (approved)	3.33	3.33	3	10	28	0	10	1	10
Meyers	4.8	4.8	3	14	40	4.8	14	1	14
Total	1,099	964		3,188	8,928	942	3,083		3,084

Appendix C
 Shakopee Public Utilities Commission
 Detailed Growth Projections 2024-2045

Site	Information Provided by City of Shakopee					Information Refined by SPU			
Multi-Family Residential	Gross Acres	Approximate Developable Acres	Est. Units / Acre	Est. Units	Estimated Population	Trunk Acres to Charge	Units to Collect	ERUs	SAC Units
Gravel Pit Townhouses	10.54	10.54	10.43	110	264	10.54	110.0	0.9	99.0
Bauer	29.16	24.16	8	193	464	24.16	193.0	0.9	173.7
Trio 3rd Apt Building (approved)	5.46	5.46	29	158	380	0	158.0	0.8	126.4
CDA Building (under construction, senior)	2.06	2.06	30	61	146	0	0.0	0.8	0.0
Canterbury Crossing Co-op (approved)	2.28	2.28	21	46	110	0	46.0	0.8	36.8
Gravel Pit Apartment Buildings	12.69	12.69	42.1	534	1282	12.69	534.0	0.8	427.2
Arasan Phase 2 (Approved)	2.76	2.76	36	100	240	2.76	100.0	0.8	80.0
Gateway Townhouses (Approved)	3.66	3.66	12	44	66	0	0.0	0.9	0.0
Mjolsnes	15.73	10	24	240	576	10	240.0	0.8	192.0
CDA Office Site	1.18	1.18	51	60	144	1.18	60.0	0.8	48.0
134 Main St	1	1	60	60	144	1	60.0	0.8	48.0
Canterbury Village	5	5	120	600	1440	5	600.0	0.8	480.0
BHS (Senior)		1.98	12	24	36	1.98	24.0	0.9	21.6
Total	92	83		2,231	5,292	69.31	2,125		1,733

Appendix C
 Shakopee Public Utilities Commission
 Detailed Growth Projections 2024-2045

Site	Information Provided by City of Shakopee		Estimates Made by Ehlers				
	Acres	Approx. Developable	Estimated Square Feet	Estimated Sq. Ft./SAC Unit	Estimated	Trunk Acres to Charge	SAC Units
Acres		Floor Area Ratio					
Cherne Site	5	5	71,874	3800	0.33	0	18.9
Breeggemann	68.8	56.5	812,176	3800	0.33	56.5	213.7
LaTour	91.36	67.36	968,287	3800	0.33	67.36	254.8
Severson / Palmer Bus	22.57	17.57	252,565	3800	0.33	17.57	66.5
Weckman	124.13	100	1,437,480	3800	0.33	100	378.3
Mom's Landscape	4.82	4.82	69,287	3800	0.33	4.82	18.2
Kuelbs	2.5	2.5	35,937	3800	0.33	2.5	9.5
Humane Society	3.88	3.88	55,774	3800	0.33	3.88	14.7
Scott County	2.37	2.37	34,068	3800	0.33	2.37	9
101 Auto Salvage	12.23	12.23	175,804	3800	0.33	12.23	46.3
Prairie Line	3.49	2.39	34,356	3800	0.33	2.39	9
Walsh Properties	5.08	5.08	73,024	3800	0.33	5.08	19.2
Hentges	4.49	4.49	64,543	3800	0.33	0	17
CNG Site	4.79	4.79	68,855	3800	0.33	0	18.1
Theng Kav, Phi Ngo	10.14	6	86,249	3800	0.33	6	22.7
Total	365.65	295	4,240,279			280.70	1,116

Appendix C
 Shakopee Public Utilities Commission
 Detailed Growth Projections 2024-2045

Site	Information Provided by City of		Estimates Made by Ehlers				
	Approx. Developable		Estimated	Estimated Sq.	Estimated	Trunk Acres	SAC Units
Commercial (Mixed Use Center)	Acres	Acres	Square Feet	Ft./SAC Unit	Floor Area Ratio	to Charge	
Saliterman	16.75	15.15	217,778	1900	0.33	15.15	114.6
MAC Equities	14.9	14.15	203,403	1900	0.33	14.15	107.1
Southbridge Crossings East	9.01	8.02	115,286	1900	0.33	0	60.7
Canterbury Trackside	11.3	11.3	162,435	1900	0.33	0	85.5
Canterbury Southwest	1.79	1.79	25,731	1900	0.33	0	13.5
SPUC / Lusignan	3.52	3.02	43,412	1900	0.33	0	22.8
Gravel Pit	22.5	22.5	323,433	1900	0.33	22.5	170.2
Canterbury Near Amp	27.7	27.7	398,182	1900	0.33	0	209.6
Southbridge (near Sherwin Williams)	3.6	3.6	51,749	1900	0.33	0	27.2
Southbridge 4th (next to Aldi)	2.31	2.21	31,768	1900	0.33	0	16.7
Southbridge Fields (2 sites)	2.1	2.1	30,187	1900	0.33	0	15.9
Hospital	5.84	5.15	74,030	1900	0.33	0	39
Total	121.32	117	1,677,394			51.80	883

GRAND TOTAL		1,459				1,343	6,815
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Total SAC Units	SAC Units	Total Dev. Acres	Acres Per Year
	Per Year 2025-2044		
6,815	341	1,343	67

Appendix D
Shakopee Public Utilities Commission
Water Availability Fund
Cashflow Projection

Assumes 1 Multifamily Unit = .8 SAC Units

Assumes 1 Townhome Unit = .9 SAC Units

Year	Capacity Fee Revenue	Trunk Fee Revenue	Interest Income	Total Revenues	Cash Funded Projects	Bond Funded Projects	Projected Ending TWC Cash Balance
			1.5%				
2023						-	\$ 16,441,871
2024	\$ 2,788,429	656,035	246,628	3,691,092	3,487,500	-	\$ 16,645,463
2025	\$ 2,923,773	388,926	249,682	3,562,381	9,100,000	-	\$ 11,107,844
2026	\$ 2,474,608	420,040	166,618	3,061,265	800,000	-	\$ 13,369,109
2027	\$ 2,176,667	434,741	200,537	2,811,944	802,500	-	\$ 15,378,554
2028	\$ 2,244,001	449,957	230,678	2,924,637	3,172,500	-	\$ 15,130,690
2029	\$ 2,322,542	465,706	226,960	3,015,208	4,227,500	-	\$ 13,918,399
2030	\$ 2,403,830	482,005	208,776	3,094,611	11,251,849	-	\$ 5,761,161
2031	\$ 2,487,965	498,876	86,417	3,073,258	2,197,606	-	\$ 6,636,813
2032	\$ 2,575,044	516,336	99,552	3,190,932	2,726,874	-	\$ 7,100,871
2033	\$ 2,665,170	534,408	106,513	3,306,091	1,768,465	-	\$ 8,638,497
2034	\$ 2,758,451	553,112	129,577	3,441,141	1,839,204	-	\$ 10,240,435
2035	\$ 2,854,997	572,471	153,607	3,581,074	1,912,772	-	\$ 11,908,737
2036	\$ 2,954,922	592,508	178,631	3,726,061	1,989,283	-	\$ 13,645,516
2037	\$ 3,058,344	613,245	204,683	3,876,272	7,064,074	-	\$ 10,457,713
2038	\$ 3,165,386	634,709	156,866	3,956,961	2,151,608	-	\$ 12,263,066
2039	\$ 3,276,174	656,924	183,946	4,117,044	2,237,672	-	\$ 14,142,438
2040	\$ 3,390,841	679,916	212,137	4,282,894	2,327,179	-	\$ 16,098,152
2041	\$ 3,509,520	703,713	241,472	4,454,706	2,420,266	-	\$ 18,132,592
2042	\$ 3,632,354	728,343	271,989	4,632,685	2,517,077	-	\$ 20,248,200
2043	\$ 3,759,486	753,835	303,723	4,817,044	2,617,760	-	\$ 22,447,484
2044	\$ 3,891,068	780,220	336,712	5,008,000	2,722,471	-	\$ 24,733,013
	61,313,572	12,116,026	4,195,704	77,625,302	69,334,160	\$ -	\$ 24,733,013

Total Projections for 2024 - 2045



**WATER COST OF SERVICE AND RATE
DESIGN STUDY**

Final Report

November 27, 2024



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



November 27, 2024

Shakopee Public Utilities Commission

255 Sarazin Street
PO Box 470
Shakopee, MN 55379

Subject: Water Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Shakopee Public Utilities (SPU) charges its customers for water service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

The recommended rate adjustments have been made based on overall revenue and cash reserve needs of the utility and the results of a cost-of-service analysis. As a result of the study undertaken, a series of 5% annual increases in consumption rates plus small increases in monthly service charges for the years 2025 through 2028 have been recommended for the water utility. This adjustment has been designed to help ensure the continued financial strength of the SPU water utility. Specific rate design recommendations are included for each retail rate class.

Thank you for the opportunity to be of service to SPU through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from SPU staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

A handwritten signature in black ink, appearing to read 'David A. Berg', is written over a light gray rectangular background.

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

Dave Berg Consulting, LLC | 15213 Danbury Ave W, Rosemount, MN 55068 | 612-850-2305

www.davebergconsulting.com

Section 1

Introduction

The City of Shakopee, MN owns a municipal utility providing service to approximately 12,300 retail water customers. The water utility is operated by Shakopee Public Utilities (SPU) and is under the direction of the Shakopee Public Utilities Commission. This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for water services in Shakopee. The study includes an examination of the allocated cost of service based on 2023 utility operations (Test Year). It also includes projected operating results for 2024-2028 (Study Period). As a result of the analyses undertaken and reported on herein, water rate recommendations have been developed for implementation by SPU.

Section 2

Projected Operating Results Existing Rates

The rates charged for water service by SPU, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to SPU's retail customers. This is necessary to ensure the long-term financial health of the SPU water utility. The cost of providing utility service consists of normal operating expenses for water systems, customer and A&G functions, system depreciation expenses, capital improvements and other non-operating expenses.

An analysis of the operating results for the SPU water utility during the 2024-2028 Study Period has been performed assuming the current retail rates and charges remain in effect through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Operating Revenues

SPU provides water services to residential, commercial and industrial customers. Total sales to SPU retail customers for the Study Period are assumed to increase 1.6% in 2025 and 1.0% per year after 2025.

Exhibit 2-A is a summarized listing of SPU's historical and projected water operating results at existing rates. The historical and projected revenues from retail sales of water to different groups of customers are included as part of Sales of Water.

Section 2

Other Operating Revenues

SPU also receives other miscellaneous operating revenue from other normal operating procedures. These other operating revenues include forfeited discounts and a negative adjustment for uncollectible accounts. These revenues are also included in the Operating Revenues in Exhibit 2-A.

Revenue Requirements

Operating Expenses

Operating expenses for the water utility are shown in Exhibit 2-A. Projections of operating expenses are based on budgeted amounts provided by SPU.

Depreciation

SPU has annual depreciation costs associated with water system investments. Depreciation during the Study Period is based on budgeted SPU amounts and planned capital investments. Depreciation is a funded non-cash expense that generates monies available for annual capital improvements and reserves.

Projected Operating Results – Existing Rates

Non-operating Income (Expenses)

SPU's non-operating income and expenses are primarily associated with rentals and miscellaneous revenues, investment income and interest expenses.

Payment in Lieu of Taxes (PILOT)

SPU makes an annual PILOT payment to the City's general fund. This payment is 6.0% of total defined water sales, less bad debt expense.

Capital Improvements

SPU makes annual normal capital investments in its water systems. Annual capital improvements for the Study Period, as budgeted by SPU, are shown in Table 2-1 below. The capital improvements are separated between several funds as shown.

Table 2-1
Capital Improvements- Water

Year	2024	2025	2026	2027	2028
Operating Fund	\$4,135,405	\$7,098,693	\$2,915,000	\$1,827,500	\$8,937,500
Admin Projects	153,753	91,444	49,944	56,750	60,000
Reconstruction Projects	425,000	330,000	185,000	1,540,000	1,555,000
Connection Projects	1,800,829	8,035,000	475,000	652,500	2,622,500
Trunk Projects	<u>845,045</u>	<u>1,065,000</u>	<u>325,000</u>	<u>150,000</u>	<u>550,000</u>
Total water capital	\$7,360,033	\$16,620,137	\$3,949,944	\$4,226,750	\$13,725,000

Section 2

Debt Service

SPU has no outstanding water system debt.

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized below in Table 2-2. A more detailed presentation of the historical and projected operating results is also shown in Exhibit 2-A.

Table 2-2
Projected Operating Results-Water
Existing Rates

Year	2024	2025	2026	2027	2028
Operating Revenues	\$7,233,579	\$7,358,810	\$7,401,262	\$7,474,639	\$7,548,749
Less Operating Expenses	(6,801,498)	(7,630,066)	(8,378,683)	(8,712,743)	(9,064,127)
Plus Non -Operating Income	583,975	786,772	786,772	786,772	786,772
Plus Capital Contributions	3,649,911	4,358,700	4,004,305	4,004,305	4,004,305
Less City Transfer	<u>(425,913)</u>	<u>(476,540)</u>	<u>(444,076)</u>	<u>(448,478)</u>	<u>(452,925)</u>
Change in Net Position	\$4,240,054	\$4,397,675	\$3,369,581	\$3,104,494	\$2,822,774
Net Position as Percent of Revenues	58.6%	59.8%	45.5%	41.5%	37.4%

Projected Operating Results – Existing Rates

Cash Reserves

SPU has 4 separate funds that track unrestricted and restricted reserves and capital expenditures. The annual activity and resulting balances for each fund are shown at the end of Exhibit 2-A and in Tables 2-3 through 2-6 below. Table 2-3 summarizes the unrestricted reserves. Tables 2-4 through 2-6 summarize the restricted funds for the Reconstruction Fund, Connection Fund and Trunk Fund. Table 2-7 shows the combined end of year balances for all funds.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the cash reserves in the Trunk Fund are negative throughout the Study Period. Additionally, overall SPU reserve funds decrease from \$32.3 million in 2023 to \$19.5 million in 2028. This is a reduction in reserve levels of 40%.

Table 2-3
Projected Unrestricted Cash Reserves-Water
Existing Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$15,312,246	\$13,922,325	\$9,870,386	\$9,894,120	\$10,857,349
Plus Income before Transfers less Municipal Contributions less Reconstruction Funds	(167,687)	(730,980)	(1,412,378)	(1,685,242)	(1,974,816)
Plus Capital Contributions	975,148	991,108	983,128	983,128	983,128
Plus Meter Fees	85,000	113,291	99,145	99,145	99,145
Plus Depreciation	2,006,776	2,764,778	3,318,783	3,450,448	3,591,339
Less Capital Improvements	(4,135,405)	(7,098,693)	(2,915,000)	(1,827,500)	(8,937,500)
Less Admin Projects	<u>(153,753)</u>	<u>(91,444)</u>	<u>(49,944)</u>	<u>(56,750)</u>	<u>(60,000)</u>
Ending Balance	\$13,922,325	\$9,870,386	\$9,894,120	\$10,857,349	\$4,558,645
Reserves as % of Operating Revenue	192.5%	134.1%	133.7%	145.3%	60.4%

Section 2

Table 2-4
Projected Reconstruction Fund-Water
Existing Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$1,751,774	\$2,084,604	\$2,524,558	\$3,117,213	\$2,362,644
Plus Reconstruction Fees	757,830	769,955	777,654	785,431	793,285
Less Reconstruction Projects	<u>(425,000)</u>	<u>(330,000)</u>	<u>(185,000)</u>	<u>(1,540,000)</u>	<u>(1,555,000)</u>
Ending Balance	\$2,084,604	\$2,524,558	\$3,117,213	\$2,362,644	\$1,600,929

Table 2-5
Projected Connection Fund-Water
Existing Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$16,882,468	\$17,049,772	\$11,656,071	\$13,485,787	\$15,138,003
Plus Connection Fees	1,968,133	2,641,299	2,304,716	2,304,716	2,304,716
Less Connection Projects	<u>(1,800,829)</u>	<u>(8,035,000)</u>	<u>(475,000)</u>	<u>(652,500)</u>	<u>(2,622,500)</u>
Ending Balance	\$17,049,772	\$11,656,071	\$13,485,787	\$15,138,003	\$14,820,219

Table 2-6
Projected Trunk Fund-Water
Existing Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$(1,655,178)	\$(1,878,593)	\$(2,330,591)	\$(2,038,275)	\$(1,570,959)
Plus Trunk Fees	621,630	613,002	617,316	617,316	617,316
Less Trunk Projects	<u>(845,045)</u>	<u>(1,065,000)</u>	<u>(325,000)</u>	<u>(150,000)</u>	<u>(550,000)</u>
Ending Balance	\$(1,878,593)	\$(2,330,591)	\$(2,038,275)	\$(1,570,959)	\$(1,503,643)

Projected Operating Results – Existing Rates

Table 2-7
Projected Total Reserve Funds-Water
Existing Rates

Year	2023	2024	2025	2026	2027	2028
Ending Balance	\$32,291,310	\$31,178,107	\$21,720,423	\$24,458,844	\$26,787,036	\$19,476,149

Shakopee Public Utilities
Water Operating Results at Existing Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPERATING REVENUES										
Sales of Water	\$ 4,827,271	\$ 5,578,527	\$ 6,592,104	\$ 6,605,809	\$ 7,746,571	\$ 7,193,681	\$ 7,308,090	\$ 7,350,543	\$ 7,423,919	\$ 7,498,029
Forfeited Discounts	42,475	3,602	12,682	23,504	29,392	39,898	47,096	47,096	47,096	47,096
Uncollectible Accounts	(8,377)	(49,853)	5,749	3,500	8,835	-	3,624	3,624	3,624	3,624
Total Operating Revenues	\$ 4,861,369	\$ 5,532,276	\$ 6,610,535	\$ 6,632,813	\$ 7,784,798	\$ 7,233,579	\$ 7,358,810	\$ 7,401,262	\$ 7,474,639	\$ 7,548,749
OPERATING EXPENSES										
Operation and Maintenance										
Pumping and Distribution Operation	\$ 522,705	\$ 612,055	\$ 608,725	\$ 664,876	\$ 832,974	\$ 828,099	\$ 808,772	\$ 841,123	\$ 874,768	\$ 909,759
Pumping and Distribution Maintenance	420,451	396,702	578,202	482,629	873,183	733,521	1,013,789	1,054,340	1,096,514	1,140,375
Power for Pumping	289,410	284,744	328,995	342,270	358,161	435,129	366,076	380,719	395,948	411,786
Maintenance of General Plant	67,721	53,307	47,251	80,606	70,023	69,907	66,991	69,671	72,457	75,356
Total O&M Expenses	1,300,287	1,346,808	1,563,173	1,570,381	2,134,341	2,066,656	2,255,628	2,345,853	2,439,687	2,537,275
Customer Accounts										
Meter Reading	\$ 66,830	\$ 69,539	\$ 73,395	\$ 74,913	\$ 86,087	\$ 71,302	\$ 56,689	\$ 58,957	\$ 61,315	\$ 63,767
Customer Records and Collection	130,908	166,593	196,524	255,640	190,071	239,187	175,441	182,459	189,757	197,347
Energy Conservation	-	1,481	4,155	3,391	12,564	5,974	6,354	6,608	6,872	7,147
Total Customer Accounts	\$ 197,738	\$ 237,613	\$ 274,074	\$ 333,944	\$ 288,722	\$ 316,463	\$ 238,484	\$ 248,023	\$ 257,944	\$ 268,262
Administrative and General										
Administrative and General Salaries	\$ 407,966	\$ 421,797	\$ 379,982	\$ 433,018	\$ 469,083	\$ 678,176	\$ 621,335	\$ 646,188	\$ 672,036	\$ 698,917
Office Supplies and Expense	61,984	45,321	45,631	75,445	142,280	137,407	242,738	252,448	262,545	273,047
Outside Services Employed	76,964	183,196	320,973	136,037	183,325	367,945	199,400	207,376	215,671	224,298
Insurance	42,335	43,182	47,127	47,262	59,351	45,113	58,519	60,860	63,294	65,826
Employee Benefits	712,944	615,013	874,443	1,059,653	1,054,134	905,569	945,680	983,507	1,022,847	1,063,761
Miscellaneous General	191,779	169,384	181,036	244,518	251,333	277,393	303,504	315,644	328,270	341,401
Total Administrative and General	\$ 1,493,972	\$ 1,477,893	\$ 1,849,192	\$ 1,995,933	\$ 2,159,506	\$ 2,411,603	\$ 2,371,176	\$ 2,466,023	\$ 2,564,664	\$ 2,667,251
Depreciation										
Depreciation	\$ 1,584,293	\$ 1,733,331	\$ 1,777,894	\$ 1,860,949	\$ 3,114,412	\$ 2,006,776	\$ 2,764,778	\$ 3,318,783	\$ 3,450,448	\$ 3,591,339
Total Depreciation	\$ 1,584,293	\$ 1,733,331	\$ 1,777,894	\$ 1,860,949	\$ 3,114,412	\$ 2,006,776	\$ 2,764,778	\$ 3,318,783	\$ 3,450,448	\$ 3,591,339
Total Operating Expenses	\$ 4,576,290	\$ 4,795,645	\$ 5,464,333	\$ 5,761,207	\$ 7,696,981	\$ 6,801,498	\$ 7,630,066	\$ 8,378,683	\$ 8,712,743	\$ 9,064,127
OPERATING INCOME	\$ 285,079	\$ 736,631	\$ 1,146,202	\$ 871,606	\$ 87,817	\$ 432,081	\$ (271,257)	\$ (977,420)	\$ (1,238,105)	\$ (1,515,378)
NON-OPERATING REVENUE (EXPENSE)										
Rentals and Miscellaneous	\$ 268,265	\$ 203,265	\$ 164,655	\$ 209,713	\$ 85,410	\$ 108,809	\$ 186,262	\$ 186,262	\$ 186,262	\$ 186,262
Investment Income	527,643	291,858	(19,643)	(86,257)	1,247,166	487,166	605,144	605,144	605,144	605,144
Interest from Leases				26,879	54,735		-	-	-	-
Interest Expense	(2,295)	(1,497)	(185)	(147)	(4,456)	(12,000)	(4,634)	(4,634)	(4,634)	(4,634)
Gain (Loss) on Disp of Property	(62,391)	-	-	-	16,284	-	-	-	-	-
Total Other Income (Expense)	\$ 731,222	\$ 493,626	\$ 144,827	\$ 150,188	\$ 1,399,139	\$ 583,975	\$ 786,772	\$ 786,772	\$ 786,772	\$ 786,772
Income before Contributions and Transfers	\$ 1,016,301	\$ 1,230,257	\$ 1,291,029	\$ 1,021,794	\$ 1,486,956	\$ 1,016,056	\$ 515,515	\$ (190,648)	\$ (451,333)	\$ (728,606)
Capital Contributions	\$ 2,187,176	\$ 243,195	\$ 6,685,954	\$ 8,012,023	\$ 7,572,803	\$ 975,148	\$ 991,108	\$ 983,128	\$ 983,128	\$ 983,128
Trunk Water Charges	\$ 198,737	\$ 167,135				\$ 621,630	\$ 613,002	\$ 617,316	\$ 617,316	\$ 617,316
Water Connection Fees	\$ 4,446,012	\$ 2,356,978				\$ 1,968,133	\$ 2,641,299	\$ 2,304,716	\$ 2,304,716	\$ 2,304,716
Installation of Meters	\$ 90,821	\$ 81,753				\$ 85,000	\$ 113,291	\$ 99,145	\$ 99,145	\$ 99,145
Municipal Contributions	\$ (999,320)	\$ (216,722)	\$ (253,115)	\$ (348,233)	\$ (410,919)	\$ (425,913)	\$ (476,540)	\$ (444,076)	\$ (448,478)	\$ (452,925)
CHANGE IN NET POSITION	\$ 2,204,157	\$ 1,256,730	\$ 7,723,868	\$ 8,685,584	\$ 8,648,840	\$ 4,240,054	\$ 4,397,675	\$ 3,369,581	\$ 3,104,494	\$ 2,822,774
As Percent of Revenues	45.3%	22.7%	116.8%	130.9%	111.1%	58.6%	59.8%	45.5%	41.5%	37.4%

Shakopee Public Utilities
Water Operating Results at Existing Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
UNRESTRICTED CASH RESERVES										
Beginning of Year						\$ 15,312,246	\$ 13,922,325	\$ 9,870,386	\$ 9,894,120	\$ 10,857,349
Plus Income before Transfers less Municipal Contributions less Reconstruction Funds						(167,687)	(730,980)	(1,412,378)	(1,685,242)	(1,974,816)
Plus Capital Contributions						975,148	991,108	983,128	983,128	983,128
Plus Meter Fees						85,000	113,291	99,145	99,145	99,145
Plus Depreciation						2,006,776	2,764,778	3,318,783	3,450,448	3,591,339
Less Capital Improvements						(4,135,405)	(7,098,693)	(2,915,000)	(1,827,500)	(8,937,500)
Less Admin Projects						(153,753)	(91,444)	(49,944)	(56,750)	(60,000)
End of Year					\$ 15,312,246	\$ 13,922,325	\$ 9,870,386	\$ 9,894,120	\$ 10,857,349	\$ 4,558,645
As a percent of Operating Revenue					197%	192.5%	134.1%	133.7%	145.3%	60.4%
RECONSTRUCTION FUND RESERVES										
Beginning of Year						\$ 1,751,774	\$ 2,084,604	\$ 2,524,558	\$ 3,117,213	\$ 2,362,644
Plus Reconstruction Fees						757,830	769,955	777,654	785,431	793,285
Less Reconstruction Projects						(425,000)	(330,000)	(185,000)	(1,540,000)	(1,555,000)
End of Year					\$ 1,751,774	\$ 2,084,604	\$ 2,524,558	\$ 3,117,213	\$ 2,362,644	\$ 1,600,929
CONNECTION FUND RESERVES										
Beginning of Year						\$ 16,882,468	\$ 17,049,772	\$ 11,656,071	\$ 13,485,787	\$ 15,138,003
Plus Connection Fees						1,968,133	2,641,299	2,304,716	2,304,716	2,304,716
Less Connection Projects						(1,800,829)	(8,035,000)	(475,000)	(652,500)	(2,622,500)
End of Year					\$ 16,882,468	\$ 17,049,772	\$ 11,656,071	\$ 13,485,787	\$ 15,138,003	\$ 14,820,219
TRUNK FUND RESERVES										
Beginning of Year						\$ (1,655,178)	\$ (1,878,593)	\$ (2,330,591)	\$ (2,038,275)	\$ (1,570,959)
Plus Trunk Charges						621,630	613,002	617,316	617,316	617,316
Less Trunk Projects						(845,045)	(1,065,000)	(325,000)	(150,000)	(550,000)
End of Year					\$ (1,655,178)	\$ (1,878,593)	\$ (2,330,591)	\$ (2,038,275)	\$ (1,570,959)	\$ (1,503,643)
TOTAL EOY RESERVES					\$ 32,291,310	\$ 31,178,107	\$ 21,720,423	\$ 24,458,844	\$ 26,787,036	\$ 19,476,149

Section 3

Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve each of SPU's customer classes within the water utility.

Customer classes exist, in part, because the cost to serve different kinds of customers varies. The cost-of-service analysis for water has been performed on a 2023 'Test Year' based on actual 2023 financials, operations and sales. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a class of customers and the actual revenues received from that class is taken into consideration during rate design.

Functionalization of Costs

SPU's Test Year water revenue requirements have been divided into four functional categories. These categories are described below.

Plant – costs associated with SPU's source of supply, pumping and water treatment.

Distribution – distribution expenses are related to the SPU system for delivering water to SPU customers over the local pipeline system.

Customer – these costs are fixed costs associated with the service facilities utilized to deliver water directly to customers. They also include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

Section 3

Revenue – revenue related costs include certain non-operating revenues and utility margin.

Table 3-1 below summarizes the functional water costs for the 2023 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Water Costs
2023 Test Year

Component	Revenue Requirement
Plant	\$2,692,541
Distribution	4,332,351
Customer	672,087
Revenue	<u>19,640</u>
Total	\$7,716,619

Classification of Costs

SPU's Test Year revenue requirements have been divided into distinct cost classifications. The water cost classifications are described below.

Demand Related – demand related costs are costs required to meet the overall maximum demand on the system. Demand related costs are predominately associated with facility fixed costs.

Commodity Related – commodity costs tend to vary with the annual quantity of water produced.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility or are associated with other operating and non-operating revenues.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the plant, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the major SPU customer classes. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands are based on each class' estimated contribution to the utility's system peak day usage.

Commodity Allocations

Each class' share of test year commodity requirements was used to allocate commodity related costs.

Customer Facilities Allocations

The customer facilities allocator was used to allocate costs associated with the physical facilities required to serve individual customers. For the customer facility allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single industrial demand customer than for a single residential customer.

Section 3

Customer Service Allocations

The customer service allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. As with the customer facilities allocators, weighted customer service allocators are developed to represent the different levels of customer service required by different size customers.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, commodity, customer facility and customer service costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2023 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated costs for each class compared to the total revenues received from the class during 2023.

Table 3-2
Water Cost of Service Results
Comparison of Cost and Revenues
2023 Test Year

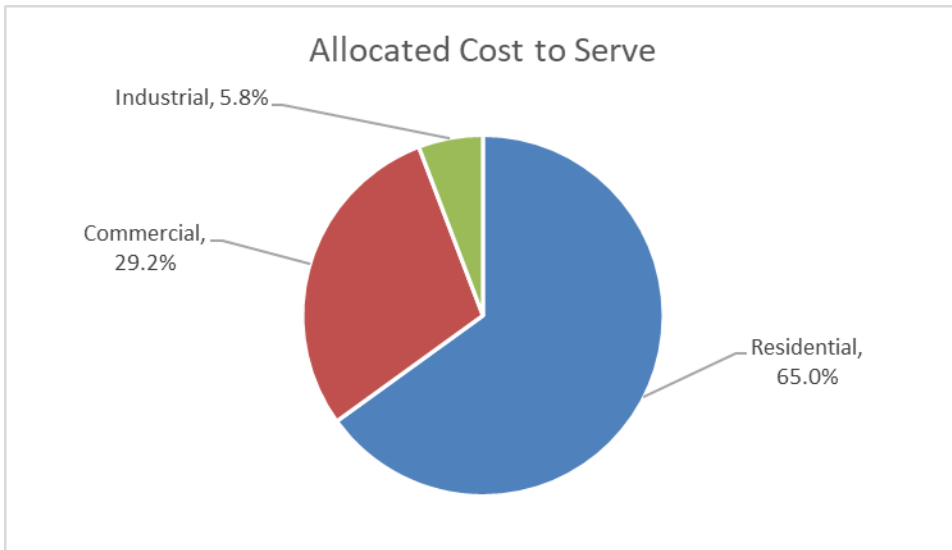
Customer Classification	Allocated Cost to Serve	Revenues
Residential	\$5,018,768	\$4,967,071
Commercial	\$2,251,513	\$2,291,490
Industrial	<u>\$446,338</u>	<u>\$458,058</u>
Total	\$7,716,619	\$7,716,619

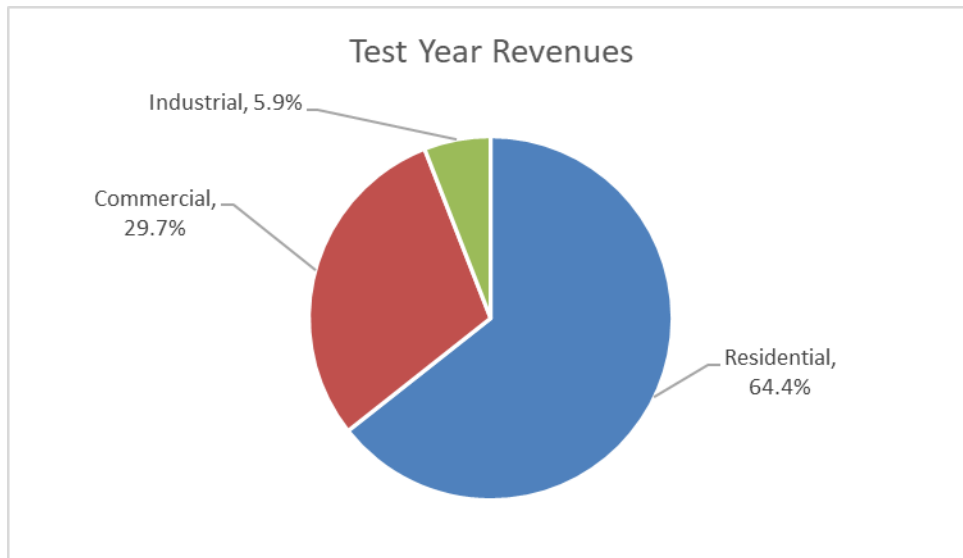
The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollar basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

Section 3

**Table 3-3
Water Cost of Service Results
Comparison of % Cost and Revenues
2023 Test Year**

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	65.0%	64.4%	1.0%
Commercial	29.2%	29.7%	-1.7%
Industrial	<u>5.8%</u>	<u>5.9%</u>	<u>-2.6%</u>
Total	100.0%	100.0%	0.0%





As indicated above, SPU's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

Shakopee Public Utilities
Functionalization of 2023 Test Year Water Revenue Requirements

	2023					
	<u>TEST YEAR</u>	<u>Plant</u>	<u>Distribution</u>	<u>Customer</u>	<u>Revenue</u>	<u>Functionalization Basis</u>
REVENUE REQUIREMENT						
OPERATING EXPENSES						
TOTAL PUMPING AND DISTRIBUTION OPERATION	\$ 832,974	\$ 284,319	\$ 548,655	\$ -	\$ -	PDO
TOTAL PUMPING AND DISTRIBUTION MAINTENANCE	\$ 872,514	\$ 355,283	\$ 517,231	\$ -	\$ -	PDM
POWER FOR PUMPING	\$ 358,161	\$ 358,161	\$ -	\$ -	\$ -	100% plant
TOTAL MAINTENANCE OF GENERAL PLANT	\$ 70,691	\$ 35,345	\$ 35,345	\$ -	\$ -	plant/distribution
METER READING EXPENSES	\$ 86,087	\$ -	\$ -	\$ 86,087	\$ -	100% customer
CUSTOMER RECORDS & COLLECTION	\$ 190,071	\$ -	\$ -	\$ 190,071	\$ -	100% customer
ENERGY CONSERVATION	\$ 12,564	\$ -	\$ -	\$ 12,564	\$ -	100% customer
ADMINISTRATIVE & GEN'L	\$ 469,083	\$ 164,179	\$ 211,088	\$ 93,817	\$ -	A&G Factor
OFFICE SUPPLIES AND EXPENSE	\$ 142,280	\$ 49,798	\$ 64,026	\$ 28,456	\$ -	A&G Factor
OUTSIDE SERVICES EMPLOYED	\$ 183,325	\$ 53,983	\$ 129,343	\$ -	\$ -	gross plant
PROPERTY INSURANCE	\$ 59,351	\$ 17,477	\$ 41,874	\$ -	\$ -	gross plant
EMPLOYEE BENEFITS	\$ 1,054,134	\$ 368,947	\$ 474,360	\$ 210,827	\$ -	A&G Factor
TOTAL MISCELLANEOUS GENERAL	\$ 251,332	\$ 87,966	\$ 113,099	\$ 50,266	\$ -	A&G Factor
DEPRECIATION	\$ 3,114,412	\$ 917,083	\$ 2,197,329	\$ -	\$ -	gross plant
Total Operating Expenses	\$ 7,696,979	\$ 2,692,541	\$ 4,332,351	\$ 672,087	\$ -	
NON-OPERATING REVENUES (EXPENSES)						
Rentals and Miscellaneous	\$ 85,410	\$ -	\$ -	\$ -	\$ 85,410	100% revenue
Investment Income	1,247,166	-	-	-	1,247,166	100% revenue
Interest from Leases	54,735	-	-	-	54,735	100% revenue
Interest Expense	(4,456)	-	-	-	(4,456)	100% revenue
Gain (Loss) on Disp of Property	16,284	-	-	-	16,284	100% revenue
TOTAL NON-OPERATING REVENUE	\$ 1,399,139	\$ -	\$ -	\$ -	\$ 1,399,139	
OTHER OPERATING REVENUE						
Forfeited Discounts	\$ 29,392	\$ -	\$ -	\$ -	\$ 29,392	100% revenue
Uncollectible Accounts	8,835	-	-	-	8,835	100% revenue
Hydrant Sales	43,122	-	-	-	43,122	100% revenue
TOTAL OTHER OPERATING REVENUE	\$ 81,349	\$ -	\$ -	\$ -	\$ 81,349	
CAPITAL CONTRIBUTIONS	\$ 7,572,803	\$ -	\$ -	\$ -	\$ 7,572,803	100% revenue
TRANSFER TO CITY	\$ 410,919	\$ -	\$ -	\$ -	\$ 410,919	100% revenue
Margin	\$ 8,662,012	\$ -	\$ -	\$ -	\$ 8,662,012	100% revenue
TOTAL REVENUE REQUIREMENT	\$ 7,716,619	\$ 2,692,541	\$ 4,332,351	\$ 672,087	\$ 19,640	

Shakopee Public Utilities
2023 Test Year Water Plant Classification

	2023 <u>TEST YEAR</u>	<u>Demand</u>	<u>All Commodity</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT				
OPERATING EXPENSES				
TOTAL PUMPING AND DISTRIBUTION OPERATION	\$ 284,319	\$ 163,468	\$ 120,851	PDO
TOTAL PUMPING AND DISTRIBUTION MAINTENANCE	\$ 355,283	123,053	232,230	PDM
POWER FOR PUMPING	\$ 358,161	\$ -	\$ 358,161	100% commodity
TOTAL MAINTENANCE OF GENERAL PLANT	\$ 35,345	\$ 35,345	\$ -	100% demand
METER READING EXPENSES	\$ -	\$ -	\$ -	NA
CUSTOMER RECORDS & COLLECTION	\$ -	\$ -	\$ -	NA
ENERGY CONSERVATION	\$ -	\$ -	\$ -	NA
ADMINISTRATIVE & GEN'L	\$ 164,179	\$ 84,933	\$ 79,247	operating expenses (non-A&G)
OFFICE SUPPLIES AND EXPENSE	\$ 49,798	\$ 25,761	\$ 24,037	operating expenses (non-A&G)
OUTSIDE SERVICES EMPLOYED	\$ 53,983	\$ 53,983	\$ -	100% demand
PROPERTY INSURANCE	\$ 17,477	\$ 17,477	\$ -	100% demand
EMPLOYEE BENEFITS	\$ 368,947	\$ 368,947	\$ -	100% demand
TOTAL MISCELLANEOUS GENERAL	\$ 87,966	67,691	20,275	MG
DEPRECIATION	\$ 917,083	\$ 917,083	\$ -	100% demand
Total Operating Expenses	\$ 2,692,541	\$ 1,857,741	\$ 834,801	
NON-OPERATING REVENUES (EXPENSES)				
Rentals and Miscellaneous	\$ -	\$ -	\$ -	NA
Investment Income	-	-	-	NA
Interest from Leases	-	-	-	NA
Interest Expense	-	-	-	NA
Gain (Loss) on Disp of Property	-	-	-	NA
TOTAL NON-OPERATING REVENUE	\$ -	\$ -	\$ -	
OTHER OPERATING REVENUE				
Forfeited Discounts	\$ -	\$ -	\$ -	NA
Uncollectible Accounts	-	-	-	NA
Hydrant Sales	-	-	-	NA
TOTAL OTHER OPERATING REVENUE	\$ -	\$ -	\$ -	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	\$ -	NA
TRANSFER TO CITY	\$ -	\$ -	\$ -	NA
Margin	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 2,692,541	\$ 1,857,741	\$ 834,801	

Shakopee Public Utilities
2023 Test Year Water Distribution Classification

	2023 <u>TEST YEAR</u>	Distribution <u>Demand</u>	Customer <u>Facilities</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT				
OPERATING EXPENSES				
TOTAL PUMPING AND DISTRIBUTION OPERATION	\$ 548,655	\$ 414,868	\$ 133,787	PDO
TOTAL PUMPING AND DISTRIBUTION MAINTENANCE	\$ 517,231	\$ 320,610	\$ 196,622	PDM
POWER FOR PUMPING	\$ -	\$ -	\$ -	NA
TOTAL MAINTENANCE OF GENERAL PLANT	\$ 35,345	\$ 26,509	\$ 8,836	Dist/Cust split
METER READING EXPENSES	\$ -	\$ -	\$ -	NA
CUSTOMER RECORDS & COLLECTION	\$ -	\$ -	\$ -	NA
ENERGY CONSERVATION	\$ -	\$ -	\$ -	NA
ADMINISTRATIVE & GEN'L	\$ 211,088	\$ 158,316	\$ 52,772	Dist/Cust split
OFFICE SUPPLIES AND EXPENSE	\$ 64,026	\$ 48,020	\$ 16,007	Dist/Cust split
OUTSIDE SERVICES EMPLOYED	\$ 129,343	\$ 97,007	\$ 32,336	Dist/Cust split
PROPERTY INSURANCE	\$ 41,874	\$ 31,406	\$ 10,469	Dist/Cust split
EMPLOYEE BENEFITS	\$ 474,360	\$ 355,770	\$ 118,590	Dist/Cust split
TOTAL MISCELLANEOUS GENERAL	113,099	84,825	28,275	Dist/Cust split
DEPRECIATION	\$ 2,197,329	\$ 1,647,997	\$ 549,332	Dist/Cust split
Total Operating Expenses	\$ 4,332,351	\$ 3,185,326	\$ 1,147,025	
NON-OPERATING REVENUES (EXPENSES)				
Rentals and Miscellaneous	\$ -	\$ -	\$ -	NA
Investment Income	-	-	-	NA
Interest from Leases	-	-	-	NA
Interest Expense	-	-	-	NA
Gain (Loss) on Disp of Property	-	-	-	NA
TOTAL NON-OPERATING REVENUE	\$ -	\$ -	\$ -	
OTHER OPERATING REVENUE				
Forfeited Discounts	\$ -	\$ -	\$ -	NA
Uncollectible Accounts	-	-	-	NA
Hydrant Sales	-	-	-	NA
TOTAL OTHER OPERATING REVENUE	\$ -	\$ -	\$ -	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	\$ -	NA
TRANSFER TO CITY	\$ -	\$ -	\$ -	NA
Margin	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 4,332,351	\$ 3,185,326	\$ 1,147,025	

Shakopee Public Utilities
2023 Test Year Water Customer Classification

	2023		
	<u>TEST YEAR</u>	<u>Customer</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT			
OPERATING EXPENSES			
TOTAL PUMPING AND DISTRIBUTION OPERATION	\$ -	\$ -	NA
TOTAL PUMPING AND DISTRIBUTION MAINTENANCE	\$ -	\$ -	NA
POWER FOR PUMPING	\$ -	\$ -	NA
TOTAL MAINTENANCE OF GENERAL PLANT	\$ -	\$ -	NA
METER READING EXPENSES	\$ 86,087	\$ 86,087	100% Customer
CUSTOMER RECORDS & COLLECTION	\$ 190,071	\$ 190,071	100% Customer
ENERGY CONSERVATION	\$ 12,564	\$ 12,564	100% Customer
ADMINISTRATIVE & GEN'L	\$ 93,817	\$ 93,817	100% Customer
OFFICE SUPPLIES AND EXPENSE	\$ 28,456	\$ 28,456	100% Customer
OUTSIDE SERVICES EMPLOYED	\$ -	\$ -	100% Customer
PROPERTY INSURANCE	\$ -	\$ -	100% Customer
EMPLOYEE BENEFITS	\$ 210,827	\$ 210,827	100% Customer
TOTAL MISCELLANEOUS GENERAL	\$ 50,266	\$ 50,266	100% Customer
DEPRECIATION	\$ -	\$ -	NA
Total Operating Expenses	\$ 672,087	\$ 672,087	
NON-OPERATING REVENUES (EXPENSES)			
Rentals and Miscellaneous	\$ -	\$ -	NA
Investment Income	-	-	NA
Interest from Leases	-	-	NA
Interest Expense	-	-	NA
Gain (Loss) on Disp of Property	-	-	NA
TOTAL NON-OPERATING REVENUE	-	-	
OTHER OPERATING REVENUE			
Forfeited Discounts	\$ -	\$ -	NA
Uncollectible Accounts	-	-	NA
Hydrant Sales	-	-	NA
TOTAL OTHER OPERATING REVENUE	-	-	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	NA
TRANSFER TO CITY	\$ -	\$ -	NA
Margin	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 672,087	\$ 672,087	

Shakopee Public Utilities
2023 Test Year Water Allocation Factors

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
Demand Allocation Factors				
Total Peak Day - kgallons	14,501	9,189	4,468	844
Total Peak Day	100.0%	63.4%	30.8%	5.8%
Commodity Allocation Factors				
Total Commodity Sales - kgallons	2,054,356	1,256,467	662,825	135,064
Total Commodity	100.0%	61.2%	32.3%	6.6%
Customer Data				
Number of Customers	12,061	11,025	954	82
Customer Facilities Weight		1	5	10
Customer Service Weight		1	2	10
Weighted Customer Facilities	16,615	11,025	4,770	820
CF	100.0%	66.4%	28.7%	4.9%
Weighted Customer Service	13,753	11,025	1,908	820
CS	100.0%	80.2%	13.9%	6.0%
Revenue Allocator				
Sum Other Rev Reqs	7,696,979	5,005,994	2,245,783	445,202
R	100.0%	65.0%	29.2%	5.8%

Shakopee Public Utilities
2023 Test Year Allocation of Water Revenue Requirements

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Allocation Factor</u>
<u>Plant</u>					
Demand	1,857,741	1,177,154	572,418	108,168	Total Peak Day Total Commodity
Commodity	<u>834,801</u>	<u>510,573</u>	<u>269,343</u>	<u>54,884</u>	
Total Plant	2,692,541	1,687,728	841,761	163,053	
<u>Distribution</u>					
Distribution Demand	3,185,326	2,018,376	981,482	185,468	Total Peak Day CF
Customer Facilities	<u>1,147,025</u>	<u>761,116</u>	<u>329,299</u>	<u>56,609</u>	
Total Distribution	4,332,351	2,779,493	1,310,781	242,077	
<u>Customer</u>					
Customer Service	<u>672,087</u>	<u>538,774</u>	<u>93,241</u>	<u>40,072</u>	CS
Total Customer Service	672,087	538,774	93,241	40,072	
<u>Revenue</u>					
Non-operating Revenue	(1,399,139)	(909,978)	(408,233)	(80,928)	R
Other Operating Revenue	(81,349)	(52,908)	(23,736)	(4,705)	R
Capital Contributions	(7,572,803)	(4,925,232)	(2,209,552)	(438,020)	R
Transfer to City	410,919	267,255	119,896	23,768	R
Margin	<u>8,662,012</u>	<u>5,633,636</u>	<u>2,527,355</u>	<u>501,021</u>	R
Total Revenue	19,640	12,773	5,730	1,136	
Total Revenue Requirements	7,716,619	5,018,768	2,251,513	446,338	
Total Revenues	7,716,619	4,967,071	2,291,490	458,058	
Percent Revenue Requirements	100.0%	65.0%	29.2%	5.8%	
Percent Revenues	100.0%	64.4%	29.7%	5.9%	
Percent Change	0.0%	1.0%	-1.7%	-2.6%	

Section 4

Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outline the overall revenue needs of the water utility. Section 3 summarizes the cost-of-service results for the water utility. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs

In Section 2, it shows that SPU's projected annual change in water net position, assuming continuation of the existing retail rates drops from 58.6% of revenue to 37.4% of revenue by 2028. It's important to recognize that the primary reason it is positive is due to the level of capital contributions projected. In Exhibit 2-A it illustrates that the Income before Contributions and Transfers is projected to be increasingly negative beginning in 2026. SPU's projected total cash reserves decline from \$32.3 million to \$19.5 million by the end of the Study Period. This is a decrease in total reserves of 40%. Unrestricted reserves decline 70% from \$15.3 million to \$4.6 million.

Recommended Rates

Exhibit 4-A shows the existing and recommended rates for water for each year from 2024-2028.

Based on discussions with SPU management, a goal was set to increase overall reserve levels by \$5.2 million dollars at the end of the Study Period as compared to the projections at current rates. To meet this goal, the following rate modifications are recommended:

Section 4

- Increase all monthly service charges by \$2/month in 2025
- Increase all monthly service charges by \$1/month each year thereafter
- Increase all commodity based charges by 5% each year

Unsewered Production Water Rate

In 2023 SPU implemented a new Unsewered Production Water Rate for Commercial and Industrial customers whose water needs include 'production water' which is used in its entirety in the business process and is not added to the sewer system. These customers are not charged a Sewer Access Charge (SAC) and therefore are also not charged a water capital contribution. The water capital contributions are based on equivalent SAC units. The charge calculated in 2023 was based on a 50-year asset life. In discussions with SPU staff, it has been determined that a 40-year asset life is more appropriate for this calculation. Based on the current water contribution rate for 100 units (100,000 gallons), the new Unsewered Production Water Rate is calculated as shown below.

A. Year	2025
B. Commercial rate/1000 gallons	\$2.81
C. Industrial rate/1000 gallons	\$2.44
D. Commercial sales/yr	601,317
E. Industrial sales/yr	127,243
F. Weighted Comm/Ind rate/1000 gallons	\$2.75 $[(B \times D) + (C \times E)] / (D + E)$
G. Sewer Access charge	\$5,892
H. Water usage per charge (units)	100
I. 40-yr rate adder	\$1.47 $(G/100/40 \text{ yrs})$
J. Unsewered Production Water Rate	\$4.22/1000 gallons $(F + I)$

As shown in the calculation above, a weighted average of the commercial and industrial commodity rates is calculated in item F. Based on the current SAC charge, an equivalent 40-yr rate adder is calculated in item I. Item I is added to item F to determine the appropriate charge for Unsewered Production Water. This new rate is for 2025. Rates beyond 2025 are increased 5% per year.

Other Rate Design Considerations

Competitive Analysis

SPU is interested in how its rates compare to neighboring utilities. Table 4-1 below shows monthly water bills for a typical customer in the residential class with 10,000 gallons of consumption. Bills are shown based on existing SPU rates, proposed SPU rates in 2025 and existing rates for neighboring cities. It is important to consider that many other neighboring communities may also be increasing water rates over the next few years.

Table 4-1
Monthly Water Bill Comparisons
Residential 10,000 Gallon Monthly Usage

Utility	Bill	Difference
SPU current	\$40.46	n/a
SPU prop 2025	\$44.21	9.3%
Burnsville	\$37.42	-7.5%
Chaska	\$40.01	-1.1%
Eden Prairie	\$37.53	-7.2%
Minneapolis	\$59.27	46.5%
Prior Lake	\$58.97	45.7%
Savage	\$45.98	13.6%

Section 4

Projected Operating Results – Proposed Rates

Based on the proposed rates outlined above, the resulting projected operating results are summarized below in Table 4-2. A summary presentation of the operating results is shown in Exhibit 4-B.

Table 4-2
Projected Operating Results-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Operating Revenues	\$7,233,579	\$7,946,879	\$8,514,114	\$9,110,637	\$9,736,208
Less Operating Expenses	(6,801,498)	(7,630,066)	(8,378,683)	(8,712,743)	(9,064,127)
Plus Non-Operating Income	583,975	786,772	786,772	786,772	786,772
Plus Capital Contributions	3,649,911	4,358,700	4,004,305	4,004,305	4,004,305
Less City Transfer	<u>(425,913)</u>	<u>(476,540)</u>	<u>(510,847)</u>	<u>(546,638)</u>	<u>(584,172)</u>
Change in Net Position	\$4,240,054	\$4,985,745	\$4,415,662	\$4,642,333	\$4,878,986
Net Position as Percent of Revenues	58.6%	62.7%	51.9%	51.0%	50.1%

Cash Reserves

SPU has 4 separate funds that track unrestricted and restricted reserves and capital expenditures. The annual activity and resulting balances for each fund assuming the recommended rates are shown at the end of Exhibit 4-B and in Tables 4-3 through 4-6 below. Only the unrestricted reserves in Table 4-4 are different from those shown in Section 2 of this report. Table 4-7 shows the combined end of year balances for all funds.

Proposed Rates

As mentioned above, a goal of increasing overall reserve levels by \$5.2 million through rate adjustments was set in discussions with SPU management. The 2028 end of year unrestricted reserve level shown below is \$9.4 million. This represents an increase of \$4.8 million over the \$4.6 million projection under existing rates as shown in Section 2 of this report. Additionally, the projected reconstruction fund balance also increases by \$400,000 for a total increase in reserves projected at \$5.2 million.

Table 4-3
Projected Unrestricted Cash Reserves-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$15,312,246	\$13,922,325	\$10,421,791	\$11,417,544	\$13,806,406
Plus Income before Transfers less Municipal Contributions less Reconstruction Funds	(167,687)	(179,574)	(440,360)	(259,608)	(69,707)
Plus Capital Contributions	975,148	991,108	983,128	983,128	983,128
Plus Meter Fees	85,000	113,291	99,145	99,145	99,145
Plus Depreciation	2,006,776	2,764,778	3,318,783	3,450,448	3,591,339
Less Capital Improvements	(4,135,405)	(7,098,693)	(2,915,000)	(1,827,500)	(8,937,500)
Less Admin Projects	<u>(153,753)</u>	<u>(91,444)</u>	<u>(49,944)</u>	<u>(56,750)</u>	<u>(60,000)</u>
Ending Balance	\$13,922,325	\$10,421,791	\$11,417,544	\$13,806,406	\$9,412,812
Reserves as % of Operating Revenue	192.5%	131.1%	134.1%	151.5%	96.7%

Table 4-4
Projected Reconstruction Fund-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$1,751,774	\$2,084,604	\$2,561,223	\$3,227,939	\$2,585,575
Plus Reconstruction Fees	757,830	806,619	851,717	897,635	944,387
Less Reconstruction Projects	<u>(425,000)</u>	<u>(330,000)</u>	<u>(185,000)</u>	<u>(1,540,000)</u>	<u>(1,555,000)</u>
Ending Balance	\$2,084,604	\$2,561,223	\$3,227,939	\$2,585,575	\$1,974,962

Section 4

Table 4-5
Projected Connection Fund-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$16,882,468	\$17,049,772	\$11,656,071	\$13,485,787	\$15,138,003
Plus Connection Fees	1,968,133	2,641,299	2,304,716	2,304,716	2,304,716
Less Connection Projects	<u>(1,800,829)</u>	<u>(8,035,000)</u>	<u>(475,000)</u>	<u>(652,500)</u>	<u>(2,622,500)</u>
Ending Balance	\$17,049,772	\$11,656,071	\$13,485,787	\$15,138,003	\$14,820,219

Table 4-6
Projected Trunk Fund-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Beginning Balance	\$(1,655,178)	\$(1,878,593)	\$(2,330,591)	\$(2,038,275)	\$(1,570,959)
Plus Trunk Fees	621,630	613,002	617,316	617,316	617,316
Less Trunk Projects	<u>(845,045)</u>	<u>(1,065,000)</u>	<u>(325,000)</u>	<u>(150,000)</u>	<u>(550,000)</u>
Ending Balance	\$(1,878,593)	\$(2,330,591)	\$(2,038,275)	\$(1,570,959)	\$(1,503,643)

Table 4-7
Projected Total Reserve Funds-Water
Proposed Rates

Year	2024	2025	2026	2027	2028
Ending Balance	\$31,178,107	\$22,308,493	\$26,092,994	\$29,959,024	\$24,704,349

Shakopee Public Utilities
Existing and Proposed Water Rates

<u>Water</u>	2025		2026		2027		2028	
	<u>Existing</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	
Monthly Service Charge (meter size)								
5/8 x 3/4 in	\$ 4.61	\$ 6.61	\$ 7.61	\$ 8.61	\$ 9.61			
3/4 in	\$ 5.07	\$ 7.07	\$ 8.07	\$ 9.07	\$ 10.07			
1 in	\$ 6.44	\$ 8.44	\$ 9.44	\$ 10.44	\$ 11.44			
1 1/2 in	\$ 8.29	\$ 10.29	\$ 11.29	\$ 12.29	\$ 13.29			
2 in	\$ 13.35	\$ 15.35	\$ 16.35	\$ 17.35	\$ 18.35			
3 in	\$ 50.64	\$ 52.64	\$ 53.64	\$ 54.64	\$ 55.64			
4 in	\$ 64.44	\$ 66.44	\$ 67.44	\$ 68.44	\$ 69.44			
6 in	\$ 96.68	\$ 98.68	\$ 99.68	\$ 100.68	\$ 101.68			
10 in	\$ 230.17	\$ 232.17	\$ 233.17	\$ 234.17	\$ 235.17			
Residential - Commodity (\$/1000 gallons)								
usage 1-5000 gallons	\$ 2.88	\$ 3.02	\$ 3.17	\$ 3.33	\$ 3.50			
usage > 5000 gallons	\$ 3.45	\$ 3.62	\$ 3.80	\$ 3.99	\$ 4.19			
Reconstruction charge	\$ 0.42	\$ 0.44	\$ 0.46	\$ 0.48	\$ 0.50			
Commercial - Commodity (\$/1000 gallons)								
all gallons	\$ 2.68	\$ 2.81	\$ 2.95	\$ 3.10	\$ 3.26			
Irrigation	\$ 3.45	\$ 3.62	\$ 3.80	\$ 3.99	\$ 4.19			
Unsewered production water	\$ 3.72	\$ 4.22	\$ 4.43	\$ 4.65	\$ 4.88			
Reconstruction charge	\$ 0.42	\$ 0.44	\$ 0.46	\$ 0.48	\$ 0.50			
Industrial - Commodity (\$/1000 gallons)								
all gallons	\$ 2.32	\$ 2.44	\$ 2.56	\$ 2.69	\$ 2.82			
Irrigation	\$ 3.45	\$ 3.62	\$ 3.80	\$ 3.99	\$ 4.19			
Unsewered production water	\$ 3.72	\$ 4.22	\$ 4.43	\$ 4.65	\$ 4.88			
Reconstruction charge	\$ 0.42	\$ 0.44	\$ 0.46	\$ 0.48	\$ 0.50			

Shakopee Public Utilities
Water Operating Results at Proposed Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPERATING REVENUES										
Sales of Water	\$ 4,827,271	\$ 5,578,527	\$ 6,592,104	\$ 6,605,809	\$ 7,746,571	\$ 7,193,681	\$ 7,896,160	\$ 8,463,395	\$ 9,059,917	\$ 9,685,488
Forfeited Discounts	42,475	3,602	12,682	23,504	29,392	39,898	47,096	47,096	47,096	47,096
Uncollectible Accounts	(8,377)	(49,853)	5,749	3,500	8,835	-	3,624	3,624	3,624	3,624
Total Operating Revenues	\$ 4,861,369	\$ 5,532,276	\$ 6,610,535	\$ 6,632,813	\$ 7,784,798	\$ 7,233,579	\$ 7,946,879	\$ 8,514,114	\$ 9,110,637	\$ 9,736,208
OPERATING EXPENSES										
Operation and Maintenance										
Pumping and Distribution Operation	\$ 522,705	\$ 612,055	\$ 608,725	\$ 664,876	\$ 832,974	\$ 828,099	\$ 808,772	\$ 841,123	\$ 874,768	\$ 909,759
Pumping and Distribution Maintenance	420,451	396,702	578,202	482,629	873,183	733,521	1,013,789	1,054,340	1,096,514	1,140,375
Power for Pumping	289,410	284,744	328,995	342,270	358,161	435,129	366,076	380,719	395,948	411,786
Maintenance of General Plant	67,721	53,307	47,251	80,606	70,023	69,907	66,991	69,671	72,457	75,356
Total O&M Expenses	1,300,287	1,346,808	1,563,173	1,570,381	2,134,341	2,066,656	2,255,628	2,345,853	2,439,687	2,537,275
Customer Accounts										
Meter Reading	\$ 66,830	\$ 69,539	\$ 73,395	\$ 74,913	\$ 86,087	\$ 71,302	\$ 56,689	\$ 58,957	\$ 61,315	\$ 63,767
Customer Records and Collection	130,908	166,593	196,524	255,640	190,071	239,187	175,441	182,459	189,757	197,347
Energy Conservation	-	1,481	4,155	3,391	12,564	5,974	6,354	6,608	6,872	7,147
Total Customer Accounts	\$ 197,738	\$ 237,613	\$ 274,074	\$ 333,944	\$ 288,722	\$ 316,463	\$ 238,484	\$ 248,023	\$ 257,944	\$ 268,262
Administrative and General										
Administrative and General Salaries	\$ 407,966	\$ 421,797	\$ 379,982	\$ 433,018	\$ 469,083	\$ 678,176	\$ 621,335	\$ 646,188	\$ 672,036	\$ 698,917
Office Supplies and Expense	61,984	45,321	45,631	75,445	142,280	137,407	242,738	252,448	262,545	273,047
Outside Services Employed	76,964	183,196	320,973	136,037	183,325	367,945	199,400	207,376	215,671	224,298
Insurance	42,335	43,182	47,127	47,262	59,351	45,113	58,519	60,860	63,294	65,826
Employee Benefits	712,944	615,013	874,443	1,059,653	1,054,134	905,569	945,680	983,507	1,022,847	1,063,761
Miscellaneous General	191,779	169,384	181,036	244,518	251,333	277,393	303,504	315,644	328,270	341,401
Total Administrative and General	\$ 1,493,972	\$ 1,477,893	\$ 1,849,192	\$ 1,995,933	\$ 2,159,506	\$ 2,411,603	\$ 2,371,176	\$ 2,466,023	\$ 2,564,664	\$ 2,667,251
Depreciation										
Depreciation	\$ 1,584,293	\$ 1,733,331	\$ 1,777,894	\$ 1,860,949	\$ 3,114,412	\$ 2,006,776	\$ 2,764,778	\$ 3,318,783	\$ 3,450,448	\$ 3,591,339
Total Depreciation	\$ 1,584,293	\$ 1,733,331	\$ 1,777,894	\$ 1,860,949	\$ 3,114,412	\$ 2,006,776	\$ 2,764,778	\$ 3,318,783	\$ 3,450,448	\$ 3,591,339
Total Operating Expenses	\$ 4,576,290	\$ 4,795,645	\$ 5,464,333	\$ 5,761,207	\$ 7,696,981	\$ 6,801,498	\$ 7,630,066	\$ 8,378,683	\$ 8,712,743	\$ 9,064,127
OPERATING INCOME	\$ 285,079	\$ 736,631	\$ 1,146,202	\$ 871,606	\$ 87,817	\$ 432,081	\$ 316,813	\$ 135,432	\$ 397,893	\$ 672,081
NON-OPERATING REVENUE (EXPENSE)										
Rentals and Miscellaneous	\$ 268,265	\$ 203,265	\$ 164,655	\$ 209,713	\$ 85,410	\$ 108,809	\$ 186,262	\$ 186,262	\$ 186,262	\$ 186,262
Investment Income	527,643	291,858	(19,643)	(86,257)	1,247,166	487,166	605,144	605,144	605,144	605,144
Interest from Leases				26,879	54,735		-	-	-	-
Interest Expense	(2,295)	(1,497)	(185)	(147)	(4,456)	(12,000)	(4,634)	(4,634)	(4,634)	(4,634)
Gain (Loss) on Disp of Property	(62,391)	-	-	-	16,284	-	-	-	-	-
Total Other Income (Expense)	\$ 731,222	\$ 493,626	\$ 144,827	\$ 150,188	\$ 1,399,139	\$ 583,975	\$ 786,772	\$ 786,772	\$ 786,772	\$ 786,772
Income before Contributions and Transfers	\$ 1,016,301	\$ 1,230,257	\$ 1,291,029	\$ 1,021,794	\$ 1,486,956	\$ 1,016,056	\$ 1,103,585	\$ 922,204	\$ 1,184,665	\$ 1,458,853
Capital Contributions	\$ 2,187,176	\$ 243,195	\$ 6,685,954	\$ 8,012,023	\$ 7,572,803	\$ 975,148	\$ 991,108	\$ 983,128	\$ 983,128	\$ 983,128
Trunk Water Charges	\$ 198,737	\$ 167,135				\$ 621,630	\$ 613,002	\$ 617,316	\$ 617,316	\$ 617,316
Water Connection Fees	\$ 4,446,012	\$ 2,356,978				\$ 1,968,133	\$ 2,641,299	\$ 2,304,716	\$ 2,304,716	\$ 2,304,716
Installation of Meters	\$ 90,821	\$ 81,753				\$ 85,000	\$ 113,291	\$ 99,145	\$ 99,145	\$ 99,145
Municipal Contributions	\$ (999,320)	\$ (216,722)	\$ (253,115)	\$ (348,233)	\$ (410,919)	\$ (425,913)	\$ (476,540)	\$ (510,847)	\$ (546,638)	\$ (584,172)
CHANGE IN NET POSITION	\$ 2,204,157	\$ 1,256,730	\$ 7,723,868	\$ 8,685,584	\$ 8,648,840	\$ 4,240,054	\$ 4,985,745	\$ 4,415,662	\$ 4,642,333	\$ 4,878,986
As Percent of Revenues	45.3%	22.7%	116.8%	130.9%	111.1%	58.6%	62.7%	51.9%	51.0%	50.1%

Shakopee Public Utilities
Water Operating Results at Proposed Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
UNRESTRICTED CASH RESERVES										
Beginning of Year						\$ 15,312,246	\$ 13,922,325	\$ 10,421,791	\$ 11,417,544	\$ 13,806,406
Plus Income before Transfers less Municipal Contributions less Reconstruction Funds						(167,687)	(179,574)	(440,360)	(259,608)	(69,707)
Plus Capital Contributions						975,148	991,108	983,128	983,128	983,128
Plus Meter Fees						85,000	113,291	99,145	99,145	99,145
Plus Depreciation						2,006,776	2,764,778	3,318,783	3,450,448	3,591,339
Less Capital Improvements						(4,135,405)	(7,098,693)	(2,915,000)	(1,827,500)	(8,937,500)
Less Admin Projects						(153,753)	(91,444)	(49,944)	(56,750)	(60,000)
End of Year					\$ 15,312,246	\$ 13,922,325	\$ 10,421,791	\$ 11,417,544	\$ 13,806,406	\$ 9,412,812
As a percent of Operating Revenue					197%	192.5%	131.1%	134.1%	151.5%	96.7%
RECONSTRUCTION FUND RESERVES										
Beginning of Year						\$ 1,751,774	\$ 2,084,604	\$ 2,561,223	\$ 3,227,939	\$ 2,585,575
Plus Reconstruction Fees						757,830	806,619	851,717	897,635	944,387
Less Reconstruction Projects						(425,000)	(330,000)	(185,000)	(1,540,000)	(1,555,000)
End of Year					\$ 1,751,774	\$ 2,084,604	\$ 2,561,223	\$ 3,227,939	\$ 2,585,575	\$ 1,974,962
CONNECTION FUND RESERVES										
Beginning of Year						\$ 16,882,468	\$ 17,049,772	\$ 11,656,071	\$ 13,485,787	\$ 15,138,003
Plus Connection Fees						1,968,133	2,641,299	2,304,716	2,304,716	2,304,716
Less Connection Projects						(1,800,829)	(8,035,000)	(475,000)	(652,500)	(2,622,500)
End of Year					\$ 16,882,468	\$ 17,049,772	\$ 11,656,071	\$ 13,485,787	\$ 15,138,003	\$ 14,820,219
TRUNK FUND RESERVES										
Beginning of Year						\$ (1,655,178)	\$ (1,878,593)	\$ (2,330,591)	\$ (2,038,275)	\$ (1,570,959)
Plus Trunk Charges						621,630	613,002	617,316	617,316	617,316
Less Trunk Projects						(845,045)	(1,065,000)	(325,000)	(150,000)	(550,000)
End of Year					\$ (1,655,178)	\$ (1,878,593)	\$ (2,330,591)	\$ (2,038,275)	\$ (1,570,959)	\$ (1,503,643)
TOTAL EOY RESERVES					\$ 32,291,310	\$ 31,178,107	\$ 22,308,493	\$ 26,092,994	\$ 29,959,024	\$ 24,704,349



ELECTRIC COST OF SERVICE AND RATE DESIGN STUDY

Final Report

November 27, 2024



REPORT OUTLINE

Cover Letter

Section 1 - Introduction

Section 2 – Projected Operating Results – Existing Rates

Section 3 – Cost of Service

Section 4 – Proposed Rates



November 27, 2024

Shakopee Public Utilities Commission

255 Sarazin Street
PO Box 470
Shakopee, MN 55379

Subject: Electric Rate Study

Commission Members:

Dave Berg Consulting, LLC has undertaken a study of the retail rates Shakopee Public Utilities (SPU) charges its customers for electric service. This report summarizes the analyses undertaken and the resulting recommendations for changes to the existing rates.

The recommended rate adjustments have been made based on overall revenue and cash reserve needs of the utility and the results of a cost-of-service analysis. As a result of the study undertaken, a series of 2% annual increases for the years 2025 through 2028 have been recommended for the electric utility. These adjustments have been designed to help ensure the continued financial strength of SPU. The increases will not affect all customers equally and specific rate design recommendations are included for each retail rate class.

Thank you for the opportunity to be of service to SPU through the conduct of this study. I wish to express my appreciation for the valuable assistance I received from SPU staff relative to the execution of this study.

Sincerely,

Dave Berg Consulting, LLC

A handwritten signature in black ink, appearing to read 'David A. Berg', is written over a light gray rectangular background.

David A. Berg, PE
Principal

Dedicated to providing personal service to consumer-owned utilities

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Section 1

Introduction

The City of Shakopee, MN owns a municipal utility providing service to approximately 18,800 retail electric customers. The electric utility is operated by Shakopee Public Utilities (SPU) and is under the direction of the Shakopee Public Utilities Commission. This report has been prepared by Dave Berg Consulting, LLC to examine the rates and charges for electric service in Shakopee. The study includes an examination of the allocated cost of service based on actual 2023 utility operations (Test Year). It also includes projected operating results for 2024-2028 (Study Period). As a result of the analyses undertaken and reported on herein, electric rate recommendations have been developed for implementation by SPU.

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Projected Operating Results Existing Rates

The rates charged for electric service by SPU, combined with other operating and non-operating revenues, must be sufficient to meet the cost of providing services to SPU's retail customers. This is necessary to ensure the long-term financial health of SPU. The cost of providing electric service consists of normal operating expenses such as wholesale power purchases, distribution functions, customer and administrative functions, system depreciation expenses, capital improvements, and contributions to the City of Shakopee and other non-operating expenses.

An analysis of the operating results for SPU during the 2024-2028 Study Period has been performed assuming the current retail rates and charges remain in effect for the electric utility through the Study Period. This analysis has been done to determine the overall need, if any, for additional revenue through rates to meet projected revenue requirements. The analyses and assumptions utilized in these projections are explained below.

Estimated Revenues – Existing Rates

Retail Sales

SPU sells retail power and energy to residential, commercial and industrial customers. SPU has recently been experiencing limited growth in total retail sales to its electric customers; total annual sales growth after 2024 has been assumed to be 1.5% for Residential customers, 0.5% for Commercial customers and 1.0% for remaining customers through the Study Period.

Exhibit 2-A is a detailed listing of SPU's historical and projected electric operating results at existing rates. The historical and projected revenues from retail sales of

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power and energy are included at the beginning of the exhibit under Sales of Electricity within Operating Revenues.

Other Operating Revenues

SPU also receives revenue from other normal operating procedures. These revenues are shown in Exhibit 2-A as Other Operating Revenues. These include forfeited discounts, free service to the City of Shakopee (primarily related to street lights) and the conservation program revenues. The revenue associated with the free service to the City of Shakopee is tracked separately and is also included as an expense later in Exhibit 2-A. The conservation program revenues are collected through SPU's 1.5% surcharge on retail bills.

Utility Revenues combined with Other Operating Revenues results in SPU's Total Operating Revenues.

Revenue Requirements

Purchased Power

SPU purchases its wholesale capacity and energy requirements from the Minnesota Municipal Power Agency (MMPA). Projected wholesale power expenses are based on assumed future wholesale rate adjustments by MMPA.

SPU's wholesale power expenses also include payments made to Xcel Energy for distribution and facilities services. Payments to Xcel represent approximately 0.1% of SPU's total wholesale power expense.

SPU's actual retail sales and wholesale requirements for the 2023 Test Year are shown in Table 2-1. The estimated street light energy usage shown in Table 2-1 is related to street lighting services provided to the City of Shakopee at no cost. The SPUC Service Center energy is for SPU's own use at its headquarters.

Projected Operating Results – Existing Rates

**Table 2-1
Retail Sales
And Wholesale Requirements**

Item	2023
Metered Retail Sales	446,104,925 kWh
Street Lighting	1,207,201 kWh
SPU Service Center	<u>544,160 kWh</u>
Total Sales	447,856,285 kWh
Losses	2.9 %
Wholesale Energy	461,468,537 kWh
Wholesale Peak	109,980 kW

Other Operating Expenses

SPU incurs other operating expenses associated with local electric system operations. Distribution operating and maintenance expenses are related to the substations, overhead and underground lines and customer facilities located in Shakopee. SPU also has customer account and energy conservation expenses related to serving retail electric customers. Administrative and general expenses are required for utility management, employee benefits, training and other administrative costs. Non-wholesale power related expenses are based on 2023 values, the 2024 and 2025 budgets and are generally estimated to increase by 4% per year after 2025.

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Depreciation

SPU has annual depreciation costs based on its system investments. Depreciation during the Study Period is based on budgeted SPU amounts and future capital improvements. Depreciation is a funded non-cash expense that generate monies available for annual capital improvements and reserves.

Non-operating Revenue (Expenses)

SPU's non-operating revenue is primarily associated with rents and miscellaneous revenues, interdepartmental rents received from the water department and investment income.

Payment in Lieu of Taxes (PILOT)

SPU makes an annual PILOT payment to the City's general fund. This payment is based on 6.0% of total defined electric sales, less bad debt expense. SPU also provides free services to the City of Shakopee for street lights as described above.

Capital Improvements

SPU makes annual normal capital investments in its electric system. Annual electric capital improvements for the Study Period, as budgeted by SPU, are shown in Table 2-2 below.

Projected Operating Results – Existing Rates

Table 2-2
Capital Improvements

Capital Item	2024	2025	2026	2027	2028
Electric Capital	\$11,274,546	\$9,542,801	\$6,643,720	\$14,795,413	\$14,691,718
Relocation Projects	168,451	396,864	565,000	65,000	65,000
Admin Projects	<u>266,260</u>	<u>274,331</u>	<u>149,831</u>	<u>170,250</u>	<u>180,000</u>
Total Budget	\$11,709,257	\$10,213,996	\$7,358,551	\$15,030,663	\$14,936,718

Debt Service

The SPU electric utility does not currently have any outstanding debt.

Projected Operating Results – Existing Rates

Based on the assumptions outlined above, the resulting projected operating results assuming continued application of the existing retail rates are summarized in Table 2-3 for the electric utility. A detailed presentation of the operating results is shown in Exhibit 2-A.

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Table 2-3
Projected Operating Results
Existing Rates

	2024	2025	2026	2027	2028
Operating Revenues	\$58,532,546	\$60,011,763	\$61,534,924	\$63,103,400	\$64,718,606
Less Operating Expenses	(53,955,160)	(56,685,165)	(58,677,793)	(60,651,918)	(62,937,278)
Plus Non-Operating Revenue	1,269,971	2,213,242	2,223,203	2,233,462	2,244,029
Plus Capital Contributions	730,662	738,472	734,567	734,567	734,567
Less City Transfer/Free Service	<u>(3,579,801)</u>	<u>(3,667,219)</u>	<u>(3,757,236)</u>	<u>(3,849,932)</u>	<u>(3,945,391)</u>
Change in Net Position	\$2,998,219	\$2,611,093	\$2,057,665	\$1,569,579	\$814,533
Net Position as Percent of Revenues	5.1%	4.4%	3.3%	2.5%	1.3%

Cash Reserves

A summary of the impact of the projected operating results on SPU's cash reserves for the Study Period is shown at the end of Exhibit 2-A and in Table 2-4 below.

As shown below, under existing retail rates and estimated revenue requirements over the Study Period, the cash reserves for the electric utility are projected to decline from approximately \$44.6 million at the end of 2023 to approximately \$16.4 million by the end of 2028.

Projected Operating Results – Existing Rates

Table 2-4
Projected Cash Reserves
Existing Rates

	2024	2025	2026	2027	2028
Beginning Balance	\$44,569,290	\$39,120,222	\$35,454,146	\$34,421,409	\$25,468,765
Plus Change in Net Position	2,998,219	2,611,093	2,057,665	1,569,579	814,533
Plus Depreciation	3,261,970	3,936,827	4,268,149	4,508,440	5,003,787
Less Capital Improvements	(11,274,546)	(9,542,801)	(6,643,720)	(14,795,413)	(14,691,718)
Less Relocation Projects	(168,451)	(396,864)	(565,000)	(65,000)	(65,000)
Less Admin Capital Projects	<u>(266,260)</u>	<u>(274,331)</u>	<u>(149,831)</u>	<u>(170,250)</u>	<u>(180,000)</u>
Ending Balance	\$39,120,222	\$35,454,146	\$34,421,409	\$25,468,765	\$16,350,368
% of Operating Revenues	67%	59%	56%	40%	25%

Shakopee Public Utilities
Electric Operating Results at Existing Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPERATING REVENUES										
Sales of Electricity										
Residential	\$ 17,314,820	\$ 18,032,655	\$ 19,996,991	\$ 21,548,095	\$ 22,150,117	\$ 21,166,474	\$ 21,714,188	\$ 22,279,411	\$ 22,862,732	\$ 23,464,763
Commercial	31,261,142	28,553,792	31,752,298	36,255,304	37,881,431	36,111,826	37,014,622	37,942,982	38,897,659	39,879,427
Uncollectible Accounts	(61,116)	(258,532)	81,089	(71,335)	(36,664)	(34,982)	(35,868)	(36,781)	(37,720)	(38,687)
Total Sales of Electricity	\$ 48,514,846	\$ 46,327,915	\$ 51,830,378	\$ 57,732,064	\$ 59,994,884	\$ 57,243,317	\$ 58,692,942	\$ 60,185,612	\$ 61,722,671	\$ 63,305,503
Other Operating Revenues										
Forfeited Discounts	\$ 304,445	\$ 60,835	\$ 134,686	\$ 314,715	\$ 373,716	\$ 305,619	313,527	321,688	330,111	338,804
Free Service to City of Shakopee	106,913	114,758	116,313	138,104	144,062	132,364	132,364	132,364	132,364	132,364
Conservation Program	724,610	694,780	771,635	862,219	898,184	851,246	872,930	895,259	918,254	941,935
Total Other Operating Revenues	\$ 1,135,968	\$ 870,373	\$ 1,022,634	\$ 1,315,038	\$ 1,415,962	\$ 1,289,229	\$ 1,318,821	\$ 1,349,312	\$ 1,380,729	\$ 1,413,103
Total Operating Revenues	\$ 49,650,814	\$ 47,198,288	\$ 52,853,012	\$ 59,047,102	\$ 61,410,846	\$ 58,532,546	\$ 60,011,763	\$ 61,534,924	\$ 63,103,400	\$ 64,718,606
OPERATING EXPENSES										
Operation and Maintenance										
Purchased Power	\$ 34,198,101	\$ 32,729,485	\$ 37,965,029	\$ 42,864,366	\$ 42,742,370	\$ 41,223,698	\$ 42,467,665	\$ 43,749,197	\$ 45,069,428	\$ 46,429,528
Distribution Operation	450,753	553,702	437,040	537,637	654,327	890,456	819,212	851,980	886,060	921,502
Distribution Maintenance	650,200	653,225	779,450	809,858	1,154,943	1,238,325	1,306,445	1,358,703	1,413,051	1,469,573
Maintenance of General Plant	308,832	274,843	261,657	392,233	404,506	387,721	483,848	503,202	523,330	544,263
Total O&M Expenses	\$ 35,607,886	\$ 34,211,255	\$ 39,443,176	\$ 44,604,094	\$ 44,956,146	\$ 43,740,201	\$ 45,077,170	\$ 46,463,082	\$ 47,891,869	\$ 49,364,867
Customer Accounts										
Meter Reading	\$ 127,806	\$ 127,450	\$ 133,206	\$ 139,090	\$ 139,742	\$ 150,747	\$ 74,668	\$ 77,655	\$ 80,761	\$ 83,992
Customer Records and Collection	523,715	575,336	635,858	823,914	648,814	965,678	729,285	758,456	788,795	820,346
Energy Conservation	724,610	693,297	771,634	872,705	898,184	851,246	891,069	895,259	918,254	941,935
Total Customer Accounts	\$ 1,376,131	\$ 1,396,083	\$ 1,540,698	\$ 1,835,709	\$ 1,686,740	\$ 1,967,670	\$ 1,695,022	\$ 1,731,370	\$ 1,787,810	\$ 1,846,273
Administrative and General										
Administrative and General Salaries	\$ 666,835	\$ 644,190	\$ 571,493	\$ 710,282	\$ 782,567	\$ 1,138,397	\$ 1,298,848	\$ 1,350,802	\$ 1,404,834	\$ 1,461,027
Office Supplies and Expense	173,835	136,544	152,169	78,240	449,970	552,092	828,979	862,138	896,624	932,489
Outside Services Employed	133,237	428,140	621,638	237,010	390,485	575,627	434,952	452,350	470,444	489,261
Property Insurance	127,006	129,545	141,380	141,787	178,053	175,000	175,504	182,524	189,825	197,418
Employee Benefits	1,953,383	1,773,389	1,351,876	2,501,204	2,210,311	1,863,772	2,493,214	2,592,943	2,696,661	2,804,527
Miscellaneous General	367,537	291,414	305,515	45,311	490,088	680,432	744,648	774,434	805,412	837,628
Total Administrative and General	\$ 3,421,833	\$ 3,403,222	\$ 3,144,071	\$ 3,713,834	\$ 4,501,474	\$ 4,985,319	\$ 5,976,145	\$ 6,215,191	\$ 6,463,799	\$ 6,722,351
Total Operation, Customer and Administrative	\$ 40,405,850	\$ 39,010,560	\$ 44,127,945	\$ 50,153,637	\$ 51,144,360	\$ 50,693,190	\$ 52,748,338	\$ 54,409,644	\$ 56,143,478	\$ 57,933,490
Depreciation										
Depreciation of Capital Assets	\$ 2,326,070	\$ 2,420,110	\$ 2,482,092	\$ 2,950,002	\$ 3,495,150	\$ 3,261,970	\$ 3,936,827	\$ 4,268,149	\$ 4,508,440	\$ 5,003,787
Total Depreciation	\$ 2,326,070	\$ 2,420,110	\$ 2,482,092	\$ 2,950,002	\$ 3,495,150	\$ 3,261,970	\$ 3,936,827	\$ 4,268,149	\$ 4,508,440	\$ 5,003,787
Total Operating Expenses	\$ 42,731,920	\$ 41,430,670	\$ 46,610,037	\$ 53,103,639	\$ 54,639,510	\$ 53,955,160	\$ 56,685,165	\$ 58,677,793	\$ 60,651,918	\$ 62,937,278
OPERATING INCOME	\$ 6,918,894	\$ 5,767,618	\$ 6,242,975	\$ 5,943,463	\$ 6,771,336	\$ 4,577,386	\$ 3,326,598	\$ 2,857,131	\$ 2,451,482	\$ 1,781,328

Shakopee Public Utilities
Electric Operating Results at Existing Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
NON-OPERATING REVENUE (EXPENSE)										
Rentals and Miscellaneous	\$ 259,598	\$ 77,161	\$ 171,815	\$ 987,452	\$ 164,059	\$ 240,298	\$ 332,017	\$ 341,978	\$ 352,237	\$ 362,804
Interdepartmental Rent from Water	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Investment Income	980,761	595,308	(168,812)	(934,228)	2,000,989	1,018,655	1,815,433	1,815,433	1,815,433	1,815,433
Interest Expense	(64,280)	(34,926)	(3,954)	(2,548)	(79,294)	(78,982)	(80,880)	(80,880)	(80,880)	(80,880)
Amort of Bonds/Loss on Refunding	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Disp of Property	<u>138,545</u>	<u>9,074</u>	<u>31,057</u>	<u>25,000</u>	<u>80,135</u>	<u>-</u>	<u>56,672</u>	<u>56,672</u>	<u>56,672</u>	<u>56,672</u>
Total Non-Operating Revenues (Expenses)	\$ 1,404,624	\$ 736,617	\$ 120,106	\$ 165,676	\$ 2,255,889	\$ 1,269,971	\$ 2,213,242	\$ 2,223,203	\$ 2,233,462	\$ 2,244,029
Income before Contributions and Transfers	\$ 8,323,518	\$ 6,504,235	\$ 6,363,081	\$ 6,109,139	\$ 9,027,225	\$ 5,847,357	\$ 5,539,840	\$ 5,080,333	\$ 4,684,944	\$ 4,025,357
Capital Contributions	\$ 759,222	\$ 527,653	\$ 98,931	\$ 726,118	\$ 1,580,437	\$ 730,662	\$ 738,472	\$ 734,567	\$ 734,567	\$ 734,567
Free Service to City of Shakopee	\$ (106,913)	\$ (114,758)	\$ (116,313)	\$ (138,104)	\$ (144,062)	\$ (132,364)	\$ (132,364)	\$ (132,364)	\$ (132,364)	\$ (132,364)
Transfers to Municipality (PILOT)	\$ (1,317,892)	\$ (2,053,124)	\$ (2,253,790)	\$ (3,437,919)	\$ (3,572,505)	\$ (3,447,437)	\$ (3,534,855)	\$ (3,624,872)	\$ (3,717,568)	\$ (3,813,027)
CHANGE IN NET POSITION	\$ 7,657,935	\$ 4,864,006	\$ 4,091,909	\$ 3,259,234	\$ 6,891,095	\$ 2,998,219	\$ 2,611,093	\$ 2,057,665	\$ 1,569,579	\$ 814,533
As Percent of Revenues	15.4%	10.3%	7.7%	5.5%	11.2%	5.1%	4.4%	3.3%	2.5%	1.3%
CASH RESERVES										
Beginning of Year						\$ 44,569,290	\$ 39,120,222	\$ 35,454,146	\$ 34,421,409	\$ 25,468,765
Plus Change in Net Position						2,998,219	2,611,093	2,057,665	1,569,579	814,533
Plus Depreciation						3,261,970	3,936,827	4,268,149	4,508,440	5,003,787
Less Capital Improvements						(11,274,546)	(9,542,801)	(6,643,720)	(14,795,413)	(14,691,718)
Less Relocation Projects						(168,451)	(396,864)	(565,000)	(65,000)	(65,000)
Less Admin Capital Projects						<u>(266,260)</u>	<u>(274,331)</u>	<u>(149,831)</u>	<u>(170,250)</u>	<u>(180,000)</u>
End of Year				\$ 44,569,290		\$ 39,120,222	\$ 35,454,146	\$ 34,421,409	\$ 25,468,765	\$ 16,350,368
As Percent of Revenues				73%		67%	59%	56%	40%	25%

Section 3

Cost-of-Service

A cost-of-service analysis was performed to determine the allocated cost to serve each of SPU's customer classes within the electric utility. Customer classes exist, in part, because the cost to serve various kinds of customers varies. The cost-of-service analysis has been performed on a 2023 'Test Year' based on actual 2023 financials, operations and sales. The results of the cost-of-service study give an indication of the degree of revenue recovery warranted for each class of customers. A comparison of the allocated cost to serve a class of customers and the actual revenues received from that class is taken into consideration during rate design.

Functionalization of Costs

SPU's Test Year electric revenue requirements have been divided into four functional categories. These categories are described below.

Power Supply – the power supply function is related to the cost of SPU purchases of wholesale power through MMPA and substation costs paid to Xcel Energy.

Distribution – the distribution expenses are related to the SPU system for delivering power and energy to SPU customers. They include substation and distribution system costs. It also includes the fixed costs associated with the service facilities utilized to deliver electric power and energy directly to customers.

Customer – these include items such as meter reading, billing, collections and dealing with customers by customer service representatives.

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Revenue – revenue related costs include certain non-operating revenues and utility margin.

Table 3-1 below summarizes the functional electric costs for the 2023 Test Year. The detailed cost functions are shown in Exhibit 3-A.

Table 3-1
Functional Electric Costs
2023 Test Year

Component	Revenue Requirement
Power Supply	\$42,742,370
Distribution	9,247,532
Customer	1,751,424
Revenue	<u>6,033,579</u>
Total	\$59,774,905

Classification of Costs

Within each function, the revenue requirements have been divided into distinct cost classifications. These cost classifications are described below.

Demand Related – demand related costs are fixed costs that do not vary with hourly consumption. Demand related costs are required to meet the overall demand of the system as expressed in kW.

Energy Related – energy related costs vary based on hourly consumption in kWh.

Customer Related – costs related to serving, metering and billing of individual customers.

Revenue Related – revenue related costs vary by the amount of revenue received by the utility.

Exhibits 3-B through 3-D show the detailed classification of revenue requirements within the power supply, distribution and customer functions.

Allocation of Costs

Based on an analysis of customer class service characteristics, the classified costs summarized above were allocated to the major SPU customer classes. Allocation of costs was performed on a fully-distributed, embedded cost allocation basis. Specific allocation factors were utilized in each of the cost classification categories as described below. Exhibit 3-E contains a summary of the development of the various allocation factors.

Demand Allocations

Customer class demands on a system can be reflected in various ways. Two primary demand allocation types were utilized in this analysis. Coincident peaks ('CP') represent a class' share of the overall system peak. A 12 CP method, reflecting each class' estimated contribution to each month's system peak, was employed for allocating the power supply demand portion of the wholesale purchased power expense. Non-coincident peaks reflect a class maximum demand regardless of when it occurs. The non-coincident peak is an indication of the amount of fixed local system required to serve individual groups of customers. A 1 NCP method, an estimate of each class' maximum annual demand on the system, was utilized for allocating local system demand related costs.

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Energy Allocations

Each class' share of energy requirements was used to allocate energy related costs. The predominant energy related costs are the energy portions of the purchased power expenses. These costs were allocated based on each classes' estimated share of wholesale energy purchases.

Customer Allocations

Two separate customer allocators were utilized. The customer facilities allocator was used to allocate costs associated with the physical facilities required to serve individual customers such as service transformers, service drops and meters. The customer service allocator is for allocation of costs associated with customer service – meter reading, billing, collections and customer inquiries. For both the customer facilities and customer service allocators, a weighted customer allocation factor is developed. Weighting factors are developed to represent the difference in service configurations between customer classifications. For instance, a larger customer facility is required for a single large power customer than for a single residential customer, or a single large power customer requires more customer service than a single residential customer.

Revenue Allocations

Revenue related costs were allocated based on each class' share of total demand, energy, customer facility and customer service costs.

Cost of Service Results

Based on the classifications and allocations described above, the estimated cost to serve each major class of customers for the 2023 Test Year was determined. Exhibit 3-F presents this analysis in detail. Table 3-2 below summarizes the total allocated electric costs for each class compared to the total electric revenues received from the class during 2023.

Table 3-2
Electric Cost of Service Results
Comparison of Cost and Revenues
2023 Test Year

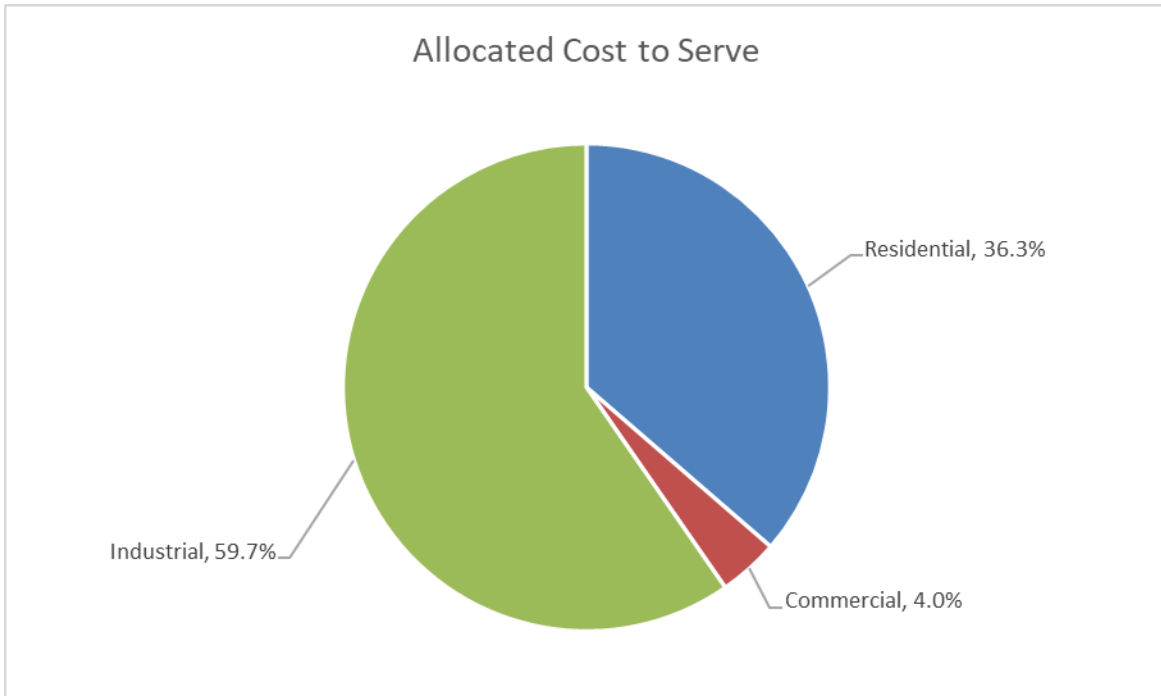
Customer Classification	Allocated Cost to Serve	Revenues
Residential	\$21,723,950	\$22,090,806
Commercial	\$2,391,758	\$2,436,476
Industrial	<u>\$35,659,196</u>	<u>\$35,247,623</u>
Total	\$59,774,905	\$59,774,905

The revenue requirements and revenues as allocated to each class and summarized above are shown on a total dollars basis. Table 3-3 below makes the comparison based on percentages of total cost to serve and total revenues. The charts following Table 3-3 show a graphical comparison between allocated cost to serve and revenues as a percentage of the totals. The percentage increase/(decrease) in each class' revenue shown below is the adjustment necessary to produce revenues from each class in accordance with the allocated cost to serve. The percentage adjustments do not represent the recommended change in each class' rates. The cost-of-service results are one item for consideration in rate design. It is important to note also that the adjustments shown in the table below would not change the total revenue received by the utility and are not indicative of overall revenue needs of the utility going forward. Recommendations regarding rate design are included in Section 4 of this report.

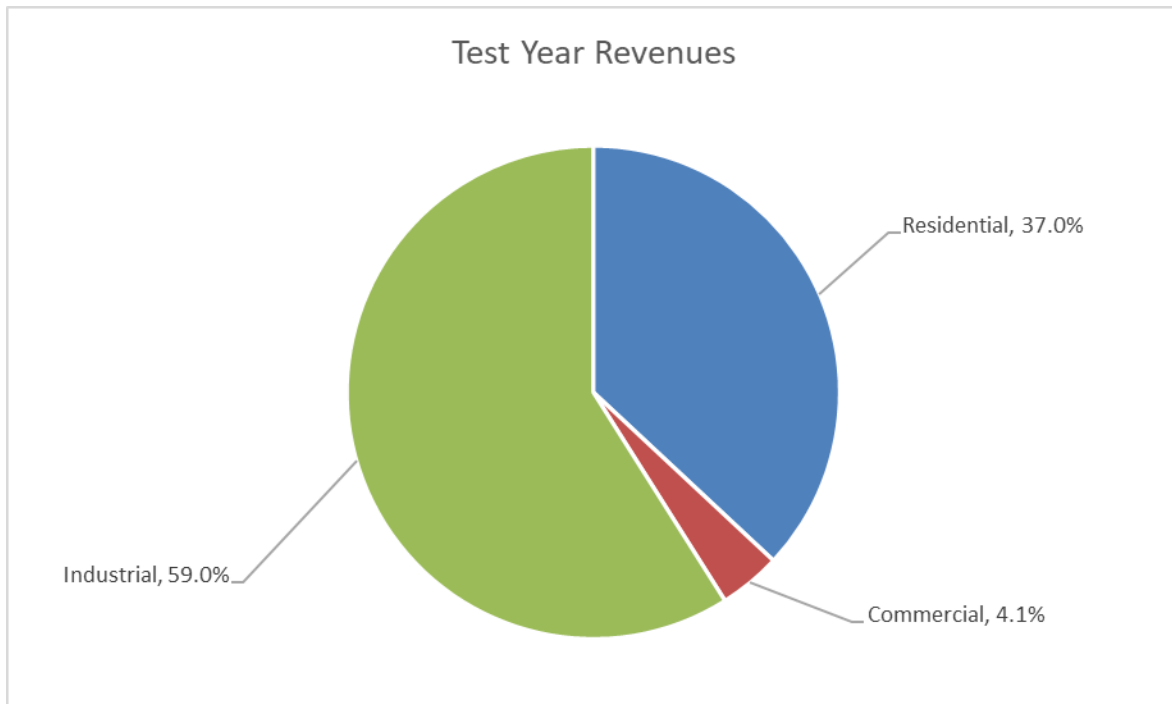
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**Table 3-3
Electric Cost of Service Results
Comparison of % Cost and Revenues
2023 Test Year**

Customer Classification	Allocated Cost to Serve	Revenues	Increase/ (Decrease)
Residential	36.3%	37.0%	-1.7%
Commercial	4.0%	4.1%	-1.8%
Industrial	<u>59.7%</u>	<u>59.0%</u>	<u>1.2%</u>
Total	100.0%	100.0%	0.0%



Cost-of-Service



As indicated above, SPU's existing class revenues do not exactly match the allocated cost to serve each class. Cost based rates are one of several goals in establishing rates. The relationship between allocated costs and revenues for each class should be considered, in addition to other rate related goals, in developing recommended rates.

Shakopee Public Utilities
Functionalization of 2023 Test Year Revenue Requirements

REVENUE REQUIREMENT OPERATING EXPENSES	2023	Power Supply	Distribution	Customer	Revenue	Classification Basis
	Test Year					
Purchased Power	\$ 42,742,370	\$ 42,742,370	\$ -	\$ -	\$ -	100% power supply
Distribution Operation	654,328	\$ -	\$ 654,328	\$ -	\$ -	100% Dist
Distribution Maintenance	1,113,817	\$ -	\$ 1,113,817	\$ -	\$ -	100% Dist
Maintenance of General Plant	445,631	\$ -	\$ 445,631	\$ -	\$ -	100% Dist
Customer Accounts						
Meter Reading Expense	139,742	\$ -	\$ -	\$ 139,742	\$ -	100% customer
Customer Records and Collection	648,814	\$ -	\$ -	\$ 648,814	\$ -	100% customer
Conservation Expenses	898,184	\$ -	\$ -	\$ 898,184	\$ -	100% customer
Total Customer Accounts	\$ 1,686,741	\$ -	\$ -	\$ 1,686,741	\$ -	
Administrative & General Salaries	\$ 782,567	\$ -	\$ 608,282	\$ 174,285	\$ 0	Non PS operating expenses
Office Supplies & Expense	\$ 449,970	\$ -	\$ 349,757	\$ 100,213	\$ 0	Non PS operating expenses
Outside Services Employed	\$ 390,485	\$ -	\$ 303,520	\$ 86,965	\$ 0	Non PS operating expenses
Property Insurance	\$ 178,053	\$ -	\$ 178,053	\$ -	\$ -	100% Dist
Employee Benefits	\$ 2,210,312	\$ -	\$ 1,718,054	\$ 492,258	\$ 0	Non PS operating expenses
Miscellaneous General	490,087	\$ -	\$ 380,940	\$ 109,147	\$ 0	Non PS operating expenses
Depreciation/Amortization	\$ 3,495,150	\$ -	\$ 3,495,150	\$ -	\$ -	100% Dist
TOTAL OPERATING EXPENSES	\$ 54,639,510	\$ 42,742,370	\$ 9,247,532	\$ 2,649,608	\$ 0	
OTHER OPERATING REVENUES						
Uncollectible Accounts	(36,664)	\$ -	\$ -	\$ -	\$ (36,664)	100% revenue
Forfeited Discounts	373,716	\$ -	\$ -	\$ -	\$ 373,716	100% revenue
Free Service to City of Shakopee	144,062	\$ -	\$ -	\$ -	\$ 144,062	100% revenue
Conservation Program	898,184	\$ -	\$ -	\$ 898,184	\$ -	100% customer
TOTAL OTHER OPERATING REVENUES	\$ 1,379,298	\$ -	\$ -	\$ 898,184	\$ 481,114	
NON-OPERATING INCOME (EXPENSES)						
Rentals and Miscellaneous	164,059	\$ -	\$ -	\$ -	\$ 164,059	100% revenue
Interdepartmental Rent from Water	90,000	\$ -	\$ -	\$ -	\$ 90,000	100% revenue
Investment Income	2,000,989	\$ -	\$ -	\$ -	\$ 2,000,989	100% revenue
Interest Expense	(79,294)	\$ -	\$ -	\$ -	\$ (79,294)	100% revenue
Amort of Bonds/Loss on Refunding	-	\$ -	\$ -	\$ -	\$ -	NA
Gain (Loss) on Disp of Property	80,135	\$ -	\$ -	\$ -	\$ 80,135	100% revenue
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ 2,255,889	\$ -	\$ -	\$ -	\$ 2,255,889	
CAPITAL CONTRIBUTIONS	\$ (1,580,437)	\$ -	\$ -	\$ -	\$ (1,580,437)	100% revenue
FREE SERVICE TO THE CITY OF SHAKOPEE	\$ 144,062	\$ -	\$ -	\$ -	\$ 144,062	100% revenue
TRANSFERS TO MUNICIPALITY	\$ 3,572,505	\$ -	\$ -	\$ -	\$ 3,572,505	100% revenue
MARGIN	\$ 6,634,452	\$ -	\$ -	\$ -	\$ 6,634,452	100% revenue
TOTAL REVENUE REQUIREMENT	\$ 59,774,905	\$ 42,742,370	\$ 9,247,532	\$ 1,751,424	\$ 6,033,579	

Shakopee Public Utilities
2023 Test Year Power Supply Classification

	2023			
	<u>Test Year</u>	<u>Demand</u>	<u>Energy</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT				
OPERATING EXPENSES				
Purchased Power	\$ 42,742,370	11,357,898	31,384,472	per power supply
Distribution Operation	-	-	-	NA
Distribution Maintenance	-	-	-	NA
Maintenance of General Plant	-	-	-	NA
Customer Accounts				
Meter Reading Expense	-	-	-	NA
Customer Records and Collection	-	-	-	NA
Conservation Expenses	-	-	-	NA
Total Customer Accounts	\$ -	\$ -	\$ -	
Administrative & General Salaries	\$ -	\$ -	\$ -	NA
Office Supplies & Expense	\$ -	\$ -	\$ -	NA
Outside Services Employed	\$ -	\$ -	\$ -	NA
Property Insurance	\$ -	\$ -	\$ -	NA
Employee Benefits	\$ -	\$ -	\$ -	NA
Miscellaneous General	\$ -	-	-	NA
Depreciation/Amortization	\$ -	\$ -	\$ -	NA
TOTAL OPERATING EXPENSES	\$ 42,742,370	\$ 11,357,898	\$ 31,384,472	
OTHER OPERATING REVENUES				
Uncollectible Accounts	-	-	-	NA
Forfeited Discounts	-	-	-	NA
Free Service to City of Shakopee	-	-	-	NA
Conservation Program	-	-	-	NA
TOTAL OTHER OPERATING REVENUES	\$ -	\$ -	\$ -	
NON-OPERATING INCOME (EXPENSES)				
Rentals and Miscellaneous	-	-	-	NA
Interdepartmental Rent from Water	-	-	-	NA
Investment Income	-	-	-	NA
Interest Expense	-	-	-	NA
Amort of Bonds/Loss on Refunding	-	-	-	NA
Gain (Loss) on Disp of Property	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ -	\$ -	\$ -	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	\$ -	NA
FREE SERVICE TO THE CITY OF SHAKOPEE	\$ -	\$ -	\$ -	NA
TRANSFERS TO MUNICIPALITY	\$ -	\$ -	\$ -	NA
MARGIN	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 42,742,370	\$ 11,357,898	\$ 31,384,472	

Shakopee Public Utilities
2023 Test Year Distribution Classification

REVENUE REQUIREMENT	2023 <u>Test Year</u>	Distribution <u>Demand</u>	Customer <u>Facilities</u>	<u>Classification Basis</u>
OPERATING EXPENSES				
Purchased Power	\$ -	\$ -	\$ -	NA
Distribution Operation	\$ 654,328	\$ 458,030	\$ 196,298	Dist/Cust split
Distribution Maintenance	\$ 1,113,817	\$ 779,672	\$ 334,145	Dist/Cust split
Maintenance of General Plant	\$ 445,631	\$ 311,942	\$ 133,689	Dist/Cust split
Customer Accounts				
Meter Reading Expense	-	-	-	NA
Customer Records and Collection	-	-	-	NA
Conservation Expenses	-	-	-	NA
Total Customer Accounts	\$ -	\$ -	\$ -	
Administrative & General Salaries	\$ 608,282	\$ 445,345	\$ 162,937	total revenue requirement
Office Supplies & Expense	\$ 349,757	\$ 256,070	\$ 93,687	total revenue requirement
Outside Services Employed	\$ 303,520	\$ 303,520	\$ -	100% Dist demand
Property Insurance	\$ 178,053	\$ 130,460	\$ 47,593	Dist Elec Facilities
Employee Benefits	\$ 1,718,054	\$ 1,257,849	\$ 460,205	total revenue requirement
Miscellaneous General	\$ 380,940	\$ 266,658	\$ 114,282	Dist/Cust split
Depreciation/Amortization	<u>\$ 3,495,150</u>	<u>\$ 2,560,904</u>	<u>\$ 934,245</u>	Dist Elec Facilities
TOTAL OPERATING EXPENSES	\$ 9,247,532	\$ 6,770,449	\$ 2,477,083	
OTHER OPERATING REVENUES				
Uncollectible Accounts	-	-	-	NA
Forfeited Discounts	-	-	-	NA
Free Service to City of Shakopee	-	-	-	NA
Conservation Program	-	-	-	NA
TOTAL OTHER OPERATING REVENUES	\$ -	\$ -	\$ -	
NON-OPERATING INCOME (EXPENSES)				
Rentals and Miscellaneous	-	-	-	NA
Interdepartmental Rent from Water	-	-	-	NA
Investment Income	-	-	-	NA
Interest Expense	-	-	-	NA
Amort of Bonds/Loss on Refunding	-	-	-	NA
Gain (Loss) on Disp of Property	-	-	-	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ -	\$ -	\$ -	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	\$ -	NA
FREE SERVICE TO THE CITY OF SHAKOPEE	\$ -	\$ -	\$ -	NA
TRANSFERS TO MUNICIPALITY	\$ -	\$ -	\$ -	NA
MARGIN	\$ -	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 9,247,532	\$ 6,770,449	\$ 2,477,083	

Shakopee Public Utilities
2023 Test Year Customer Classification

	2023 <u>Test Year</u>	<u>Customer</u>	<u>Classification Basis</u>
REVENUE REQUIREMENT			
OPERATING EXPENSES			
Purchased Power	\$ -	\$ -	NA
Distribution Operation	\$ -	\$ -	NA
Distribution Maintenance	\$ -	\$ -	NA
Maintenance of General Plant	\$ -	\$ -	NA
Customer Accounts			
Meter Reading Expense	139,742	139,742	100% Customer
Customer Records and Collection	648,814	648,814	100% Customer
Conservation Expenses	<u>898,184</u>	<u>898,184</u>	100% Customer
Total Customer Accounts	\$ 1,686,741	\$ 1,686,741	
Administrative & General Salaries	\$ 174,285	\$ 174,285	100% Customer
Office Supplies & Expense	\$ 100,213	\$ 100,213	100% Customer
Outside Services Employed	\$ 86,965	\$ 86,965	100% Customer
Property Insurance	\$ -	\$ -	NA
Employee Benefits	\$ 492,258	\$ 492,258	100% Customer
Miscellaneous General	\$ 109,147	\$ 109,147	100% Customer
Depreciation/Amortization	<u>\$ -</u>	<u>\$ -</u>	100% Customer
TOTAL OPERATING EXPENSES	\$ 2,649,608	\$ 2,649,608	
OTHER OPERATING REVENUES			
Uncollectible Accounts	-	-	NA
Forfeited Discounts	-	-	NA
Free Service to City of Shakopee	-	-	NA
Conservation Program	<u>898,184</u>	<u>898,184</u>	100% Customer
TOTAL OTHER OPERATING REVENUES	\$ 898,184	\$ 898,184	
NON-OPERATING INCOME (EXPENSES)			
Rentals and Miscellaneous	-	-	NA
Interdepartmental Rent from Water	-	-	NA
Investment Income	-	-	NA
Interest Expense	-	-	NA
Amort of Bonds/Loss on Refunding	-	-	NA
Gain (Loss) on Disp of Property	<u>-</u>	<u>-</u>	NA
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ -	\$ -	
CAPITAL CONTRIBUTIONS	\$ -	\$ -	NA
FREE SERVICE TO THE CITY OF SHAKOPEE	\$ -	\$ -	NA
TRANSFERS TO MUNICIPALITY	\$ -	\$ -	NA
MARGIN	\$ -	\$ -	NA
TOTAL REVENUE REQUIREMENT	\$ 1,751,424	\$ 1,751,424	

**Shakopee Public Utilities
2023 Test Year Allocation Factors**

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
Demand Allocation Factors				
12 Coincident Peak (kW)	926,264	316,675	38,022	571,567
12 CP	100.0%	34.2%	4.1%	61.7%
1 Coincident Peak (kW)	96,810	37,019	3,981	55,810
1 CP	100.0%	38.2%	4.1%	57.6%
1 Non-coincident Peak (kW)	131,690	59,082	4,846	67,762
1 NCP	100.0%	44.9%	3.7%	51.5%
Sum of Max Demands (kW)	1,860,954	1,058,803	57,975	744,176
SMD	100.0%	56.9%	3.1%	40.0%
Energy Allocation Factors				
Retail Energy Req. (kWh)	446,104,925	143,276,690	17,336,537	285,491,698
RE	100.0%	32.1%	3.9%	64.0%
Wholesale Energy Req. (kWh)	450,796,031	138,017,514	18,153,441	294,625,075
WE	100.0%	30.6%	4.0%	65.4%
Customers				
Number of Customers	18,836	17,357	885	594
C	100.0%	92.1%	4.7%	3.2%
Customer Facilities Allocation Factor				
Weighted Number of Cust	27,152	17,357	885	8,910
CF	100.0%	63.9%	3.3%	32.8%
Customer Service Allocation Factor				
Weighted Number of Cust	21,433	17,357	1,106	2,970
CS	100.0%	81.0%	5.2%	13.9%
Revenue Allocator				
Sum Other Rev Reqs	\$ 53,741,326	\$ 19,531,171	\$ 2,150,338	\$ 32,059,817
R	100.0%	36.3%	4.0%	59.7%

Shakopee Public Utilities
2023 Test Year Allocation of Revenue Requirements

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Allocation Factor</u>
<u>Power Supply</u>					
Demand	11,357,898	3,883,080	466,228	7,008,589	12 CP
Energy	<u>31,384,472</u>	<u>9,608,795</u>	<u>1,263,845</u>	<u>20,511,832</u>	WE
Total Power Supply	\$ 42,742,370	\$ 13,491,876	\$ 1,730,073	\$ 27,520,421	
<u>Distribution</u>					
Distribution Demand	6,770,449	3,037,511	249,135	3,483,804	1 NCP
Customer Facilities	<u>2,477,083</u>	<u>1,583,460</u>	<u>80,736</u>	<u>812,887</u>	CF
Total Energy	\$ 9,247,532	\$ 4,620,971	\$ 329,870	\$ 4,296,691	
<u>Customer</u>					
Customer Service	<u>1,751,424</u>	<u>1,418,325</u>	<u>90,395</u>	<u>242,704</u>	CS
Total Customer Service	\$ 1,751,424	\$ 1,418,325	\$ 90,395	\$ 242,704	
<u>Revenue</u>					
Other Operating Revenues	\$ (481,114)	(174,851)	(19,251)	(287,012)	R
Non-Operating Income	(2,255,889)	(819,856)	(90,264)	(1,345,769)	R
Capital Contributions	(1,580,437)	(574,377)	(63,238)	(942,822)	R
Free Service to City	144,062	52,356	5,764	85,941	R
Transfers to Municipality	3,572,505	1,298,353	142,946	2,131,206	R
Margin	<u>6,634,452</u>	<u>2,411,154</u>	<u>265,463</u>	<u>3,957,835</u>	R
Total Revenue	\$ 6,033,579	\$ 2,192,779	\$ 241,420	\$ 3,599,380	
Total Revenue Requirements	\$ 59,774,905	\$ 21,723,950	\$ 2,391,758	\$ 35,659,196	
Total Revenues	\$ 59,774,905	\$ 22,090,806	\$ 2,436,476	\$ 35,247,623	
Percent Revenue Requirements	100.0%	36.3%	4.0%	59.7%	
Percent Revenues	100.0%	37.0%	4.1%	59.0%	
Percent Change	0.0%	-1.7%	-1.8%	1.2%	

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Proposed Rates

Changes to rates are generally based on the overall need for revenues and results of the cost-of-service analyses. The projected operating results at existing rates as presented in Section 2 of this report outlines the overall revenue needs of the electric utility. Section 3 summarizes the cost-of-service results. These factors have been considered in developing the proposed rates summarized in this section of the report.

Proposed Rates

Revenue Needs

In Section 2, it shows that SPU's projected annual change in net position declines from 5.1% of revenues in 2024 to 1.3% of revenues in 2028 assuming existing rates are maintained through the Study Period (during 2019-2023 this averaged 10.0%). It also shows that SPU's projected cash reserves at current rates decline from \$44.5 million to \$16.4 million over the Study Period.

Recommended Rates

Exhibit 4-A shows the existing and recommended rates for electric for each year from 2024-2028.

Based on discussions with SPU management, a goal was set to increase overall reserve levels by \$12 million dollars at the end of the Study Period as compared to the projections at current rates. This would increase projected reserves to above 41% of operating revenues at the end of the Study Period. Recommended overall electric rate increases are approximately 2% each year.

For all classes of customers, the increases have been accomplished by increasing only the energy portion of the rate. For Residential and Commercial customers, the monthly

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service charges are not changed through the Study Period. For General Service and Large Industrial customers the energy rates have increased while keeping the service charges and demand charges unchanged.

Previously, SPU undertook a multi-year process to phase out the special senior citizen rate with a lower monthly service charge. It is recommended that over time this rate be eliminated and these customers be moved to the regular Residential rate. As shown in Exhibit 4-A, it is recommended that this process be completed by raising the applicable service charge by \$0.50 per year in 2025 and 2026, in 2026 the senior citizen rate will be phased out.

It is recommended that a new class of Residential customers be created for Large Residential installations, for these customers the monthly service charge is higher than for regular Residential customers. This higher fixed charge reflects the higher fixed investment for these larger customers. The recommended service fee for Large Residential customers is set equal to the Commercial monthly service charge.

SPU has recently implemented a new Residential EV time-of-use charging rate. No changes to this rate are currently recommended.

SPU electric rates also include a separate Relocation Underground Charge of \$0.0003 per kWh and a Conservation Program Charge of 1.5% of energy purchases for all customers. Based on a review of the projected revenues and project expenses associated with the Relocation Underground Charge, no change in this fee is recommended. The Conservation Program Charge is set to pay for conservation programs budgeted at 1.5% of energy revenues, no change in this fee is recommended.

Rates for security lights in 2025 have been adjusted based on an analysis prepared by SPU staff to reflect current security light capital and operating costs. Rates have been increased annually by approximately 2% per year after 2025.

Proposed Rates

Projected Operating Results – Proposed Rates

Based on the assumptions outlined above, the resulting projected operating results with the proposed rates are shown in Exhibit 4-B and summarized in Table 4-1.

Table 4-1
Projected Operating Results
Proposed Rates

	2024	2025	2026	2027	2028
Operating Revenues	\$58,532,546	\$61,263,051	\$64,098,399	\$67,029,879	\$70,086,870
Less Operating Expenses	(53,955,160)	(56,685,165)	(58,715,097)	(60,709,128)	(63,015,545)
Plus Non-Operating Revenue	1,269,971	2,213,242	2,223,203	2,233,462	2,244,029
Plus Capital Contributions	730,662	738,472	734,567	734,567	734,567
Less City Transfer/Free Service	<u>(3,579,801)</u>	<u>(3,741,253)</u>	<u>(3,908,898)</u>	<u>(4,082,229)</u>	<u>(4,262,984)</u>
Change in Net Position	\$2,998,219	\$3,788,347	\$4,432,174	\$5,206,551	\$5,786,937
Net Position as Percent of Revenues	5.1%	6.2%	6.9%	7.8%	8.3%

Cash Reserves – Proposed Rates

A summary of the impact of the projected operating results on SPU's cash reserves assuming the proposed rate adjustments is shown at the end of Exhibit 4-B and in Table 4-2 below. Assuming the recommended rate adjustments going forward, the projected cash balance at the end of the Study Period increases to approximately \$28.5 million.

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This is an increase in projected 2028 EOY reserves of approximately \$12 million as compared to the projections at existing rates as contained in Section 2 of this report.

Table 4-2
Projected Cash Reserves
Proposed Rates

	2024	2025	2026	2027	2028
Beginning Balance	\$44,569,290	\$39,120,222	\$36,631,400	\$37,973,172	\$32,657,500
Plus Change in Net Position	2,998,219	3,788,347	4,432,174	5,206,551	5,786,937
Plus Depreciation	3,261,970	3,936,827	4,268,149	4,508,440	5,003,787
Less Capital Improvements	(11,274,546)	(9,542,801)	(6,643,720)	(14,795,413)	(14,691,718)
Less Relocation Projects	(168,451)	(396,864)	(565,000)	(65,000)	(65,000)
Less Admin Capital Projects	<u>(266,260)</u>	<u>(274,331)</u>	<u>(149,831)</u>	<u>(170,250)</u>	<u>(180,000)</u>
Ending Balance	\$39,120,222	\$36,631,400	\$37,973,172	\$32,657,500	\$28,511,506
% of Operating Revenues	67%	60%	59%	49%	41%

Other Rate Considerations

Competitive Analysis

SPU is interested in how its rates compare to neighboring utilities. Table 4-3 below shows monthly electric bills for a typical customer in the residential class with 1000 kWh of consumption. Bills are shown based on existing SPU rates, proposed SPU rates in 2025 and existing rates for neighboring cities. It is important to consider that many other neighboring communities may also be increasing electric rates over the next few years.

Proposed Rates

Tables 4-4 through 4-6 also compare SPU's existing and proposed rates to Xcel Energy rates for typical Commercial, Large General Service and Large Industrial Service customers.

Table 4-3
Monthly Electric Bill Comparisons
Residential 1000 kWh Monthly Usage

Utility	Bill	Difference
SPU current	\$153.43	n/a
SPU prop 2025	\$157.18	2.4%
MVEC summer	\$161.97	5.6%
MVEC nonsummer	\$152.58	-0.5%
Xcel summer	\$188.81	23.1%
Xcel nonsummer	\$171.07	11.5%
Chaska summer	\$172.04	12.1%
Chaska nonsummer	\$153.93	0.3%

Table 4-4
Monthly Electric Bill Comparisons
Commercial 1500 kWh Monthly Usage

Utility	Bill	Difference
SPU current	\$222.27	n/a
SPU prop 2025	\$227.60	2.4%
Xcel summer	\$259.16	16.6%
Xcel nonsummer	\$232.56	4.6%

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Table 4-5
Monthly Electric Bill Comparisons
LGS 10,000 kWh/35 kW Monthly Usage

Utility	Bill	Difference
SPU current	\$1,408	n/a
SPU prop 2025	\$,1432	1.7%
Xcel summer	\$1,543	9.6%
Xcel nonsummer	\$1,376	-2.3%

Table 4-6
Monthly Electric Bill Comparisons
LIS 175,000 kWh/400 kW Monthly Usage

Utility	Bill	Difference
SPU current	\$21,394	n/a
SPU prop 2025	\$21,817	2.0%
Xcel summer	\$22,424	4.8%
Xcel nonsummer	\$20,514	-4.1%

Solar Grid Access Charge

Minnesota State Statute 216B.64 Subdivision 3 provides that relative to net metering and distributed generation: *“A cooperative electric association or municipal utility may charge an additional fee to recover the fixed costs not already paid for by the customer through the customer’s existing billing arrangement. Any additional charge by the utility must be reasonable and appropriate for that class of customer based on the most recent cost of service study”.*

Proposed Rates

This additional charge is often referred to as a Solar Grid Access Charge for the solar array customer. Based on the size of the solar generation installation, a separate distribution access fee is charged to a customer. This charge is levied on a \$/kW basis to reflect the fixed expense of the distribution system. The charge is generally assessed on the total generation size less the average demand of a typical residential customer. For SPU, the average residential customer is estimated to have an average monthly peak demand of 5 kW. As an example, a solar customer with a 10-kW system, they would be charged for 5 kW (10 kW generator capacity less the 5 kW average customer demand). This option is self-regulating from a size of generator perspective. Larger solar installations pay more for utilizing the benefits of the fixed distribution system. Customers still receive retail credit for energy generated. This option also does not require any additional metering requirements. Customers are billed a fixed amount every month based on the installed capacity. The calculation of this charge for SPU based on this cost-of-service study is shown below. The values in this analysis are taken from Exhibits 3-E and 3-F in this report.

Allocated Residential Distribution and Customer costs - \$6,039,296

(\$4,620,971 plus \$1,418,325) (Exhibit 3-F)

Allocated Residential Revenue cost - \$2,192,779 (Exhibit 3-F)

Residential Revenue adjustment - $\$2,192,779/\$6,039,296 = 36\%$

Allocated Residential Distribution Demand cost - \$3,037,511 (Exhibit 3-F)

Adjusted Residential Distribution Demand cost - $\$3,037,511 \times 1.36 = \$4,131,105$

Residential Sum of Maximum Demands – 1,058,803 kW (Exhibit 3-E)

Residential Distribution Demand Cost/kW - $\$4,131,105/1,058,803 = \$3.90/\text{kW}$

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The revenue adjustment shown in the calculation above is calculated to adjust local operating costs to account for revenue-allocated cost items. This adjustment is utilized to adjust the allocated distribution system demand cost. The adjusted distribution demand cost is divided by the total estimated sum of maximum demands for the Residential class. The rate calculated above is \$3.90/kW based on 2023 costs. This rate has been rounded up to \$4.00/kW to adjust for future costs beginning in 2025.

Economic Development Rate

SPU is interested in considering an economic development rate for new large customers. This type of rate would be applicable to new large customers within the SPU service territory that exceed a certain demand size (ie. 1 MW). Listed below are certain cost related metrics for the current Large Industrial Service class.

- 77% of cost to serve industrial customers is wholesale power
- 23% of cost to serve industrial customers is local costs
 - Margin is 11% of cost to serve
 - Transfer is 6% of cost to serve

If the utility margin and the transfer to the City were waived, a 17% discount could be given to a new large customer. Discounts of this type are typically phased out over time. An example of a series of discounts for consideration by SPU and the City of Shakopee would be:

- 20% in year 1
- 15% in year 2
- 10% in year 3
- 5% in year 4
- Full published rate in year 5

Demand Billing Threshold

SPU currently demand bills for customers that exceed 15 kW in demand. SPU is considering moving this demand threshold up to 20 kW. This would move current smaller General Service customers from the GS Rate, which includes demand and energy billing, to the Commercial rate which only bills based on energy consumed. This

Proposed Rates

change could impact over 200 current GS customers. With this rate change, some customers could experience rate increases of up to 20% and other customers could experience rate decreases of up to 75%. Total revenues for SPU could decrease by \$150,000-\$200,000 per year (0.3%). It is recommended that SPU study this issue further before any potential implementation.

Shakopee Public Utilities
Existing and Proposed Electric Rates

	Existing Rate	2025 Proposed Rate	2026 Proposed Rate	2027 Proposed Rate	2028 Proposed Rate
Residential					
Service Charge (\$/mo)	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50
Service Charge - Senior Citizen (\$/mo)	\$ 9.00	\$ 10.00	\$ 10.50	\$ 10.50	\$ 10.50
Service Charge - Large Residence (\$/mo)	n/a	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Energy Charge (\$/kWh)	\$ 0.1226	\$ 0.1263	\$ 0.1301	\$ 0.1340	\$ 0.1380
Residential EV					
Service Charge (\$/mo)	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75
Energy Charge - off-peak (\$/kWh)	\$ 0.0570	\$ 0.0587	\$ 0.0605	\$ 0.0623	\$ 0.0642
Energy Charge - on-peak (\$/kWh)	\$ 0.2500	\$ 0.2575	\$ 0.2652	\$ 0.2732	\$ 0.2814
Commercial					
Service Charge (\$/mo)	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Energy Charge (\$/kWh)	\$ 0.1176	\$ 0.1211	\$ 0.1247	\$ 0.1284	\$ 0.1323
General Service					
Service Charge (\$/mo)	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
Energy Charge (\$/kWh)	\$ 0.0793	\$ 0.0817	\$ 0.0842	\$ 0.0867	\$ 0.0893
Demand Charge (\$/kW)	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10
Large Industrial Service					
Service Charge (\$/mo)	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Energy Charge - up to 400 kWh/kW (\$/kWh)	\$ 0.0793	\$ 0.0817	\$ 0.0842	\$ 0.0867	\$ 0.0893
Energy Charge - over 400 kWh/kW (\$/kWh)	\$ 0.0726	\$ 0.0748	\$ 0.0770	\$ 0.0793	\$ 0.0817
Demand Charge (\$/kW)	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10
Large Industrial Time-of-Use					
Service Charge (\$/mo)	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00
Energy Charge - on-peak (\$/kWh)	\$ 0.0848	\$ 0.0872	\$ 0.0897	\$ 0.0922	\$ 0.0948
Energy Charge - off-peak (\$/kWh)	\$ 0.0715	\$ 0.0739	\$ 0.0764	\$ 0.0789	\$ 0.0815
Excess Energy Credit - (\$/kWh)	\$ 0.0062	\$ 0.0062	\$ 0.0062	\$ 0.0062	\$ 0.0062
Demand Charge - on-peak (\$/kW)	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10
Demand Charge - off-peak (\$/kW)	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Water Division Pumping					
Energy Charge (\$/kWh)	\$ 0.0675	\$ 0.0695	\$ 0.0716	\$ 0.0737	\$ 0.0759
Demand Charge (\$/kW)	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10
Relocation Underground Charge (\$/kWh)	\$ 0.0003	0.0003	0.0003	0.0003	0.0003
Conservation Program Charge (% of energy purchases)	1.5%	1.5%	1.5%	1.5%	1.5%
Security Lights (\$/mo)					
100W HPS	\$ 10.05	\$ 12.25	\$ 12.55	\$ 12.85	\$ 13.15
100W HPS Metered	\$ 5.65	\$ 6.50	\$ 6.65	\$ 6.80	\$ 6.95
250W HPS	\$ 18.60	\$ 23.00	\$ 23.55	\$ 24.10	\$ 24.65
250W HPS Metered	\$ 8.05	\$ 9.25	\$ 9.50	\$ 9.75	\$ 10.00
400W HPS	\$ 27.90	\$ 33.75	\$ 34.60	\$ 35.45	\$ 36.30
400W HPS Metered	\$ 10.80	\$ 12.75	\$ 13.05	\$ 13.35	\$ 13.65
1000W Metal Halide	\$ 62.65	\$ 77.00	\$ 78.90	\$ 80.80	\$ 82.70
Small LED	\$ 5.15	\$ 5.75	\$ 5.90	\$ 6.05	\$ 6.20
Small LED Metered	\$ 3.65	\$ 3.75	\$ 3.85	\$ 3.95	\$ 4.05
Medium LED	\$ 10.55	\$ 10.25	\$ 10.55	\$ 10.85	\$ 11.15
Medium LED Metered	\$ 5.65	\$ 5.75	\$ 5.90	\$ 6.05	\$ 6.20
Large LED	\$ 24.50	\$ 29.25	\$ 30.00	\$ 30.75	\$ 31.50
Large LED Metered	\$ 9.80	\$ 11.25	\$ 11.55	\$ 11.85	\$ 12.15
PL/SMSC Residential LED	\$ 3.65	\$ 4.25	\$ 4.35	\$ 4.45	\$ 4.55
PL/SMSC Collector LED	\$ 8.05	\$ 9.75	\$ 10.00	\$ 10.25	\$ 10.50
PL/SMSC Residential HPS	\$ 9.55	\$ 11.50	\$ 11.80	\$ 12.10	\$ 12.40
PL/SMSC Collector HPS	\$ 18.10	\$ 22.25	\$ 22.80	\$ 23.35	\$ 23.90
PCA Calculation Base Amount	0.0785	0.0785	0.0785	0.0785	0.0785

Shakopee Public Utilities
Electric Operating Results at Proposed Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
OPERATING REVENUES										
Sales of Electricity										
Residential	\$ 17,314,820	\$ 18,032,655	\$ 19,996,991	\$ 21,548,095	\$ 22,150,117	\$ 21,166,474	\$ 22,223,267	\$ 23,324,367	\$ 24,473,607	\$ 25,672,601
Commercial	31,261,142	28,553,792	31,752,298	36,255,304	37,881,431	36,111,826	37,732,089	39,410,643	41,135,144	42,932,921
Uncollectible Accounts	(61,116)	(258,532)	81,089	(71,335)	(36,664)	(34,982)	(36,617)	(38,315)	(40,070)	(41,901)
Total Sales of Electricity	\$ 48,514,846	\$ 46,327,915	\$ 51,830,378	\$ 57,732,064	\$ 59,994,884	\$ 57,243,317	\$ 59,918,739	\$ 62,696,696	\$ 65,568,681	\$ 68,563,621
Other Operating Revenues										
Forfeited Discounts	\$ 304,445	\$ 60,835	\$ 134,686	\$ 314,715	\$ 373,716	\$ 305,619	320,878	336,776	353,370	370,682
Free Service to City of Shakopee	106,913	114,758	116,313	138,104	144,062	132,364	132,364	132,364	132,364	132,364
Conservation Program	724,610	694,780	771,635	862,219	898,184	851,246	891,071	932,563	975,464	1,020,203
Total Other Operating Revenues	\$ 1,135,968	\$ 870,373	\$ 1,022,634	\$ 1,315,038	\$ 1,415,962	\$ 1,289,229	\$ 1,344,312	\$ 1,401,704	\$ 1,461,198	\$ 1,523,249
Total Operating Revenues	\$ 49,650,814	\$ 47,198,288	\$ 52,853,012	\$ 59,047,102	\$ 61,410,846	\$ 58,532,546	\$ 61,263,051	\$ 64,098,399	\$ 67,029,879	\$ 70,086,870
OPERATING EXPENSES										
Operation and Maintenance										
Purchased Power	\$ 34,198,101	\$ 32,729,485	\$ 37,965,029	\$ 42,864,366	\$ 42,742,370	\$ 41,223,698	\$ 42,467,665	\$ 43,749,197	\$ 45,069,428	\$ 46,429,528
Distribution Operation	450,753	553,702	437,040	537,637	654,327	890,456	819,212	851,980	886,060	921,502
Distribution Maintenance	650,200	653,225	779,450	809,858	1,154,943	1,238,325	1,306,445	1,358,703	1,413,051	1,469,573
Maintenance of General Plant	308,832	274,843	261,657	392,233	404,506	387,721	483,848	503,202	523,330	544,263
Total O&M Expenses	\$ 35,607,886	\$ 34,211,255	\$ 39,443,176	\$ 44,604,094	\$ 44,956,146	\$ 43,740,201	\$ 45,077,170	\$ 46,463,082	\$ 47,891,869	\$ 49,364,867
Customer Accounts										
Meter Reading	\$ 127,806	\$ 127,450	\$ 133,206	\$ 139,090	\$ 139,742	\$ 150,747	\$ 74,668	\$ 77,655	\$ 80,761	\$ 83,992
Customer Records and Collection	523,715	575,336	635,858	823,914	648,814	965,678	729,285	758,456	788,795	820,346
Energy Conservation	724,610	693,297	771,634	872,705	898,184	851,246	891,069	932,563	975,464	1,020,203
Total Customer Accounts	\$ 1,376,131	\$ 1,396,083	\$ 1,540,698	\$ 1,835,709	\$ 1,686,740	\$ 1,967,670	\$ 1,695,022	\$ 1,768,674	\$ 1,845,020	\$ 1,924,540
Administrative and General										
Administrative and General Salaries	\$ 666,835	\$ 644,190	\$ 571,493	\$ 710,282	\$ 782,567	\$ 1,138,397	\$ 1,298,848	\$ 1,350,802	\$ 1,404,834	\$ 1,461,027
Office Supplies and Expense	173,835	136,544	152,169	78,240	449,970	552,092	828,979	862,138	896,624	932,489
Outside Services Employed	133,237	428,140	621,638	237,010	390,485	575,627	434,952	452,350	470,444	489,261
Property Insurance	127,006	129,545	141,380	141,787	178,053	175,000	175,504	182,524	189,825	197,418
Employee Benefits	1,953,383	1,773,389	1,351,876	2,501,204	2,210,311	1,863,772	2,493,214	2,592,943	2,696,661	2,804,527
Miscellaneous General	367,537	291,414	305,515	45,311	490,088	680,432	744,648	774,434	805,412	837,628
Total Administrative and General	\$ 3,421,833	\$ 3,403,222	\$ 3,144,071	\$ 3,713,834	\$ 4,501,474	\$ 4,985,319	\$ 5,976,145	\$ 6,215,191	\$ 6,463,799	\$ 6,722,351
Total Operation, Customer and Administrative	\$ 40,405,850	\$ 39,010,560	\$ 44,127,945	\$ 50,153,637	\$ 51,144,360	\$ 50,693,190	\$ 52,748,338	\$ 54,446,948	\$ 56,200,688	\$ 58,011,758
Depreciation										
Depreciation of Capital Assets	\$ 2,326,070	\$ 2,420,110	\$ 2,482,092	\$ 2,950,002	\$ 3,495,150	\$ 3,261,970	\$ 3,936,827	\$ 4,268,149	\$ 4,508,440	\$ 5,003,787
Total Depreciation	\$ 2,326,070	\$ 2,420,110	\$ 2,482,092	\$ 2,950,002	\$ 3,495,150	\$ 3,261,970	\$ 3,936,827	\$ 4,268,149	\$ 4,508,440	\$ 5,003,787
Total Operating Expenses	\$ 42,731,920	\$ 41,430,670	\$ 46,610,037	\$ 53,103,639	\$ 54,639,510	\$ 53,955,160	\$ 56,685,165	\$ 58,715,097	\$ 60,709,128	\$ 63,015,545
OPERATING INCOME	\$ 6,918,894	\$ 5,767,618	\$ 6,242,975	\$ 5,943,463	\$ 6,771,336	\$ 4,577,386	\$ 4,577,886	\$ 5,383,302	\$ 6,320,751	\$ 7,071,324

Shakopee Public Utilities
Electric Operating Results at Proposed Rates

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
NON-OPERATING REVENUE (EXPENSE)										
Rentals and Miscellaneous	\$ 259,598	\$ 77,161	\$ 171,815	\$ 987,452	\$ 164,059	\$ 240,298	\$ 332,017	\$ 341,978	\$ 352,237	\$ 362,804
Interdepartmental Rent from Water	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Investment Income	980,761	595,308	(168,812)	(934,228)	2,000,989	1,018,655	1,815,433	1,815,433	1,815,433	1,815,433
Interest Expense	(64,280)	(34,926)	(3,954)	(2,548)	(79,294)	(78,982)	(80,880)	(80,880)	(80,880)	(80,880)
Amort of Bonds/Loss on Refunding	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Disp of Property	<u>138,545</u>	<u>9,074</u>	<u>31,057</u>	<u>25,000</u>	<u>80,135</u>	<u>-</u>	<u>56,672</u>	<u>56,672</u>	<u>56,672</u>	<u>56,672</u>
Total Non-Operating Revenues (Expenses)	\$ 1,404,624	\$ 736,617	\$ 120,106	\$ 165,676	\$ 2,255,889	\$ 1,269,971	\$ 2,213,242	\$ 2,223,203	\$ 2,233,462	\$ 2,244,029
Income before Contributions and Transfers	\$ 8,323,518	\$ 6,504,235	\$ 6,363,081	\$ 6,109,139	\$ 9,027,225	\$ 5,847,357	\$ 6,791,128	\$ 7,606,505	\$ 8,554,213	\$ 9,315,354
Capital Contributions	\$ 759,222	\$ 527,653	\$ 98,931	\$ 726,118	\$ 1,580,437	\$ 730,662	\$ 738,472	\$ 734,567	\$ 734,567	\$ 734,567
Free Service to City of Shakopee	\$ (106,913)	\$ (114,758)	\$ (116,313)	\$ (138,104)	\$ (144,062)	\$ (132,364)	\$ (132,364)	\$ (132,364)	\$ (132,364)	\$ (132,364)
Transfers to Municipality (PILOT)	\$ (1,317,892)	\$ (2,053,124)	\$ (2,253,790)	\$ (3,437,919)	\$ (3,572,505)	\$ (3,447,437)	\$ (3,608,889)	\$ (3,776,534)	\$ (3,949,865)	\$ (4,130,620)
CHANGE IN NET POSITION	\$ 7,657,935	\$ 4,864,006	\$ 4,091,909	\$ 3,259,234	\$ 6,891,095	\$ 2,998,219	\$ 3,788,347	\$ 4,432,174	\$ 5,206,551	\$ 5,786,937
As Percent of Revenues	15.4%	10.3%	7.7%	5.5%	11.2%	5.1%	6.2%	6.9%	7.8%	8.3%
CASH RESERVES										
Beginning of Year						\$ 44,569,290	\$ 39,120,222	\$ 36,631,400	\$ 37,973,172	\$ 32,657,500
Plus Change in Net Position						2,998,219	3,788,347	4,432,174	5,206,551	5,786,937
Plus Depreciation						3,261,970	3,936,827	4,268,149	4,508,440	5,003,787
Less Capital Improvements						(11,274,546)	(9,542,801)	(6,643,720)	(14,795,413)	(14,691,718)
Less Relocation Projects						(168,451)	(396,864)	(565,000)	(65,000)	(65,000)
Less Admin Capital Projects						(266,260)	(274,331)	(149,831)	(170,250)	(180,000)
End of Year				\$ 44,569,290		\$ 39,120,222	\$ 36,631,400	\$ 37,973,172	\$ 32,657,500	\$ 28,511,506
As Percent of Revenues				73%		67%	60%	59%	49%	41%

RESOLUTION #2024-36

RESOLUTION ADJUSTING FEES APPLIED UNDER
THE WATER AVAILABILITY CHARGE POLICY AND ESTABLISHING WATER RATES,
WATER METER AND INSTALLATION FEES AND CHARGES FOR CUSTOMER
SERVED BY SHAKOPEE PUBLIC UTILITIES

WHEREAS, the Shakopee Public Utilities Commission operates and maintains the municipal water system of the City of Shakopee, such system consisting of a (“blended”) complex of water production, treatment, storage, and delivery facilities interconnected across multiple service districts or pressure zones via a network of trunk and lateral watermains, and

WHEREAS, the water capacity charge and the trunk water charge fees are both a component of water availability charges, and

WHEREAS, the fees established in Resolution #261, which Resolution established the Water Connection Charge Policy, and Resolution #902, which Resolution adjusted said fees, are intended to be adjusted on the first day of January each year, and

WHEREAS, the water capacity charge fees last were adjusted in 2024 by Resolution #2023-36 to \$5,693.00 per equivalent SAC unit for all service, plus 13.4 cents per square foot for industrial use only, and

WHEREAS, the fees established in Resolution #222, which Resolution established the Trunk Water Charge Policy, are intended to be adjusted on the first day of January each year, and

WHEREAS, the trunk water charge fees were last adjusted in 2024 by Resolution #2023-37 to \$5,359.00 per acre, and

WHEREAS, the Shakopee Public Utilities Commission has received a Water Availability Charge Study by Ehlers Public Finance Advisors dated December 2, 2024, that recommends combining the Water Connection and Trunk Funds into one Water Availability Fund, and

WHEREAS, the Shakopee Public Utilities Commission determines an increase of 3.50% in the water capacity charge and 8.0% in the trunk water charge is warranted at this time to provide adequate funding for the planned water production, treatment and storage facilities necessary to serve developing properties with the Commission’s standard of level “A” service (i.e. a robust, redundant, looped water supply and distribution system capable of supplying water safe for human consumption at adequate pressure for domestic and fire protection uses),

NOW THEREFORE, BE IT RESOLVED, the heretofore water connection and trunk funds shall be combined into a Water Availability Fund hereinafter and shall be composed of the fees for water capacity and trunk water charges and that the following adjustments be increased effective as follows:

Water Capacity Charge Fees: \$5,892.00 per equivalent SAC unit for all service, plus 13.9 cents per square foot for industrial use only (equivalent SAC units to be computed according to the Metropolitan Council Availability Charge Criteria, but applied to all effective January 1, 2025.

municipal water usage whether discharged to sewer or not)

Trunk Water Charge Fees: be increased to \$5,788.00 per net acre effective January 1, 2025.

BE IT FURTHER RESOLVED, that multi-family residential units be assigned a prorated equivalent unit of 0.80 for apartment units and 0.90 for townhome and condo units.

BE IT FURTHER RESOLVED, that the water capacity charges shall be applied to all water connections made to, or newly drawing water from, the City of Shakopee water system; and that the capacity charges shall also be applied to all instances where increased water usage is indicated by an increase in SAC units or by other means, i.e., metering.

BE IT FURTHER RESOLVED, that the funds collected from the water capacity charges will be set aside by the Utility and used to pay for construction of water production (100% of cost), treatment (25% of cost) and storage facilities (100% of cost).

BE IT FURTHER RESOLVED, that the funds collected from the trunk water charges will be set aside by the Utility and used to pay for construction of trunk water main facilities (100% of oversizing cost).

BE IT FURTHER RESOLVED, that future increases in the water capacity charge and trunk water fees shall be based on the Ehlers Report until a further updated study is performed.

BE IT FURTHER RESOLVED, that water availability shall not be granted until the acceptance by the Utility of payment of all standard water fees requisite by this resolution and by compliance with all other Shakopee Public Utilities Commission resolutions applicable to new services.

BE IT FURTHER RESOLVED, that in the case of large water users, specific authorization by Shakopee Public Utilities Commission is also a prerequisite to water availability.

BE IT FURTHER RESOLVED, at meeting duly assembled on the 2nd day of December 2024, that Resolutions #1254, #2023-38, #2023-40 are repealed upon this Resolution taking effect, that the following water rates shall be, and hereby are established for all users of water furnished by the City of Shakopee through the Shakopee Public Utilities Commission:

Section I: RESIDENTIAL SERVICE:

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

First 5,000 gallons:	\$3.02 per 1,000 gallons per month
Above 5,000 gallons:	\$3.62 per 1,000 gallons per month

Plus (to fund reconstruction projects):

All gallons:	\$.044 per 1,000 gallons per month
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Plus a fixed charge per month of:

5/8 x 3/4 inch	\$6.61 per month
3/4 inch	\$7.07 per month
1 inch	\$8.44 per month
1 1/2 inch	\$10.29 per month
2 inch	\$15.35 per month
3 inch	\$52.64 per month
4 inch	\$66.44 per month
6 inch	\$98.68 per month
10 inch	\$232.17 per month

Section II: COMMERCIAL / INSTITUTIONAL SERVICE:

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

All gallons: \$2.81 per 1,000 gallons per month

Plus (to fund reconstruction projects):

All gallons: \$.044 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$6.61 per month
3/4 inch	\$7.07 per month
1 inch	\$8.44 per month
1 1/2 inch	\$10.29 per month
2 inch	\$15.35 per month
3 inch	\$52.64 per month
4 inch	\$66.44 per month
6 inch	\$98.68 per month
10 inch	\$232.17 per month

Section III: INDUSTRIAL SERVICE:

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

All gallons: \$2.44 per 1,000 gallons per month

Plus (to fund reconstruction projects):

All gallons: \$.044 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$6.61 per month
3/4 inch	\$7.07 per month
1 inch	\$8.44 per month
1 1/2 inch	\$10.29 per month
2 inch	\$15.35 per month
3 inch	\$52.64 per month
4 inch	\$66.44 per month
6 inch	\$98.68 per month
10 inch	\$232.17 per month

Section IV: IRRIGATION SERVICE:

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

All gallons: \$3.62 per 1,000 gallons per month

Plus (to fund reconstruction projects):

All gallons: \$.044 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$6.61 per month
3/4 inch	\$7.07 per month
1 inch	\$8.44 per month
1 1/2 inch	\$10.29 per month
2 inch	\$15.35 per month
3 inch	\$52.64 per month
4 inch	\$66.44 per month
6 inch	\$98.68 per month
10 inch	\$232.17 per month

Section V: UNSEWERED PRODUCTION SERVICE:

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

All gallons: \$4.22 per 1000 gallons per month

Plus (to fund reconstruction projects):

All gallons: \$.044 per 1,000 gallons per month

Plus a fixed charge per month of:

5/8 x 3/4 inch	\$6.61 per month
3/4 inch	\$7.07 per month
1 inch	\$8.44 per month

1 1/2 inch	\$10.29 per month
2 inch	\$15.35 per month
3 inch	\$52.64 per month
4 inch	\$66.44 per month
6 inch	\$98.68 per month
10 inch	\$232.17 per month

Section VI: THE FOLLOWING CLAUSES APPLY TO ALL RATES:

MONTHLY BILLS:

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

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

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

Section VII: THE FOLLOWING CLAUSES APPLY TO CERTAIN RATES:

Multiple-family Residential Dwellings:

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

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

Fire Services having water meters, Detector/Check Installations, and similar services will be billed the regular standard monthly fixed charge applicable to all water meters. Water usage for actual fire suppression is not billed. No other water usage is permitted through such services, and such usage may be subject to charges and penalties specified under other resolutions, ordinances, or law.

Standard Meters

Meter Size	Type	Cost Includes Fittings & Wiring to outside recorder
3/4"	iPERL	\$465.00
1"	iPERL	\$675.00
1"	Fire Rated	\$675.00
1.5"	T2	\$1,535.00
	C2	\$2,085.00
2"	T2	\$1,770.00
	C2	\$2,340.00
3"	T2	\$2,115.00
	C2	\$2,890.00
4"	T2	\$3,850.00
	C2	\$4,825.00
6"	T2	\$6,050.00
	C2	\$7,715.00

Specialty Meters

8" Fire	F2	Call for Price
10" Fire	F2	Call for Price
Fire Detector Meter		\$240.00

Requests for a 1" and larger meter and special meters require SPUC approval.

BE IT FURTHER RESOLVED, that the Shakopee Utilities Commission, hereby also adopts the above water rates and the attached listing of fees, water meter and installation fees effective January 1, 2025

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 2nd day of December 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

2025 WATER RATES, WATER METER AND INSTALLATION FEES SCHEDULE

CUSTOMER ACCOUNT & COLLECTION FEES

ACCOUNT SETUP	\$15.00
ACCOUNT SETUP – TEMP SERVICE	\$50.00 + tax
RENTERS DEPOSIT	
Electric Heat.....	\$200.00
Gas Heat.....	\$100.00
COMMERCIAL ACCOUNT DEPOSIT	1 months typical bill
NSF CHARGE	\$30.00
STOP PAYMENT CHARGE	\$33.00
LATE PAYMENT CHARGE	5% of new charges
METER TAMPERING/THEFT	\$100.00 (plus actual costs)

WATER SERVICE FEES

WATER RATES	Water Rates Schedule
BULK WATER FILL STATION	
1 – 1000 Gallons.....	\$5.00
1001+ Gallons.....	\$10.00
HYDRANT USE	
Annual Permit Fee (Valid until November 15 th of year issued)	\$100.00
Equipment Deposit.....	\$500.00 ¾" / \$1500.00 for 2 ½"
Meter Rental.....	\$3 a day (Including Weekends & Holidays)
Hydrant Relocation/Backflow Retesting Fee.....	\$100.00/per relocation of meter
Water Charge.....	\$4.22 per 1000 gallons Same Rate as unsewered production water rate
CONNECTION PERMIT FEE/INSPECTION FEE	\$150.00 (Includes Permit & 1 hr. Inspection) Add '1 Hours of Inspection @\$100/hr.
RESIDENTIAL BACKFLOW PREVENTION TESTING	\$105.00
SHUTOFF FEE/COLD WEATHER	\$75.00 or \$125.00 after hours
REINSTATEMENT FEE	\$75.00 or \$125.00 after hours
WATER METER FEE	See below
SPECIAL SERVICE CHARGE	
Flushing.....	\$80.00/man hr + truck rate
Water Main Inspection.....	\$80.00/man hr + truck rate

Operate Valves.....	\$80.00/man hr + truck rate
After Hours.....	Overtime rates will apply
Denied Access to SPU Equipment	\$100.00/Month (3 months), then disconnection
IRRIGATION VALVE FEE.....	\$50.00/valve
PRIVATE HYDRANT INSPECTION.....	\$105.00 each
RESIDENTIAL PVB & DOUBLE CHECK	
VALVE TESTING.....	\$105.00
STANDBY FIRE PROTECTION CHARGE.....	\$20.00/year

TEMPORARY NEW CONSTRUCTION WATER METER RENTAL

PERMIT FEES.....	\$100.00
EQUIPMENT DEPOSIT.....	\$500.00 ¾"
METER RENTAL.....	\$3.00 per day (Including Weekends & Holidays)
WATER CHARGE.....	\$4.22 per 1000 gallons Same Rate as unsewered production water rate

SUMMARY OF FEES, CHARGES AND RATES

EQUIPMENT RATES

Effective January 1, 2025

EQUIPMENT & NUMBER	\$/HR
1 Ton Truck #630, #650	\$30.00
Pick-Up Truck #615, #619, #622, #626, #634, #649, #651, #652	\$30.00
Hydrant Maintenance Truck #635	\$50.00
Valve Maintenance Trail #647	\$20.00

Rate does not include \$80/HR man hour to operate equipment

EQUIVALENT LATERAL WATER MAIN CHARGE**County Road 79 Water Main****\$2,6181.01/acre**

This charge applies to all properties and developments abutting and connecting to the water main along the east side of County Road 79 from Westchester Estates to Hillwood Drive.

The charge is to be collected at the time of connection to the public water main.

(SPU Resolution #816)

Jennifer Lane Water Main**\$8,954.10/acre**

This charge applies to all properties and developments abutting and connecting to the water main along Jennifer Lane from the Valley Creek Crossing 2nd Addition to Wood Duck Trail.

The charge is to be collected at the time of connection to the public watermain or the recording of a final plat for a development utilizing the water main, whichever is earlier.

(SPU Resolution #1190)

Maras Street, 13th Avenue, Stagecoach Road, Hansen Avenue Water Main**\$14,199.52/acre**

This charge applies to all properties and developments abutting and connecting to the water main along Maras Street, Hansen Avenue from Stagecoach Road to Maras Street, 13th Avenue, and the east side of Stagecoach Road from 13th Avenue to Hansen Avenue.

The charge is to be collected at the time of connection to the public watermain, the recording of a final plat for a development utilizing the water main, failure of septic or well systems, or sale of the property, whichever is earlier. The typical annual cost escalation for this charge will begin on January 3, 2026. Additional connection timing and funding options are listed in the attachments to the resolution.

(SPU Resolution #2023-23)

CSAH 17 Water Main County Project 17-31**\$8,301.60/acre**

This charge applies to all properties and developments abutting and connecting to the water main along CSAH17 from Valley View Road to approximately 800ft north of Valley View Road.

The charge is to be collected at the time of connection to the public watermain or the recording of a final plat for a development utilizing the water main, whichever is earlier.

(SPU Resolution #2023-30)

West End Lower Bluff Water Main**\$9,334.41/acre**

This charge applies to all properties and developments abutting and connecting to the water main along the east side Old Brick Yard Road from Colburn Drive to the Highway 169 northbound ramp, and along the south side of Highway 169 from Old Brickyard Road to Outlot A in the Windermere Plat.

The charge is to be collected at the time of connection to the public watermain or the recording of a final plat for a development utilizing the water main, whichever is earlier.

(SPU Resolution #2024-03)

RESOLUTION #2024-37

RESOLUTION ADJUSTING THE UNDERGROUND ELECTRICAL DISTRIBUTION CHARGE FOR DEVELOPMENT AND ESTABLISHING ELECTRIC RATES, FEES AND CHARGES FOR CUSTOMERS SERVED BY SHAKOPEE PUBLIC UTILITIES FOR 2025

WHEREAS, it is desirable to have a general listing of various fees and charges applied by the Shakopee Utilities, and

WHEREAS, the fees established in Resolution #1115 are intended to be adjusted effective on the first day of January each year, and

WHEREAS, the underground electrical distribution charge fee was last adjusted on January 8, 2024, effective January 1, 2024, and

WHEREAS, the "Construction Cost Index" as listed in the Engineering News Record was 13,514.76, as of December, 2023, and

WHEREAS, this index was 13,632.39 as of November, 2024,

NOW THEREFORE, BE IT RESOLVED, that the underground electrical distribution charge fees be increased to \$614.00 per lot for single-family and twin home developments and \$377.00 per living unit for other than twin home multi-family unit developments except apartment buildings and that the fees shall remain to be 75% of the cost of material for all other developments including apartment buildings, effective January 1, 2025.

BE IT FURTHER RESOLVED, that Resolutions #2023-39 and #2024-08 are repealed upon this resolution taking effect, and that the following electric rates, fees and charges should be and hereby are established for applicable customers of the Shakopee Public Utilities Commission, City of Shakopee.

Section I: RESIDENTIAL SERVICE:

Availability: Residential dwellings.

The sum of:

Service Charge:	\$10.50 per month
Energy Charge:	\$0.1263 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

Minimum bill: the Service Charge

Section II: RESIDENTIAL SERVICES FOR LARGE RESIDENCES:

Service Charge:	\$15.50 per month
Energy Charge:	\$0.1263 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

Minimum bill: the Service Charge

Section III: RESIDENTIAL SERVICE EV RATE: (1) (2)

Availability: Residential Dwellings.

Service is through separate meter for electric vehicle charging

The sum of:

Service Charge:	\$4.75 per month
Energy Charge:	
Off Peak (3)	\$0.0587 per KWH
On Peak (4)	\$0.2575 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

(1) Applicable to separately metered EV usage only

(2) PCA applies

(3) Off peak period is 10 pm to 8 am

(4) On peak period is all other hours

Section IV: RESIDENTIAL SERVICE FOR SENIOR CITIZENS: (CLOSED)

Availability: Residential dwellings occupied by senior citizen(s).

The sum of:

Service Charge:	\$10.00 per month
Energy Charge:	\$0.1263 per KWH
Power Cost Adjustment:	set by separate resolution

Conservation Program Charge: set by separate resolution

Minimum bill: the Service Charge

Section V: SOLAR GRID ACCESS:

Availability: All interconnections w/nameplate capacity \leq 40 kw.

\$4.00 per kw in excess of 5 kw

Section VI: COMMERCIAL SERVICE:

Availability: Non-residential customers with less than 15 KW Demand.

The sum of:

Service Charge:	\$15.50 per month
Energy Charge:	\$0.1211 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

Minimum bill: the Service Charge

Section VII: GENERAL SERVICE:

Availability: Non-residential customers with demand of 15 KW but less than 150 KW. Service above 75 KW is 3 phase only, except by written exception.

The sum of:

Service Charge:	\$60.00 per month
Demand Charge: All KW of billing demand	\$10.10 per KW
Energy Charge: All KWH per month	\$0.0817 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

Minimum monthly bill: the Service Charge plus the Demand Charge.

Billing Demand:

The billing demand shall be the customer's greatest 15 minute demand in kilowatts, incurred during the month for which the bill is rendered, but not less than 60% of the highest demand during the preceding 11 months or 15 KW, whichever is greater.

Section VIII: INDUSTRIAL SERVICE:

Availability: Non-Residential customer with demand of 150 KW and over.

The billing demand shall be as described in this section.

The sum of:

Service Charge:	\$100.00 per month
Demand Charge:	
All KW of billing demand	\$10.10 per KW
Energy Charge:	
First KWH's up to 400 hours times the billing Demand	\$0.0817 per KWH
All KWH's in excess of 400 hours times the billing Demand	\$0.0748 per KWH
Power Cost Adjustment:	set by separate resolution
Conservation Program Charge:	set by separate resolution

Minimum monthly bill: the Service Charge plus the Demand Charge.

Determination of billing Demand:

The billing demand shall be the customer's greatest 15 minute demand in kilowatts, incurred during the month for which the bill is rendered, but not less than 60% of the highest billing demand during the preceding 11 months or 15 KW, whichever is greater.

The customer agrees to maintain an average power factor at or above 90%. If the average power factor is less than 90% lagging, the billing demand shall be adjusted by multiplying the actual 15 minute demand measured during the month by the ratio of 90% to the average power factor expressed in percent.

Average Power Factor:

The average power factor is defined to be the quotient obtained by dividing the KWH used during the month by the square root of the sum of the squares of the

KWH used and the lagging reactive kilovolt-ampere-hours supplied during the same period. Any leading kilovolt-ampere-hours supplied during the period will not be considered in determining the average power factor.

Section IX: INDUSTRIAL SERVICE - with Time of Use Option:

Availability: Non-Residential customer with demand of 1,000 KW and over, who would otherwise be subject to the requirements of Section VIII of Resolution #2022-06.

Limitations to Availability: Due to the exploratory basis on which Time Of Use Service is being offered, the availability of such service terms under Resolution #2022-06 is limited to one customer, and further subject to such practical limitations as may exist involving the availability of technology and the administrative practices to provide billing under such TOU rates.

The billing demand shall be as described in this section.

The sum of:

Service Charge:	\$120.00 per month
Demand Charge:	
On-peak KW of billing demand	\$10.10 per KW
Off-peak KW of billing demand in excess of On-peak KW of billing demand	\$3.00 per KW
Energy Charge:	
On-peak KWH's	\$0.0872 per KWH
Off-peak KWH's	\$0.0739 per KWH
with a credit applied to KWH's in excess of 400 hours times the billing demand	\$0.0062 per KWH
Time Periods:	
On-peak period	9 a.m. - 10 p.m., M - F CST or CDT as applicable
Off-peak period	all other hours

OTHER TERMS APPLICABLE:

Shakopee Utilities will make reasonable efforts to provide reliable and prompt billings within the provisions of this section, however, in the event of a failure to provide reliable billing as a result of deficiency in technology or in the administrative processing of billings under TOU rates, the customer will be responsible for payment of charges determined under the standard, non-TOU rates and terms provided under this resolution.

Section X: LOW LOAD FACTOR CLAUSE:

A customer, whose usage characteristic is routinely below a 5 percent monthly load factor, may apply to the Utilities Commission for assignment to another non-demand rate schedule. Consideration will be given to the contribution in aid of construction made by the customer to offset capital investment by the Shakopee Utilities, and may include other factors.

Any assignment granted will continue only for the period of time specified, and billing will revert to the standard rate schedule at the end of that period, except when the assignment is cancelled before the end of that period by the Utilities Commission. The Utilities Commission reserves the right to cancel an assignment granted under this section, and such cancellation may occur without prior notice.

Section XI: LIMITED OFF-PEAK CLAUSE:

A customer normally billed under a demand rate schedule, who anticipates a single instance usage of energy which is not typical for their service, may apply to the Utilities Commission in advance of the occurrence for an advanced waiver of the demand charges for that single instance of usage. Consideration will be given to the estimated cost of purchased power for the period of time covered by the single instance usage, the ability of the facilities in place to accommodate the unusual load, and may include other factors.

Any advance waiver granted will apply only for the period of time specified, and billing will revert to the standard rate schedule at the end of that period, except when the waiver is cancelled before the end of that period by the Utilities Commission. The Utilities Commission reserves the right to cancel the waiver granted under this section, and such cancellation may occur without prior notice.

Section XII: THE FOLLOWING CLAUSES APPLY TO ALL RATES:

MONTHLY BILLS:

The monthly bill is the sum of the Service Charge, Energy Charge, Power Cost Adjustment, and Conservation Charge.

In addition to the forgoing, monthly bills also include the sum of the Demand Charge, and any adjustments for Power Factor and/or other adjustments referenced in this or other rate resolution of the Shakopee Public Utilities Commission.

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

POWER COST ADJUSTMENT:

There may be added to or deducted from the monthly bill a Power Adjustment charge, as set by Shakopee Public Utilities Commission Resolution.

CONSERVATION PROGRAM CHARGE:

A charge will be added to the monthly bill to fund a Conservation Program as mandated by the State of Minnesota and voluntary programs of similar nature by the Shakopee Public Utilities. The amount of the charge will be set by Shakopee Public Utilities Commission Resolution.

PRIMARY METERING:

At the option of the electric department, secondary voltage service hereunder may be metered at the primary voltage, in which case a 2% cash discount will be allowed on the amount of the monthly bill, with the discount applied to all charges except the power adjustment charge.

PRIMARY VOLTAGE SERVICE:

If the customer agrees to take service at the primary voltage available at his location and to pay all costs incurred in the ownership, operation and maintenance of transformers and substation equipment (except meters) with service to be metered at the primary voltage, a cash discount of 5% will be allowed on the amount of the monthly bill, with the discount applied to all charges except the power adjustment charge.

AVERAGE POWER FACTOR:

The average power factor is defined to be the quotient obtained by dividing the KWH used during the month by the square root of the sum of the squares of the KWH used and the lagging reactive kilovolt-ampere-hours supplied during the

same period. Any leading kilovolt-ampere-hours supplied during the period will not be considered in determining the average power factor.

LOAD FACTOR:

Load factor is defined to be the quotient obtained by dividing the KWH used during the month, by the KW demand during the same period, and dividing the result by the number of hours in that billing period.

MINIMUM POWER FACTOR REQUIREMENT:

The customer must maintain an average power factor not less than 80% lagging, and avoid leading power factor at any time.

DEPOSIT REQUIRED:

Deposit requirements shall be consistent with terms outlined in a separate resolution of the Shakopee Public Utilities Commission.

PROMPT PAYMENT PROVISION:

A penalty of 5% shall be added to the current bill if not paid on or before the due date specified on the monthly Statement of Account following the date of billing.

Section XIII: SHAKOPEE ENERGY PARK:

Limitations to Availability: Due to the unique basis on which Wholesale Service is being offered, the availability of such service terms is limited to one customer (MMPA), and further subject to such practical limitations as may exist involving the availability of technology and the administrative practices to provide billing under such Wholesale Rates.

The billing electric service shall be as described in this section.

The sum of:

Service Charge: \$100.00 per month

Demand Charge:
MMPA's most current Wholesale Rates

Energy Charge:
MMPA's most current Wholesale Rates

Underground Relocation Charge: \$0.0003 per KWH

Conservation Improvement Program Charge: 1.5%

Energy Adjustment Charge

varies monthly

OTHER TERMS APPLICABLE:

Service provided and billed under Section XIII are subject to all terms, factors, and adjustments applicable under this Resolution, excluding the Power Cost Adjustment; other terms, conditions of service and policies of the Shakopee Public Utilities Commission as generally applicable.

Shakopee Utilities will make reasonable efforts to provide reliable and prompt billings within the provisions of this resolution, however, in the event of a failure to provide reliable billing as a result of deficiency in technology or in the administrative processing of billings under Wholesale rates, the customer will be responsible for payment of charges determined under the standard rates and terms provided under this Resolution.

BE IT FURTHER RESOLVED, that at all times Commission staff shall comply with good utility business practices and all applicable Federal laws and Minnesota Statutes when processing account activity, i.e. applications, establishing accounts, deposits, billings, payment receipts, reminders of non-payment, disconnect notices, etc.

BE IT FURTHER RESOLVED, that the Shakopee Utilities Commission, hereby also adopts the above electric usage rates and the attached listing of fees, charges, and rates effective January 1, 2025

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 2nd day of December, 2024.

Commission President: Justin Krieg

ATTEST:

Commission Secretary: Greg Drent

2025 ELECTRIC RATES, FEES AND CHARGES SCHEDULE

CUSTOMER ACCOUNT & COLLECTION FEES

ACCOUNT SETUP	\$15.00
ACCOUNT SETUP – TEMP SERVICE	\$50.00 + tax
RENTERS DEPOSIT	
Electric Heat.....	\$200.00
Gas Heat.....	\$100.00
COMMERCIAL ACCOUNT DEPOSIT	1 months typical bill
NSF CHARGE	\$30.00
STOP PAYMENT CHARGE	\$33.00
LATE PAYMENT CHARGE	5% of new charges
ELECTRIC RECONNECTION	\$100.00
METER TAMPERING/THEFT	\$100.00 (plus actual costs)

ELECTRIC SERVICE FEES

SPECIAL SERVICE CHARGE

Line Switching.....	\$80.00/man hr + equipment charge
Misc. Work.....	\$80.00/man hr + equipment charge
After Hours.....	Overtime rates will apply
Denied Access to SPU Equipment	\$100.00/Month (3 months), then disconnection

SECURITY LIGHT CHARGE

100W HPS.....	\$12.25/month
100W HPS Customer Metered.....	\$6.50/month
250W HPS.....	\$23.00/month
250W HPS Customer Metered.....	\$9.25/month
400W HPS.....	\$33.75/month
400W HPS Customer Metered.....	\$12.75/month
1000W Metal Halide.....	\$77.00/month
SMALL (100W HPS EQUIV) LED.....	\$5.75/month
SMALL (100W HPS EQUIV) LED Customer Metered....	\$3.75/month
MEDIUM (250W HPS EQUIV) LED.....	\$10.25/month
MEDIUM (250W HPS EQUIV) LED Customer Metered.	\$5.75/month
LARGE (1000W MH EQUIV) LED.....	\$29.25/month
LARGE (1000W MH EQUIV) LED Customer Metered...	\$11.25/month
PL/SMSC Residential LED.....	\$4.25/month
PL/SMSC Collector LED.....	\$9.75/month
PL/SMSC Residential HPS.....	\$11.50/month

PL/SMSC Collector HPS..... \$22.25/month

NET METER FEE

Residential..... \$85.00
 Commercial 1 Phase..... \$85.00
 Commercial 3 Phase..... \$85.00

ELECTRIC VEHICLE METER FEE

Residential..... \$85.00

STREETLIGHT INSTALLATION CHARGE *

Residential LED Standard – 24’ Aluminum Pole \$2,120.00/each
 Residential LED – Prior Lake** – 18’ Aluminum Pole \$1,895.00/each
 Collector LED – Breakaway – 30’ Aluminum Pole Group Control \$6,727.00/each
 Collector LED – Breakaway – 30’ Aluminum Pole Single Installation \$6,300.00/each
 Round-A-Bout LED – 27’ Aluminum Pole \$7,582.00/each

- * For typical multiple units installed as a part of a new underground electric distribution system extension and includes 3 years of operation and maintenance cost.
- * Does not include 3 year energy or maintenance since Prior Lake is billed monthly.

SEASONAL DEMAND CUSTOMER CHARGE

To arrive at charges to disconnect service to avoid monthly minimum demand charges:

1. Take the number of months service is to be disconnected.
2. Take the regular billing demand that would apply (which would be 60% of the highest billing demand during the preceding 11 months, or 15KW, whichever is greater).
3. Multiply number of months service will be disconnected times that regular billing demand, and that product times the regular demand charge. This amount will be divided in half, with the Shakopee Public Utilities Commission absorbing one said half.
4. The remaining said half to be paid by the customer, split equally between disconnecting order of service and reconnecting order of service, and due and payable at time of those respective events.

DISTRIBUTED GENERATION INTERCONNECTION APPLICATION FEES

SIMPLIFIED..... \$100.00
FAST TRACK – CERTIFIED SYSTEM..... \$100.00 plus \$1.00/KW
FAST TRACK – NON-CERTIFIED SYSTEM..... \$100.00 plus \$2.00/KW
STUDY..... \$1,000.00 plus \$2.00/KW
 Down payment. Additional fees may apply.

EQUIPMENT RATES

Effective January 1, 2025

EQUIPMENT & NUMBER	\$/HR
Digger Derrick #612	\$100.00
Bucket Truck #610, #611, #614, #616	\$65.00
1 Ton Truck #613, #631, #632, #633, #636	\$30.00
Pick-up Truck #617, #618, #621, #627, #642, #645, #646	\$30.00
Tractor / Backhoe #638	\$60.00
Trencher #623	\$50.00
Skid Steer #624, #648	\$50.00
Hydra Vacuum #639, #656	\$30.00
Air Compressor #628	\$15.00
Brush Chipper #625, #657	\$20.00

Rate does not include \$80/HR man hour to operate equipment



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TO: Greg Drent, General Manger *GD*
FROM: Joseph D. Adams, Planning & Engineering Director *J Adams*
SUBJECT: 2025 – 2029 FINAL CAPITAL IMPROVEMENT PLAN
DATE: November 18, 2024

ISSUES:

Attached is the 2025- 2029 Final Capital Improvement Plan for the Commission's consideration. The Plan covers Administrative, Electric and Water system improvements for the five-year period of 2025 – 2029.

DISCUSSION:

There are only a few minor formatting changes from the 2025 — 2029 Semi-Final CIP presented to the Commission on November 4, 2024.

REQUESTED ACTION:

Staff requests that the Commission ACCEPT the Final 2025 - 2029 CIP.

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Administrative Summary**

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Item Description	Justification	2025	2026	2027	2028	2029
Equipment	See detail	37,500	32,500	62,500	125,000	-
Hardware	See detail	313,275	152,275	149,500	100,000	252,000
Software	See detail	15,000	15,000	15,000	15,000	15,000
Total Administrative		\$ 365,775	\$ 199,775	\$ 227,000	\$ 240,000	\$ 267,000
Cumulative Total Administrative		\$ 365,775	\$ 565,550	\$ 792,550	\$ 1,032,550	\$ 1,299,550
	Electric	274,331	149,831	170,250	180,000	200,250
	Water	91,444	49,944	56,750	60,000	66,750

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Administrative Detail**

Type	Item	Source of Request	Justification	Qty	Unit Cost	2025	2026	2027	2028	2029
1	Furn & Equipment	Work Station Configuration and Replacements	F&A - IT	Work Station Configuration and Replacements		25,000	-	10,000	-	-
2	Furn & Equipment	Miscellaneous Hardware	Building	Misc. Office equipment as needed		12,500	12,500	12,500	125,000	-
3	Furn & Equipment	Equipment Lockers - Shop Area	Building	Lockers and bench	15	-	-	-	-	-
4	Furn & Equipment	Electric Room Configuration - Cubicles	Electric	New furniture design and installation	5	-	20,000	-	-	-
5	Furn & Equipment	Commission Room Tables	Building	Conference room tables		-	-	40,000	-	-
6	Total Equipment					37,500	32,500	62,500	125,000	-
7	Hardware	HPE Aruba AP Replacements	F&A - IT	Aruba Aps end of life need replacement	25	1,425	-	-	-	35,000
8	Hardware	HPE Storeonce Veeam Storage Expansion	F&A - IT	Local Veeam backup storage expansion		22,000	22,000	-	-	25,000
9	Hardware	Commission Room Meeting Room System	Building	Replacement of Commission Room Equipment to utilize IoT	1	15,000	40,000	-	-	-
10	Hardware	Plan/Eng Plotter Replacement	Plan/Eng	Plan/Eng HP plotter is 5 years old future replacement		10,000	-	-	-	12,000
11	Hardware	Fiber Ring /INET Connectivity	F&A - IT	Connectivity/Redundancy for systems/remote sites	21	7,100	37,275	37,275	-	-
12	Hardware	Miscellaneous Hardware	F&A - IT	Future planning/Unplanned replacements		75,000	75,000	75,000	75,000	75,000
13	Hardware	Network Switches	F&A - IT	Future Standard Replacement Cycle	5	7,600	20,000	-	29,500	30,000
14	Hardware	Cluster Headend Replacement	F&A - IT	Replace Cluster Nodes for server high availability/recovery	3	7,871	24,000	-	-	-
15	Hardware	Offsite NAS	F&A - IT	Offsite network attached storage for backup / replication	1	13,000	-	-	-	-
16	Hardware	CISA - Albert Network Monitor	F&A - IT	Security Hardware and Monitoring Service		20,000	-	-	-	-
17	Hardware	Remit Plus Scanners - Payment Processing	Cust. Service	Scanner Replacements	3	4,000	-	-	-	-
18	Hardware	Firewall	F&A - IT	Replace product reaching end of life support		-	-	45,000	-	-
19	Hardware	SAN Replacement	F&A - IT	Replacement of SAN	2	100,000	-	-	-	100,000
20	Total Hardware					313,275	152,275	149,500	100,000	252,000
21	Software	Finance Software	F&A - IT	Daffron replacement software - NISC		-	-	-	-	-
22	Software	NOVA Software Modifications	Plan/Eng	NOVA Software - build a custom modification		-	-	-	-	-
23	Software	MNSec	F&A - IT	IT Security Consultant		15,000	15,000	15,000	15,000	15,000
24	Total Software					15,000	15,000	15,000	15,000	15,000
25	Total CIP Expenditures - Administration					365,775	199,775	227,000	240,000	267,000

**Shakopee Public Utilities
Capital Improvement Plan
Final
Date: 12/02/24
Electric Summary**

Item Description	Justification	2025	2026	2027	2028	2029
Operating Fund						
System Projects						
Miscellaneous	See Detail	175,000	175,000	175,000	175,000	175,000
System Material & Facilities	See Detail	2,065,000	1,965,000	3,595,000	1,915,000	1,915,000
Vehicles/Equipment	See Detail	796,000	435,000	585,000	250,000	631,800
Local Area Projects						
New UG Cables & Related Cost (Net of Contribution)	See Detail	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Replace UG Cable Projects	See Detail	40,000	40,000	40,000	40,000	50,000
Rebuild OH Lines	See Detail	220,000	887,000	20,000	25,000	25,000
Major System Projects						
Feeder Extension Projects	See Detail	2,011,500	1,697,440	1,395,363	769,618	435,363
Convert OH to UG	See Detail	407,000	59,280	61,650	64,100	66,600
Territory Acquisition	See Detail	260,000	-	-	-	-
Shakopee Substation	See Detail	500,000	-	-	-	-
South Shakopee Substation	See Detail	95,000	-	-	-	-
Pike Lake Substation	See Detail	85,000	-	35,000	-	-
Dean Lake Substation	See Detail	60,000	-	-	-	-
East Shakopee Substation	See Detail	687,000	-	6,748,000	-	-
West Shakopee Substation	See Detail	250,000	-	-	6,163,000	-
Upgrade Projects	See Detail	455,000	305,000	290,000	240,000	240,000
Advance Metering Infrastructure (AMI)	See Detail	336,301	-	-	-	-
Service Center	See Detail	100,000	80,000	850,400	4,050,000	50,000
Total Operating Fund		9,542,801	6,643,720	14,795,413	14,691,718	4,588,763
Relocation Fund						
Relocation Projects	See Detail	396,864	565,000	65,000	65,000	-
Total Relocation Fund		396,864	565,000	65,000	65,000	-
Total Electric		9,939,665	7,208,720	14,860,413	14,756,718	4,588,763
Cumulative Total Electric		9,939,665	17,148,385	32,008,798	46,765,516	51,354,279

**Shakopee Public Utilities
Capital Improvement Plan
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025	2026	2027	2028	2029
Operating Fund						
System Projects						
1 Miscellaneous	As Necessary	175,000	175,000	175,000	175,000	175,000
2 Total Miscellaneous		175,000	175,000	175,000	175,000	175,000
3 System Material & Facilities						
4 Lateral Circuit Reconfiguration	System Reliability	25,000	25,000	25,000	25,000	25,000
5 Meters	New Construction	250,000	150,000	150,000	150,000	150,000
6 Padmount Switches & Related	Load/Development	700,000	700,000	700,000	700,000	700,000
7 Distribution Transformers	Restock to min.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
8 SCADA Switches for Tie Switches	System Reliability	40,000	40,000	40,000	40,000	40,000
9 SCADA-Capacitor Control	Op. Efficiencies & Voltage Control	50,000	50,000	150,000	-	-
10 System Capacitors-Additional (P11)	PF Improvements	-	-	1,530,000	-	-
11 Total System Material & Facilities		2,065,000	1,965,000	3,595,000	1,915,000	1,915,000
12 Vehicles/Equipment						
13 Construction-Related Equipment-New/Additional/Replacement	Tool Replacement	45,000	45,000	45,000	45,000	46,800
14 Digger Truck #612	Life Cycle Replacement	525,000	-	-	-	-
15 Air Compressor #628	Life Cycle Replacement	70,000	-	-	-	-
16 Equipment Trailer 30,000 lbs.	Life Cycle Replacement	40,000	-	-	-	-
17 Equipment trailer 16K	Life Cycle Replacement	25,000	-	-	-	-
18 Service Truck 4x4	New Equipment	80,000	-	-	-	-
19 Locator	Life Cycle Replacement	11,000	-	-	-	-
20 #631 Service Truck 4X4	Life Cycle Replacement	-	80,000	-	-	-
21 #633 Service Truck 4X4	New Equipment	-	80,000	-	-	-
22 Woodchipper	Life Cycle Replacement	-	55,000	-	-	-
23 Vac-Tron	Life Cycle Replacement	-	95,000	-	-	-
24 Skidsteer	Life Cycle Replacement	-	80,000	-	-	-
25 #6XX 4x4 Pickup	New Equipment	-	-	75,000	-	-
26 #613 4x4 Dump truck	Life Cycle Replacement	-	-	75,000	-	-
27 #627 4x4 Ext Cab Pickup	Life Cycle Replacement	-	-	50,000	-	-
28 #645 4x4 Pickup	Life Cycle Replacement	-	-	50,000	-	-
29 3 Reel Trailer Wire	Life Cycle Replacement	-	-	40,000	-	-
30 Directional Bore Equipment	New Equip for UG Construction	-	-	250,000	-	-
31 Dump Trailer	Life Cycle Replacement	-	-	-	20,000	-
32 #646 4x4 Crew Cab Truck	Life Cycle Replacement	-	-	-	50,000	-
33 #632 Service body 1 ton Truck	Life Cycle Replacement	-	-	-	80,000	-
34 #642 1ton Dump Truck	Life Cycle Replacement	-	-	-	55,000	-
35 #611 F550 4x4 Service Bucket	Life Cycle Replacement	-	-	-	-	225,000
36 Tilt Trailer	Life Cycle Replacement	-	-	-	-	20,000
37 40000 lbs. trailer	Life Cycle Replacement	-	-	-	-	30,000
38 Trencher	Life Cycle Replacement	-	-	-	-	250,000
39 #621 Pickup Truck	Life Cycle Replacement	-	-	-	-	60,000
40 Total Vehicles/Equipment		796,000	435,000	585,000	250,000	631,800

**Shakopee Public Utilities
Capital Improvement Plan
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025	2026	2027	2028	2029
Local Area Projects						
Total New UG Cables & Related Cost (Net of Contribution)						
New UG Cables & Related Cost (Net of Contribution)	Load/Development	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total New UG Cables & Related Cost (Net of Contribution)		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Replace UG Cable Projects						
Replace UG Cable - Projects Yet To Be Determined	As Needed	40,000	40,000	40,000	40,000	50,000
Total Replace UG Cable Projects		40,000	40,000	40,000	40,000	50,000
Rebuild OH Lines						
SS-32 CR 15 @Hwy 169 Ramps 0.50 mile Roundabout	Street Project	125,000	-	-	-	-
BL-22 Stagecoach Road from Hentges Circle to Hanson Ave	Street/Trail Project	50,000	-	-	-	-
Rewire/rebuild MVEC circuits to SPU standards (P5)	Upgrade	25,000	525,000	-	-	-
SS-31 South of CR 42 South	County Road Project	-	50,000	-	-	-
CR78/79 Roundabout	Street Project	-	100,000	-	-	-
Re-conductor PL-74 along CR 16 to 336 AAC from PL Road to Foodhill Trail(P8)	Upgrade Project	-	192,000	-	-	-
Rebuild OH lines - as needed RP3	Change Out	20,000	20,000	20,000	25,000	25,000
Total Rebuild OH Lines		220,000	887,000	20,000	25,000	25,000
Major System Projects						
Feeder Extension Projects						
Express Feeder Tie South Shakopee to Shakopee Substation (P4/P7)	Reliability	200,000	833,333	-	-	-
DL-91 New Feeder DL Sub to Unbridled Ave (P9)	Development (Canterbury Commons)	284,500	150,000	-	-	-
West Shakopee Substation Feeder Circuits (P5)	Load Growth	628,000	-	-	-	-
Dean Lake Sub Feeder Circuits	Load Growth	238,000	-	-	-	-
PL-76 to Southbridge	Loss of Blue Lake Circuits	275,000	-	-	-	-
Express Feeder Tie West Shakopee to Shakopee Substation (P4/P7)	Reliability	100,000	416,667	-	-	-
WS-03 to West of CR 69 (P10)	Load Growth	-	-	710,000	-	-
WS-04 South of CR 69 to East on 17th Ave (P13)	Load Growth	-	-	379,000	-	-
SS-84 New Feeder SS Sub to CR 17 via Stonebrooke (P16)	Load Growth	-	-	-	277,000	-
WS-12 to Breeggemann Parcel north of Fluff (P18)	Development	-	-	-	174,000	-
WS-13 to serve load west of 169 (P19)	Load Growth	-	-	-	-	104,000
Projects Yet to be Determined 1.0 mile	As Necessary	286,000	297,440	306,363	318,618	331,363
Total Feeder Extension Projects		2,011,500	1,697,440	1,395,363	769,618	435,363
Convert OH to UG						
Eagle Creek Blvd between Hauer Trail & Vierling Roundabout	Reliability	300,000	-	-	-	-
Muhlenhardt Undergrounding from CR18 to CR16	Reliability	50,000	-	-	-	-
Residential OH to UG Conversion, 2 blocks per year, 40 customer/year	Reliability	57,000	59,280	61,650	64,100	66,600
Total Convert OH to UG		407,000	59,280	61,650	64,100	66,600
Territory Acquisition						
Territory Acquisition "build OH & UG to Asphalt Plant 1.0 miles"	Consolidation	260,000	-	-	-	-
Total Territory Acquisition		260,000	-	-	-	-

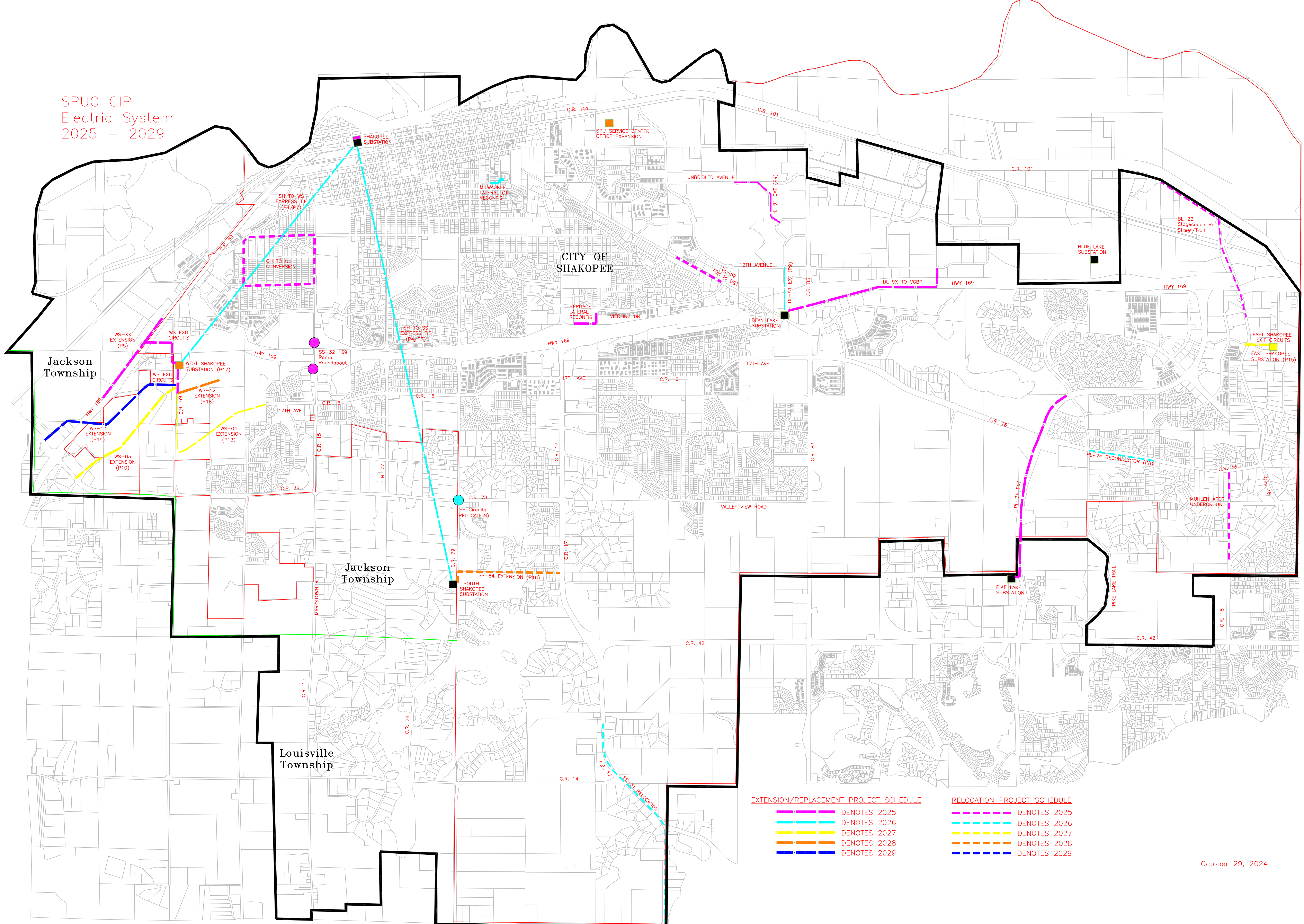
**Shakopee Public Utilities
Capital Improvement Plan
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025	2026	2027	2028	2029
84 Shakopee Substation						
85 Land Rights	Load Growth/Downtown Re-development	500,000	-	-	-	-
86 Total Shakopee Substation		500,000	-	-	-	-
87 South Shakopee Substation						
88 Replace A/C unit in switch house 2	Maintenance	20,000	-	-	-	-
89 Substation to County Fiber & Fiber Equipment	Safety	75,000	-	-	-	-
90 Total South Shakopee Substation		95,000	-	-	-	-
91 Pike Lake Substation						
92 LTC Tap Changer Maintenance PL 1	Maintenance	35,000	-	-	-	-
93 Substation to County Fiber & Fiber Equipment	Safety	50,000	-	-	-	-
94 Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-	-	35,000	-	-
95 Total Pike Lake Substation		85,000	-	35,000	-	-
96 Dean Lake Substation						
97 LTC Tap Changer Maintenance DL 1 & DL2	Maintenance	60,000	-	-	-	-
98 Total Dean Lake Substation		60,000	-	-	-	-
99 East Shakopee Substation						
100 Planning/Design/Project Management (P3)	Load Growth	100,000	-	-	-	-
101 Site work grading & storm water plans (P3)	Load Growth	587,000	-	-	-	-
102 Construction (P15)	Load Growth	-	-	6,698,000	-	-
103 Substation to County Fiber & Fiber Equipment	Safety	-	-	50,000	-	-
104 Total East Shakopee Substation		687,000	-	6,748,000	-	-
105 West Shakopee Substation						
106 Duct banks for WS-Exit circuits along Colburn Drive	Load Growth	250,000	-	-	-	-
107 Planning/Design/Construction Project Management (P17)	Load Growth	-	-	-	6,163,000	-
108 Total West Shakopee Substation		250,000	-	-	6,163,000	-
109 Upgrade Projects						
110 Pole Replacement	Maintenance	50,000	50,000	50,000	-	-
111 Heritage Lateral Reconfiguration	Safety	25,000	-	-	-	-
112 Blue Lake Substation Fuse Coordination / Reactor	Safety	150,000	-	-	-	-
113 Milwaukee Court Lateral Reconfiguration	Safety	-	25,000	-	-	-
114 Projects yet to be determined	Load Growth	230,000	230,000	240,000	240,000	240,000
115 Total Upgrade Projects		455,000	305,000	290,000	240,000	240,000
116 Advanced Metering Infrastructure (AMI)						
117 Construction/Implementation/Hardware/Software/Training/Project Management	Customer Service	336,301	-	-	-	-
118 Total Advanced Metering Infrastructure (AMI)		336,301	-	-	-	-

**Shakopee Public Utilities
Capital Improvement Plan
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025	2026	2027	2028	2029
119 Service Center						
120 Miscellaneous Building Improvements/Replacements	Maintenance & Requested Changes	50,000	50,000	50,000	50,000	50,000
121 Display Case Office	Marketing	10,000	-	-	-	-
122 Facilities Exterior Main Door Replacement	Maintenance	40,000	-	-	-	-
123 Garage Heaters	Maintenance	-	30,000	-	-	-
124 Facility Roof Replacement	Maintenance	-	-	800,400	-	-
125 Building Expansion Office	Staff Additions	-	-	-	4,000,000	-
126 Total Service Center		100,000	80,000	850,400	4,050,000	50,000
127						
128 Total Operating Fund		9,542,801	6,643,720	14,795,413	14,691,718	4,588,763
129						
130 Relocation Fund						
131 Relocation Projects						
132 SS-32 CR 15 & Hwy 169 Ramps	Roundabout Impacts	136,864	-	-	-	-
133 BL-22 Stagecoach Road from Hentges Circle to Hanson Ave	Street/Trail Project	200,000	-	-	-	-
134 CR78/CR79 Roundabout (2 x OH + 2 x UG)	Roundabout Impacts	-	300,000	-	-	-
135 CR 17 South of CR 42	County Road Project	-	200,000	-	-	-
136 Projects Yet to Be Determined 0.50 Ckt. mile	As Necessary	60,000	65,000	65,000	65,000	-
137 Total Relocation Projects		396,864	565,000	65,000	65,000	-
138						
139 Total Relocation Fund		396,864	565,000	65,000	65,000	-
140 Total Electric		9,939,665	7,208,720	14,860,413	14,756,718	4,588,763

SPUC CIP
Electric System
2025 - 2029



EXTENSION/REPLACEMENT PROJECT SCHEDULE

- DENOTES 2025
- DENOTES 2026
- DENOTES 2027
- DENOTES 2028
- DENOTES 2029

RELOCATION PROJECT SCHEDULE

- - - DENOTES 2025
- - - DENOTES 2026
- - - DENOTES 2027
- - - DENOTES 2028
- - - DENOTES 2029

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Water Summary**

Item Description	Justification	2025	2026	2027	2028	2029	TBD
OPERATING FUND							
1 Miscellaneous	See Detail	690,000	405,000	240,000	240,000	250,000	-
2 System Upgrades	See Detail	6,020,000	2,370,000	1,522,500	8,632,500	11,077,500	-
3 Advanced Metering Infrastructure (AMI)	See Detail	274,693	-	-	-	-	-
4 Vehicles/Equipment	See Detail	114,000	140,000	65,000	65,000	65,000	-
5							
6 Total Operating Fund		7,098,693	2,915,000	1,827,500	8,937,500	11,392,500	-
7							
RECONSTRUCTION FUND							
8 Reconstruction Projects	See Detail	330,000	185,000	1,540,000	1,555,000	1,580,000	-
9							
10 Total Reconstruction Fund		330,000	185,000	1,540,000	1,555,000	1,580,000	-
11							
AVAILABILITY FUND							
12							
Trunk Expenses							
13 Trunk Water Mains - SPUC Projects	See Detail	100,000	75,000	150,000	-	-	-
14 Over Sizing - Non-SPUC Projects	See Detail	965,000	250,000	-	550,000	540,000	150,000
15							
16 Total Trunk Expenses		1,065,000	325,000	150,000	550,000	540,000	150,000
17							
Capacity Expense							
18 Wells	See Detail	-	25,000	165,000	-	-	800,000
19 Water Treatment	See Detail	1,250,000	-	312,500	612,500	3,312,500	-
20 Pump House Additions/Expansions	See Detail	725,000	-	25,000	2,010,000	375,000	-
21 New Tanks and Transmission Water Main	See Detail	5,700,000	-	-	-	-	-
22 Booster Stations	See Detail	300,000	-	-	-	-	6,000,000
23 Auxiliary Facilities	See Detail	60,000	450,000	150,000	-	-	600,000
24							
25 Total Capacity Expense		8,035,000	475,000	652,500	2,622,500	3,687,500	7,400,000
26							
27 Total Water		16,528,693	3,900,000	4,170,000	13,665,000	17,200,000	7,550,000
28							
29 Cumulative Total Water		16,528,693	20,428,693	24,598,693	38,263,693	55,463,693	63,013,693
30							
31							

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Water Detail**

Item Description	Justification	2025	2026	2027	2028	2029	TBD
OPERATING FUND							
Miscellaneous							
Water Meters	PM/Development	175,000	175,000	200,000	200,000	210,000	-
Hydrant Replacement	As Needed (Ops) 672	40,000	40,000	40,000	40,000	40,000	-
Emergency Power Generation Conversion @ Riverview Booster Station	Extended Sustainability	350,000	-	-	-	-	-
Cty Rd 78/79 Roundabout	Water Main Casing	75,000	-	-	-	-	-
CR 15/Marystown Rd @ Vierling Drive and @ Windermere Way Adjustment		30,000	-	-	-	-	-
Chemical Feed Improvements	Safety/Enhanced Accuracy	20,000	-	-	-	-	-
CSAH 16 CIF 22-006 Trail Extension adjust valves & hydrants	Trail Extension	-	15,000	-	-	-	-
Jefferson Street WM Lining 10th to 12th		-	175,000	-	-	-	-
Total Miscellaneous		690,000	405,000	240,000	240,000	250,000	-
System Upgrades / Additions							
Recoat Reservoir #4 Dominion Ave	Preventative Maintenance	125,000	2,080,000	-	-	-	-
Fiber Hardware	AMI and SCADA for 4 tanks	100,000	125,000	-	-	-	-
SCADA Upgrades	Water System Reliability	30,000	-	-	-	-	-
Land Rights (75%)	Water Treatment	3,750,000	-	-	-	-	-
Recoat Reservoir #3 Canterbury Road	Preventative Maintenance	2,000,000	-	-	-	-	-
NES Jordan Well #26 @ Church Addition (75%)	Water Treatment	-	75,000	495,000	-	-	-
Pumphouse #4 Updating (75%)	Safety	-	75,000	-	-	-	-
Raw Watermains Locations TBD (25%)	Water Treatment	-	-	937,500	937,500	937,500	-
NES Pumphouse for Well #26 @ Church Addition (75%)	Water Treatment	-	-	75,000	2,730,000	-	-
Pumphouse #6 Updating and Backup Generation (75%)	Safety / Reliability	-	-	-	112,500	1,125,000	-
NES Water Treatment Plan Design (75%)	Water Treatment	-	-	-	750,000	-	-
PH#2 Conversion to Control House and raw watermain to PH#3 (75%)	Safety / Water Treatment	-	-	-	3,187,500	-	-
NES Water Treatment Plant Site Prep (75%)	Water Treatment	-	-	-	900,000	9,000,000	-
Miscellaneous Equipment	As Needed (Ops) 665-678	15,000	15,000	15,000	15,000	15,000	-
Total System Upgrades		6,020,000	2,370,000	1,522,500	8,632,500	11,077,500	-
Advanced Metering Infrastructure (AMI)							
Construction/Implementation/Hardware/Software/Training/Project Management	Customer Service	274,693	-	-	-	-	-
Total Advanced Metering Infrastructure (AMI)		274,693	-	-	-	-	-
Vehicles/Equipment							
Replace Truck #622 (2023)	Replacement for damage vehicle	52,000	-	-	-	-	-
Replace Truck #630 (2014)	Life Cycle Replacement	62,000	-	-	-	-	-
Replace Truck #626 (2015)	Life Cycle Replacement	-	70,000	-	-	-	-
Replace Truck #634 (2015)	Life Cycle Replacement	-	70,000	-	-	-	-
Replace Truck #650 (2016)	Life Cycle Replacement	-	-	65,000	-	-	-
Replace Truck #619 (2017)	Life Cycle Replacement	-	-	-	65,000	-	-
Replace Truck #649 (2018)	Life Cycle Replacement	-	-	-	-	65,000	-
Total Vehicles/Equipment		114,000	140,000	65,000	65,000	65,000	-
Total Operating Fund		7,098,693	2,915,000	1,827,500	8,937,500	11,392,500	-

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Water Detail**

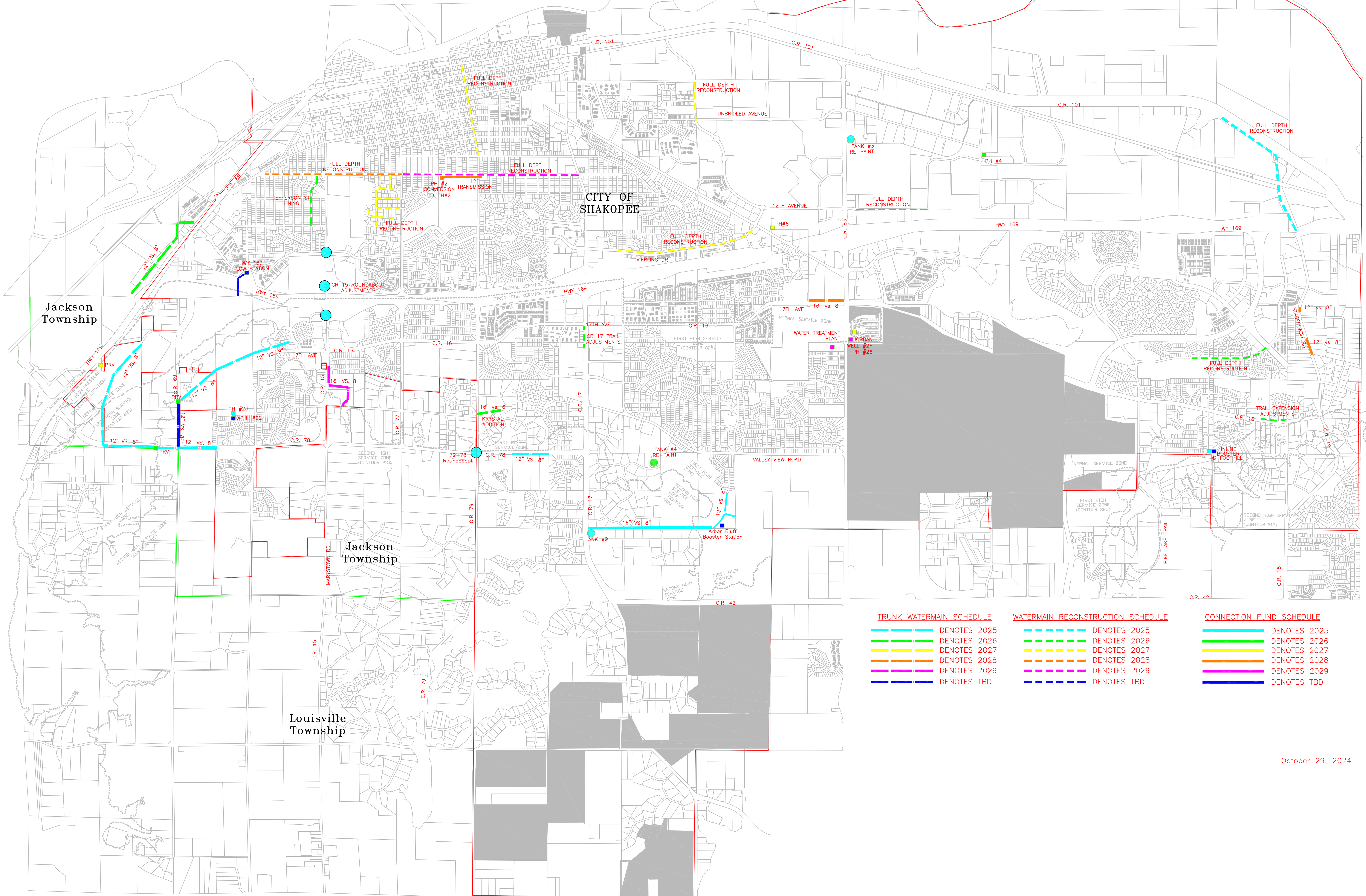
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Item Description	Justification	2025	2026	2027	2028	2029	TBD
RECONSTRUCTION FUND							
Reconstruction							
Correct Deficient Services / Lead Line Replacement	As Needed	100,000	100,000	40,000	40,000	40,000	-
Full-Depth Pavement Reconstruction	City CIP	100,000	45,000	1,500,000	1,500,000	1,500,000	-
Bituminous Overlay	City CIP	30,000	20,000	-	15,000	40,000	-
Cty 17 Trail Improvments South of 17th Ave adjustments	City Street Recon	-	20,000	-	-	-	-
Project To be determined		100,000	-	-	-	-	-
Total Reconstruction		330,000	185,000	1,540,000	1,555,000	1,580,000	-
Total Reconstruction Fund		330,000	185,000	1,540,000	1,555,000	1,580,000	-
AVAILABILITY FUND							
Trunk Expenses							
Trunk Water Mains - SPU Projects (Completed by SPU)							
Misc. expenses to coordinated w/County & City Projects	Development	-	75,000	150,000	-	-	-
Projects to be determined		100,000	-	-	-	-	-
Total Trunk Water Mains - SPU Projects		100,000	75,000	150,000	-	-	-
Over Sizing - Non-SPU Projects (Completed by Others)							
12" WM South of VV Road @ Independence 0.50 mile (Arbor Bluff) 1-HES	Development	125,000	-	-	-	-	-
12" WM West of CR 69 thru area B 1.25 miles 1-HES	Development	325,000	-	-	-	-	-
12" WM West of LaTour Drive 0.75 miles 2-HES	Development	195,000	-	-	-	-	-
12" WM CR 16 from CR 15 west to CR 69 - 0.75 mile 2-HES	Development/City Project/Scott County	200,000	-	-	-	-	-
12" WM Notermann Extension CR78 West of Valley Creek Crossing 330'	Development	20,000	-	-	-	-	-
16" WM Krystal Addition to CR 79 (800 ft) NES	Development	-	185,000	-	-	-	-
12" WM Vierling Drive West from CR 69 0.50 mile NES	Development	-	65,000	-	-	-	-
12" WM on Stagecoach Rd from Eagle Creek Preserve to Hansen Ave .025 miles	Development	-	-	-	150,000	-	-
16" WM East from Emblem parallel to 17th Ave 0.75 miles	Development	-	-	-	400,000	-	-
16" WM South of Countryside parallel to CR 15 0.5 miles	Development	-	-	-	-	540,000	-
12" WM CR 69 0.25 miles north of CR 78	Development	-	-	-	-	-	150,000
Projects to be determined		100,000	-	-	-	-	-
Total Over Sizing - Non-SPU Projects		965,000	250,000	-	550,000	540,000	150,000
Total Trunk Expenses		1,065,000	325,000	150,000	550,000	540,000	150,000

**Shakopee Public Utilities
Capital Improvement Plan
Final
Dated: 12/02/24
Water Detail**

Item Description	Justification	2025	2026	2027	2028	2029	TBD
Capacity Expenses							
Wells							
NES Jordan Well #26 @ Church Addition (25%)	Water Treatment	-	25,000	165,000	-	-	-
2-HES Jordan Well #22 at Tank #8 (100%)	Water Treatment	-	-	-	-	-	800,000
Total Wells		-	25,000	165,000	-	-	800,000
Water Treatment							
Land Rights (25%)	Water Treatment	1,250,000	-	-	-	-	-
Raw Watermain locations TBD (25%)	Water Treatment	-	-	312,500	312,500	312,500	-
NES Water Treatment Plant design (25%)	Water Treatment	-	-	-	300,000	-	-
NES Water Treatment Plant Construction Site Prep (25%)	Water Treatment	-	-	-	-	3,000,000	-
Total Water Treatment		1,250,000	-	312,500	612,500	3,312,500	-
Pump House Additions/Expansions							
2-HES Pump House 23 @ Tank #8 Site (includes landscaping for tank #8)	Development	725,000	-	-	-	-	-
NES Pumphouse for Well #26 @ Church Addition (25%)	Water Treatment	-	-	25,000	910,000	-	-
Pumphouse #6 Updating and Backup Generation (25%)	Reliability	-	-	-	37,500	375,000	-
PH#2 Conversion to Control House and raw watermain to PH#3 (25%)	Safety / Water Treatment	-	-	-	1,062,500	-	-
Total Pump House Additions/Expansions		725,000	-	25,000	2,010,000	375,000	-
New Tanks and Transmission Water Main							
2-HES District Storage (0.5 MG, Elevated Tank #9) @ Wood Duck Trail	Development	4,500,000	-	-	-	-	-
16" Transmission WM East of Tank #9 0.75 miles	Development	1,200,000	-	-	-	-	-
Total New Tanks and Transmission Water Main		5,700,000	-	-	-	-	-
Booster Stations							
Inline Booster Station Site @ Foothill Road and Horizon Drive	Development	200,000	-	-	-	-	-
IHES to 2HES Inline Booster Station @ Foothill/Horizon	Development	-	-	-	-	-	1,000,000
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	Development	100,000	-	-	-	-	5,000,000
Total Booster Stations		300,000	-	-	-	-	6,000,000
Auxiliary Facilities							
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	Development	60,000	150,000	-	-	-	-
Normal Zone Elevated Tank Altitude Valves	Pressure Control	-	150,000	-	-	-	-
Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	Development	-	150,000	-	-	-	-
Pressure Reducing Valve - 1-HES to NES on Hwy 169	Development	-	-	150,000	-	-	-
Hwy 169 Flow Station	Development	-	-	-	-	-	600,000
Total Auxiliary Facilities		60,000	450,000	150,000	-	-	600,000
Total Capacity Expenses		8,035,000	475,000	652,500	2,622,500	3,687,500	7,400,000
Total Availability Funds		9,100,000	800,000	802,500	3,172,500	4,227,500	7,550,000
Total Water		16,528,693	3,900,000	4,170,000	13,665,000	17,200,000	7,550,000



SPUC CIP
Water System
2025 - 2029



TRUNK WATERMAIN SCHEDULE	WATERMAIN RECONSTRUCTION SCHEDULE	CONNECTION FUND SCHEDULE
DENOTES 2025	DENOTES 2025	DENOTES 2025
DENOTES 2026	DENOTES 2026	DENOTES 2026
DENOTES 2027	DENOTES 2027	DENOTES 2027
DENOTES 2028	DENOTES 2028	DENOTES 2028
DENOTES 2029	DENOTES 2029	DENOTES 2029
DENOTES TBD	DENOTES TBD	DENOTES TBD



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TO: Greg Drent, General Manger 
FROM: Joseph D. Adams, Planning & Engineering Director 
SUBJECT: 2025 Administration, Electric and Water Capital Projects & Equipment
DATE: November 18, 2024

Attached are the list of the 2025 Administrative, Electric and Water Capital Projects & Equipment submitted for Commission **APPROVAL**.

Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Administrative Summary

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Item Description	Justification	2025
Equipment	See detail	37,500
Hardware	See detail	313,275
Software	See detail	15,000
Total Administrative		\$ 365,775
Cumulative Total Administrative		\$ 365,775
	Electric	274,331
	Water	91,444

**Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Administrative Detail**

	Type	Item	Source of Request	Justification	Qty	Unit Cost	2025
1	Furn & Equipment	Work Station Configuration and Replacements	F&A - IT	Work Station Configuration and Replacements			25,000
2	Furn & Equipment	Miscellaneous Hardware	Building	Misc. Office equipment as needed			12,500
3	Furn & Equipment	Equipment Lockers - Shop Area	Building	Lockers and bench	15		-
4	Furn & Equipment	Electric Room Configuration - Cubicles	Electric	New furniture design and installation	5		-
5	Furn & Equipment	Commission Room Tables	Building	Conference room tables			-
6	Total Equipment						37,500
7	Hardware	HPE Aruba AP Replacements	F&A - IT	Aruba Aps end of life need replacement	25	1,425	-
8	Hardware	HPE Storeonce Veeam Storage Expansion	F&A - IT	Local Veeam backup storage expansion		22,000	22,000
9	Hardware	Commission Room Meeting Room System	Building	Replacement of Commission Room Equipment to utilize IoT	1		15,000
10	Hardware	Plan/Eng Plotter Replacement	Plan/Eng	Plan/Eng HP plotter is 5 years old future replacement		10,000	-
11	Hardware	Fiber Ring /INET Connectivity	F&A - IT	Connectivity/Redundancy for systems/remote sites	21	7,100	37,275
12	Hardware	Miscellaneous Hardware	F&A - IT	Future planning/Unplanned replacements			75,000
13	Hardware	Network Switches	F&A - IT	Future Standard Replacement Cycle	5	7,600	20,000
14	Hardware	Cluster Headend Replacement	F&A - IT	Replace Cluster Nodes for server high availability/recovery	3	7,871	24,000
15	Hardware	Offsite NAS	F&A - IT	Offsite network attached storage for backup / replication	1	13,000	-
16	Hardware	CISA - Albert Network Monitor	F&A - IT	Security Hardware and Monitoring Service			20,000
17	Hardware	Remit Plus Scanners - Payment Processing	Cust. Service	Scanner Replacements	3	4,000	-
18	Hardware	Firewall	F&A - IT	Replace product reaching end of life support			-
19	Hardware	SAN Replacement	F&A - IT	Replacement of SAN	2		100,000
20	Total Hardware						313,275
21	Software	Finance Software	F&A - IT	Daffron replacement software - NISC			-
22	Software	NOVA Software Modifications	Plan/Eng	NOVA Software - build a custom modification			-
23	Software	MNSec	F&A - IT	IT Security Consultant			15,000
24	Total Software						15,000
25	Total CIP Expenditures - Administration						365,775

**Shakopee Public Utilities
2025 Capital Projects
Final
Date: 12/02/24
Electric Summary**

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Item Description	Justification	2025
<u>Operating Fund</u>		
<u>System Projects</u>		
Miscellaneous	See Detail	175,000
System Material & Facilities	See Detail	2,065,000
Vehicles/Equipment	See Detail	796,000
<u>Local Area Projects</u>		
New UG Cables & Related Cost (Net of Contribution)	See Detail	1,000,000
Replace UG Cable Projects	See Detail	40,000
Rebuild OH Lines	See Detail	220,000
<u>Major System Projects</u>		
Feeder Extension Projects	See Detail	2,011,500
Convert OH to UG	See Detail	407,000
Territory Acquisition	See Detail	260,000
Shakopee Substation	See Detail	500,000
South Shakopee Substation	See Detail	95,000
Pike Lake Substation	See Detail	85,000
Dean Lake Substation	See Detail	60,000
East Shakopee Substation	See Detail	687,000
West Shakopee Substation	See Detail	250,000
Upgrade Projects	See Detail	455,000
Advance Metering Infrastructure (AMI)	See Detail	336,301
Service Center	See Detail	100,000
Total Operating Fund		9,542,801
<u>Relocation Fund</u>		
Relocation Projects	See Detail	396,864
Total Relocation Fund		396,864
Total Electric		9,939,665
Cumulative Total Electric		9,939,665

**Shakopee Public Utilities
2025 Capital Projects
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025
Operating Fund		
System Projects		
1 Miscellaneous	As Necessary	175,000
2 Total Miscellaneous		175,000
3 System Material & Facilities		
4 Lateral Circuit Reconfiguration	System Reliability	25,000
5 Meters	New Construction	250,000
6 Padmount Switches & Related	Load/Development	700,000
7 Distribution Transformers	Restock to min.	1,000,000
8 SCADA Switches for Tie Switches	System Reliability	40,000
9 SCADA-Capacitor Control	Op. Efficiencies & Voltage Control	50,000
10 System Capacitors-Additional (P11)	PF Improvements	-
11 Total System Material & Facilities		2,065,000
12 Vehicles/Equipment		
13 Construction-Related Equipment-New/Additional/Replacement	Tool Replacement	45,000
14 Digger Truck #612	Life Cycle Replacement	525,000
15 Air Compressor #628	Life Cycle Replacement	70,000
16 Equipment Trailer 30,000 lbs.	Life Cycle Replacement	40,000
17 Equipment trailer 16K	Life Cycle Replacement	25,000
18 Service Truck 4x4	New Equipment	80,000
19 Locator	Life Cycle Replacement	11,000
20 #631 Service Truck 4X4	Life Cycle Replacement	-
21 #633 Service Truck 4X4	New Equipment	-
22 Woodchipper	Life Cycle Replacement	-
23 Vac-Tron	Life Cycle Replacement	-
24 Skidsteer	Life Cycle Replacement	-
25 #6XX 4x4 Pickup	New Equipment	-
26 #613 4x4 Dump truck	Life Cycle Replacement	-
27 #627 4x4 Ext Cab Pickup	Life Cycle Replacement	-
28 #645 4x4 Pickup	Life Cycle Replacement	-
29 3 Reel Trailer Wire	Life Cycle Replacement	-
30 Directional Bore Equipment	New Equip for UG Construction	-
31 Dump Trailer	Life Cycle Replacement	-
32 #646 4x4 Crew Cab Truck	Life Cycle Replacement	-
33 #632 Service body 1 ton Truck	Life Cycle Replacement	-
34 #642 1ton Dump Truck	Life Cycle Replacement	-
35 #611 F550 4x4 Service Bucket	Life Cycle Replacement	-
36 Tilt Trailer	Life Cycle Replacement	-
37 40000 lbs. trailer	Life Cycle Replacement	-
38 Trencher	Life Cycle Replacement	-
39 #621 Pickup Truck	Life Cycle Replacement	-
40 Total Vehicles/Equipment		796,000

Shakopee Public Utilities
2025 Capital Projects
Final
Date: 12/02/24
Electric Detail

Item Description	Justification	2025
Local Area Projects		
Total New UG Cables & Related Cost (Net of Contribution)		
New UG Cables & Related Cost (Net of Contribution)	Load/Development	1,000,000
Total New UG Cables & Related Cost (Net of Contribution)		1,000,000
Replace UG Cable Projects		
Replace UG Cable - Projects Yet To Be Determined	As Needed	40,000
Total Replace UG Cable Projects		40,000
Rebuild OH Lines		
SS-32 CR 15 @Hwy 169 Ramps 0.50 mile Roundabout	Street Project	125,000
BL-22 Stagecoach Road from Hentges Circle to Hanson Ave	Street/Trail Project	50,000
Rewire/rebuild MVEC circuits to SPU standards (P5)	Upgrade	25,000
SS-31 South of CR 42 South	County Road Project	-
CR78/79 Roundabout	Street Project	-
Re-conductor PL-74 along CR 16 to 336 AAC from PL Road to Foodhill Trail(P8)	Upgrade Project	-
Rebuild OH lines - as needed RP3	Change Out	20,000
Total Rebuild OH Lines		220,000
Major System Projects		
Feeder Extension Projects		
Express Feeder Tie South Shakopee to Shakopee Substation (P4/P7)	Reliability	200,000
DL-91 New Feeder DL Sub to Unbridled Ave (P9)	Development (Canterbury Commons)	284,500
West Shakopee Substation Feeder Circuits (P5)	Load Growth	628,000
Dean Lake Sub Feeder Circuits	Load Growth	238,000
PL-76 to Southbridge	Loss of Blue Lake Circuits	275,000
Express Feeder Tie West Shakopee to Shakopee Substation (P4/P7)	Reliability	100,000
WS-03 to West of CR 69 (P10)	Load Growth	-
WS-04 South of CR 69 to East on 17th Ave (P13)	Load Growth	-
SS-84 New Feeder SS Sub to CR 17 via Stonebrooke (P16)	Load Growth	-
WS-12 to Breeggemann Parcel north of Fluff (P18)	Development	-
WS-13 to serve load west of 169 (P19)	Load Growth	-
Projects Yet to be Determined 1.0 mile	As Necessary	286,000
Total Feeder Extension Projects		2,011,500
Convert OH to UG		
Eagle Creek Blvd between Hauer Trail & Vierling Roundabout	Reliability	300,000
Muhlenhardt Undergrounding from CR18 to CR16	Reliability	50,000
Residential OH to UG Conversion, 2 blocks per year, 40 customer/year	Reliability	57,000
Total Convert OH to UG		407,000
Territory Acquisition		
Territory Acquisition "build OH & UG to Asphalt Plant 1.0 miles"	Consolidation	260,000
Total Territory Acquisition		260,000

**Shakopee Public Utilities
2025 Capital Projects
Final
Date: 12/02/24
Electric Detail**

	Item Description	Justification	2025
84	Shakopee Substation		
85	Land Rights	Load Growth/Downtown Re-development	500,000
86	Total Shakopee Substation		500,000
87	South Shakopee Substation		
88	Replace A/C unit in switch house 2	Maintenance	20,000
89	Substation to County Fiber & Fiber Equipment	Safety	75,000
90	Total South Shakopee Substation		95,000
91	Pike Lake Substation		
92	LTC Tap Changer Maintenance PL 1	Maintenance	35,000
93	Substation to County Fiber & Fiber Equipment	Safety	50,000
94	Oil Change Out on Tap Changer	Maintenance/Extend Life of Tap Changer	-
95	Total Pike Lake Substation		85,000
96	Dean Lake Substation		
97	LTC Tap Changer Maintenance DL 1 & DL2	Maintenance	60,000
98	Total Dean Lake Substation		60,000
99	East Shakopee Substation		
100	Planning/Design/Project Management (P3)	Load Growth	100,000
101	Site work grading & storm water plans (P3)	Load Growth	587,000
102	Construction (P15)	Load Growth	-
103	Substation to County Fiber & Fiber Equipment	Safety	-
104	Total East Shakopee Substation		687,000
105	West Shakopee Substation		
106	Duct banks for WS-Exit circuits along Colburn Drive	Load Growth	250,000
107	Planning/Design/Construction Project Management (P17)	Load Growth	-
108	Total West Shakopee Substation		250,000
109	Upgrade Projects		
110	Pole Replacement	Maintenance	50,000
111	Heritage Lateral Reconfiguration	Safety	25,000
112	Blue Lake Substation Fuse Coordination / Reactor	Safety	150,000
113	Milwaukee Court Lateral Reconfiguration	Safety	-
114	Projects yet to be determined	Load Growth	230,000
115	Total Upgrade Projects		455,000
116	Advanced Metering Infrastructure (AMI)		
117	Construction/Implementation/Hardware/Software/Training/Project Management	Customer Service	336,301
118	Total Advanced Metering Infrastructure (AMI)		336,301

**Shakopee Public Utilities
2025 Capital Projects
Final
Date: 12/02/24
Electric Detail**

Item Description	Justification	2025
119 Service Center		
120 Miscellaneous Building Improvements/Replacements	Maintenance & Requested Changes	50,000
121 Display Case Office	Marketing	10,000
122 Facilities Exterior Main Door Replacement	Maintenance	40,000
123 Garage Heaters	Maintenance	-
124 Facility Roof Replacement	Maintenance	-
125 Building Expansion Office	Staff Additions	-
126 Total Service Center		100,000
127		
128 Total Operating Fund		9,542,801
129		
130 Relocation Fund		
131 Relocation Projects		
132 SS-32 CR 15 & Hwy 169 Ramps	Roundabout Impacts	136,864
133 BL-22 Stagecoach Road from Hentges Circle to Hanson Ave	Street/Trail Project	200,000
134 CR78/CR79 Roundabout (2 x OH + 2 x UG)	Roundabout Impacts	-
135 CR 17 South of CR 42	County Road Project	-
136 Projects Yet to Be Determined 0.50 Ckt. mile	As Necessary	60,000
137 Total Relocation Projects		396,864
138		
139 Total Relocation Fund		396,864
140 Total Electric		9,939,665

**Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Water Summary**

	Item Description	Justification	2025
	<u>OPERATING FUND</u>		
1	Miscellaneous	See Detail	690,000
2	System Upgrades	See Detail	6,020,000
3	Advanced Metering Infrastructure (AMI)	See Detail	274,693
4	Vehicles/Equipment	See Detail	114,000
5			
6	Total Operating Fund		7,098,693
7			
8	<u>RECONSTRUCTION FUND</u>		
9	Reconstruction Projects	See Detail	330,000
10			
11	Total Reconstruction Fund		330,000
12			
	<u>AVAILABILITY FUND</u>		
13	Trunk Expenses		
14	Trunk Water Mains - SPUC Projects	See Detail	100,000
15	Over Sizing - Non-SPUC Projects	See Detail	965,000
16			
17	Total Trunk Expenses		1,065,000
18			
19	Capacity Expense		
20	Wells	See Detail	-
21	Water Treatment	See Detail	1,250,000
22	Pump House Additions/Expansions	See Detail	725,000
23	New Tanks and Transmission Water Main	See Detail	5,700,000
24	Booster Stations	See Detail	300,000
25	Auxiliary Facilities	See Detail	60,000
26			
27	Total Capacity Expense		8,035,000
28			
29	Total Water		16,528,693
30			
31	Cumulative Total Water		16,528,693

**Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Water Detail**

Item Description	Justification	2025
OPERATING FUND		
Miscellaneous		
Water Meters	PM/Development	175,000
Hydrant Replacement	As Needed (Ops) 672	40,000
Emergency Power Generation Conversion @ Riverview Booster Station	Extended Sustainability	350,000
Cty Rd 78/79 Roundabout	Water Main Casing	75,000
CR 15/Marystown Rd @ Vierling Drive and @ Windermere Way Adjustment		30,000
Chemical Feed Improvements	Safety/Enhanced Accuracy	20,000
CSAH 16 CIF 22-006 Trail Extension adjust valves & hydrants	Trail Extension	-
Jefferson Street WM Lining 10th to 12th		-
Total Miscellaneous		690,000
System Upgrades / Additions		
Recoat Reservoir #4 Dominion Ave	Preventative Maintenance	125,000
Fiber Hardware	AMI and SCADA for 4 tanks	100,000
SCADA Upgrades	Water System Reliability	30,000
Land Rights (75%)	Water Treatment	3,750,000
Recoat Reservoir #3 Canterbury Road	Preventative Maintenance	2,000,000
NES Jordan Well #26 @ Church Addition (75%)	Water Treatment	-
Pumphouse #4 Updating (75%)	Safety	-
Raw Watermains Locations TBD (25%)	Water Treatment	-
NES Pumphouse for Well #26 @ Church Addition (75%)	Water Treatment	-
Pumphouse #6 Updating and Backup Generation (75%)	Safety / Reliability	-
NES Water Treatment Plan Design (75%)	Water Treatment	-
PH#2 Conversion to Control House and raw watermain to PH#3 (75%)	Safety / Water Treatment	-
NES Water Treatment Plant Site Prep (75%)	Water Treatment	-
Miscellaneous Equipment	As Needed (Ops) 665-678	15,000
Total System Upgrades		6,020,000
Advanced Metering Infrastructure (AMI)		
Construction/Implementation/Hardware/Software/Training/Project Management	Customer Service	274,693
Total Advanced Metering Infrastructure (AMI)		274,693
Vehicles/Equipment		
Replace Truck #622 (2023)	Replacement for damage vehicle	52,000
Replace Truck #630 (2014)	Life Cycle Replacement	62,000
Replace Truck #626 (2015)	Life Cycle Replacement	-
Replace Truck #634 (2015)	Life Cycle Replacement	-
Replace Truck #650 (2016)	Life Cycle Replacement	-
Replace Truck #619 (2017)	Life Cycle Replacement	-
Replace Truck #649 (2018)	Life Cycle Replacement	-
Total Vehicles/Equipment		114,000
Total Operating Fund		7,098,693

**Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Water Detail**

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Item Description	Justification	2025
RECONSTRUCTION FUND		
Reconstruction		
Correct Deficient Services / Lead Line Replacement	As Needed	100,000
Full-Depth Pavement Reconstruction	City CIP	100,000
Bituminous Overlay	City CIP	30,000
Cty 17 Trail Improvements South of 17th Ave adjustments	City Street Recon	-
Project To be determined		100,000
Total Reconstruction		330,000
Total Reconstruction Fund		330,000
AVAILABILITY FUND		
Trunk Expenses		
Trunk Water Mains - SPU Projects (Completed by SPU)		
Misc. expenses to coordinated w/County & City Projects	Development	-
Projects to be determined		100,000
Total Trunk Water Mains - SPU Projects		100,000
Over Sizing - Non-SPU Projects (Completed by Others)		
12" WM South of VV Road @ Independence 0.50 mile (Arbor Bluff) 1-HES	Development	125,000
12" WM West of CR 69 thru area B 1.25 miles 1-HES	Development	325,000
12" WM West of LaTour Drive 0.75 miles 2-HES	Development	195,000
12" WM CR 16 from CR 15 west to CR 69 - 0.75 mile 2-HES	Development/City Project/Scott County	200,000
12" WM Notermann Extension CR78 West of Valley Creek Crossing 330'	Development	20,000
16" WM Krystal Addition to CR 79 (800 ft) NES	Development	-
12" WM Vierling Drive West from CR 69 0.50 mile NES	Development	-
12" WM on Stagecoach Rd from Eagle Creek Preserve to Hansen Ave .025 miles	Development	-
16" WM East from Emblem parallel to 17th Ave 0.75 miles	Development	-
16" WM South of Countryside parallel to CR 15 0.5 miles	Development	-
12" WM CR 69 0.25 miles north of CR 78	Development	-
Projects to be determined		100,000
Total Over Sizing - Non-SPU Projects		965,000
Total Trunk Expenses		1,065,000

**Shakopee Public Utilities
2025 Capital Projects
Final
Dated: 12/02/24
Water Detail**

Item Description	Justification	2025
Capacity Expenses		
Wells		
NES Jordan Well #26 @ Church Addition (25%)	Water Treatment	-
2-HES Jordan Well #22 at Tank #8 (100%)	Water Treatment	-
Total Wells		-
Water Treatment		
Land Rights (25%)	Water Treatment	1,250,000
Raw Watermain locations TBD (25%)	Water Treatment	-
NES Water Treatment Plant design (25%)	Water Treatment	-
NES Water Treatment Plant Construction Site Prep (25%)	Water Treatment	-
Total Water Treatment		1,250,000
Pump House Additions/Expansions		
2-HES Pump House 23 @ Tank #8 Site (includes landscaping for tank #8)	Development	725,000
NES Pumphouse for Well #26 @ Church Addition (25%)	Water Treatment	-
Pumphouse #6 Updating and Backup Generation (25%)	Reliability	-
PH#2 Conversion to Control House and raw watermain to PH#3 (25%)	Safety / Water Treatment	-
Total Pump House Additions/Expansions		725,000
New Tanks and Transmission Water Main		
2-HES District Storage (0.5 MG, Elevated Tank #9) @ Wood Duck Trail	Development	4,500,000
16" Transmission WM East of Tank #9 0.75 miles	Development	1,200,000
Total New Tanks and Transmission Water Main		5,700,000
Booster Stations		
Inline Booster Station Site @ Foothill Road and Horizon Drive	Development	200,000
IHES to 2HES Inline Booster Station @ Foothill/Horizon	Development	-
IHES to 2HES Booster Station @ Arbor Bluffs site/design/construction	Development	100,000
Total Booster Stations		300,000
Auxiliary Facilities		
Pressure Reducing Valve - 2-HES to 1-HES @ CR 78	Development	60,000
Normal Zone Elevated Tank Altitude Valves	Pressure Control	-
Pressure Reducing Valve - 2-HES to 1-HES @ CR 69	Development	-
Pressure Reducing Valve - 1-HES to NES on Hwy 169	Development	-
Hwy 169 Flow Station	Development	-
Total Auxiliary Facilities		60,000
Total Capacity Expenses		8,035,000
Total Availability Funds		9,100,000
Total Water		16,528,693



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DATE: November 26, 2024
TO: Greg Drent, General Manager 
FROM: Kelley Willemssen, Director of Finance & Administration 
SUBJECT: 2025 Final Operating Budget

Attached is the 2025 Final Operating Budget for the commission's consideration.

Requested Action:

Staff requests that the commission APPROVE the 2025 Final Operating Budget

ELECTRIC


	2022	2023	2024	2024	2025	INCREASE/ (DECREASE)	PERCENT CHANGE
	ACTUALS	ACTUALS	JULY YTD	BUDGET	BUDGET		
OPERATING REVENUE							
RESIDENTIAL SALES	\$ 21,548,095	22,150,118	\$ 11,722,040	\$ 23,316,224	\$ 22,223,267	\$ (1,092,957)	-4.7%
COMMERCIAL SALES	\$ 2,031,705	2,489,559	\$ 1,446,361	\$ 2,121,763	\$ 2,494,477	\$ 372,714	17.6%
INDUSTRIAL SALES	\$ 34,223,598	35,391,872	\$ 19,000,082	\$ 34,619,135	\$ 35,237,612	\$ 618,477	1.8%
CUSTOMER PENALTIES	\$ 314,715	373,716	\$ 143,142	\$ 305,619	\$ 320,878	\$ 15,259	5.0%
FREE SERVICE TO CITY	\$ 138,104	144,062	\$ 84,036	\$ 132,364	\$ 132,364	\$ -	0.0%
CONSERVATION PROGRAM	\$ 862,219	898,184	\$ 478,729	\$ 900,857	\$ 891,071	\$ (9,786)	-1.1%
UNCOLLECTIBLE ACCOUNTS	\$ (71,335)	(36,664)	\$ -	\$ -	\$ (36,617)	\$ (36,617)	0.0%
TOTAL OPERATING REVENUE	\$ 59,047,102	\$ 61,410,847	\$ 32,874,390	\$ 61,395,962	\$ 61,263,052	\$ (132,910)	-0.2%
OPERATING EXPENSES							
PURCHASED POWER	\$ 42,864,366	\$ 42,742,370	\$ 22,833,392	\$ 43,755,789	\$ 42,467,665	\$ (1,288,124)	-2.9%
DISTRIBUTION OPERATION EXPENSES	\$ 537,637	\$ 654,328	\$ 340,988	\$ 892,229	\$ 819,212	\$ (73,017)	-8.2%
DISTRIBUTION SYSTEM MAINTENANCE	\$ 809,858	\$ 1,113,817	\$ 568,865	\$ 1,238,325	\$ 1,306,445	\$ 68,120	5.5%
MAINTENANCE OF GENERAL PLANT	\$ 392,233	\$ 445,631	\$ 308,955	\$ 387,721	\$ 483,848	\$ 96,127	24.8%
TOTAL OPERATION AND MAINTENANCE	\$ 44,604,094	\$ 44,956,147	\$ 24,052,200	\$ 46,274,064	\$ 45,077,170	\$ (1,196,894)	-2.6%
METER READING EXPENSES	\$ 139,090	\$ 139,742	\$ 91,333	\$ 150,747	\$ 74,668	\$ (76,079)	-50.5%
CUSTOMER RECORDS AND COLLECTIONS	\$ 823,914	\$ 648,814	\$ 360,457	\$ 852,178	\$ 729,285	\$ (122,893)	-14.4%
CONSERVATION EXPENSES	\$ 872,705	\$ 898,184	\$ 90,324	\$ 891,737	\$ 891,069	\$ (668)	-0.1%
TOTAL CUSTOMER ACCOUNTS	\$ 1,835,710	\$ 1,686,741	\$ 542,114	\$ 1,894,662	\$ 1,695,022	\$ (199,639)	-10.5%
ADMINISTRATIVE & GEN'L	\$ 710,282	\$ 782,567	\$ 537,065	\$ 1,138,397	\$ 1,298,848	\$ 160,451	14.1%
OFFICE SUPPLIES AND EXPENSE	\$ 78,240	\$ 449,970	\$ 305,031	\$ 556,146	\$ 828,979	\$ 272,833	49.1%
OUTSIDE SERVICES EMPLOYED	\$ 237,010	\$ 390,485	\$ 273,442	\$ 575,627	\$ 434,952	\$ (140,675)	-24.4%
PROPERTY INSURANCE	\$ 141,787	\$ 178,053	\$ 108,746	\$ 175,000	\$ 175,504	\$ 504	0.3%
EMPLOYEE BENEFITS	\$ 2,501,204	\$ 2,210,312	\$ 1,143,531	\$ 1,992,868	\$ 2,493,214	\$ 500,347	25.1%
MISCELLANEOUS GENERAL	\$ 45,311	\$ 490,087	\$ 332,860	\$ 680,432	\$ 744,648	\$ 64,217	9.4%
TOTAL ADMINISTRATIVE AND GENERAL	\$ 3,713,834	\$ 4,501,473	\$ 2,700,675	\$ 5,118,469	\$ 5,976,145	\$ 857,676	16.8%
OPERATING EXPENSE BEFORE DEP & AMT	\$ 50,153,638	\$ 51,144,360	\$ 27,294,989	\$ 53,287,195	\$ 52,748,338	\$ (538,857)	-1.0%
DEPRECIATION AND AMORTIZATION	\$ 2,950,002	\$ 3,495,150	\$ 2,369,459	\$ 3,261,970	\$ 3,936,827	\$ 674,857	17.1%
TOTAL OPERATING EXPENSES	\$ 53,103,640	\$ 54,639,510	\$ 29,664,448	\$ 56,549,165	\$ 56,685,165	\$ 136,001	0.2%
OPERATING INCOME	\$ 5,943,462	\$ 6,771,337	\$ 3,209,942	\$ 4,846,797	\$ 4,577,887	\$ (268,911)	-5.9%
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ 165,676	\$ 2,255,869	\$ 1,482,482	\$ 1,269,971	\$ 2,213,242	\$ 943,271	42.6%
TOTAL CAPITAL CONTRIBUTIONS	\$ 726,118	\$ 1,580,437	\$ 288,065	\$ 730,662	\$ 738,472	\$ 7,810	1.1%
TOTAL TRANSFER TO MUNICIPALITY	\$ (3,576,023)	\$ (3,716,567)	\$ (2,204,392)	\$ (3,634,890)	\$ (3,741,254)	\$ 106,364	2.8%
NET INCOME OR CHANGE IN NET ASSETS	\$ 3,259,234	\$ 6,891,095	\$ 2,776,096	\$ 3,212,540	\$ 3,788,347	\$ 575,807	15.2%


WATER

	2022	2023	2024	2024	2025	INCREASE/	PERCENT
	ACTUALS	ACTUALS	JULY YTD	BUDGET	BUDGET	(DECREASE)	CHANGE
OPERATING REVENUE							
RESIDENTIAL SALES	3,780,680	4,452,996	2,065,510	4,109,514	4,633,121	523,607	11.3%
COMMERCIAL SALES	1,710,132	2,023,129	737,976	1,859,789	2,026,247	166,458	8.2%
INDUSTRIAL SALES	309,566	360,093	160,122	335,764	416,324	80,560	19.4%
OTHER WATER SALES	805,431	910,353	351,497	753,585	819,545	65,960	8.0%
CUSTOMER PENALTIES	23,504	29,392	10,230	39,898	47,096	7,198	15.3%
UNCOLLECTIBLE ACCOUNTS	3,500	8,835	-	-	3,624	3,624	100.0%
TOTAL OPERATING REVENUE	6,632,813	7,784,799	3,325,336	7,098,550	7,945,957	847,407	11.9%
OPERATING EXPENSES							
PUMPING AND DISTRIBUTION OPERATION	\$ 664,876	\$ 832,974	\$ 447,174	\$ 828,099	\$ 808,772	\$ (19,327)	-2.4%
DISTRIBUTION SYSTEM MAINTENANCE	\$ 482,629	\$ 873,183	\$ 378,279	\$ 733,521	\$ 1,013,789	\$ 280,268	27.6%
POWER FOR PUMPING	\$ 342,270	\$ 358,161	\$ 234,252	\$ 435,129	\$ 366,076	\$ (69,053)	-18.9%
MAINTENANCE OF GENERAL PLANT	\$ 80,606	\$ 70,023	\$ 39,399	\$ 69,907	\$ 66,991	\$ (2,916)	-4.4%
TOTAL OPERATION AND MAINTENANCE	\$ 1,570,381	\$ 2,134,341	\$ 1,099,104	\$ 2,066,656	\$ 2,255,628	\$ 188,972	8.4%
METER READING EXPENSES	\$ 74,913	\$ 86,087	\$ 43,560	\$ 71,302	\$ 56,689	\$ (14,613)	-25.8%
CUSTOMER RECORDS AND COLLECTIONS	\$ 255,640	\$ 190,071	\$ 104,764	\$ 239,187	\$ 175,441	\$ (63,746)	-36.3%
CONSERVATION EXPENSES	\$ 3,391	\$ 12,564	\$ 1,965	\$ 5,974	\$ 6,354	\$ 380	6.0%
TOTAL CUSTOMER ACCOUNTS	\$ 333,944	\$ 288,722	\$ 150,289	\$ 316,463	\$ 238,484	\$ (77,979)	-32.7%
ADMINISTRATIVE & GEN'L	\$ 433,018	\$ 469,083	\$ 311,372	\$ 678,176	\$ 621,335	\$ (56,841)	-9.1%
OFFICE SUPPLIES AND EXPENSE	\$ 75,445	\$ 142,280	\$ 102,679	\$ 137,407	\$ 242,738	\$ 105,331	43.4%
OUTSIDE SERVICES EMPLOYED	\$ 136,037	\$ 183,325	\$ 112,812	\$ 367,945	\$ 199,400	\$ (168,545)	-84.5%
PROPERTY INSURANCE	\$ 47,262	\$ 59,351	\$ 36,279	\$ 45,113	\$ 58,519	\$ 13,406	22.9%
EMPLOYEE BENEFITS	\$ 1,059,653	\$ 1,054,134	\$ 537,803	\$ 905,569	\$ 945,680	\$ 40,111	4.2%
MISCELLANEOUS GENERAL	\$ 244,518	\$ 251,333	\$ 131,238	\$ 277,393	\$ 303,504	\$ 26,111	8.6%
TOTAL ADMINISTRATIVE AND GENERAL	\$ 1,995,933	\$ 2,159,506	\$ 1,232,183	\$ 2,411,603	\$ 2,371,176	\$ (40,427)	-1.7%
OPERATING EXPENSE BEFORE DEP & AMT	\$ 3,900,258	\$ 4,582,569	\$ 2,481,575	\$ 4,794,722	\$ 4,865,288	\$ 70,566	1.5%
DEPRECIATION AND AMORTIZATION	\$ 1,860,949	\$ 3,114,412	\$ 1,749,582	\$ 2,006,776	\$ 2,764,778	\$ 758,002	27.4%
TOTAL OPERATING EXPENSES	5,761,207	7,696,981	4,231,157	6,801,498	7,630,067	868,995	11.4%
OPERATING INCOME	\$ 871,606	\$ 87,818	\$ (905,822)	\$ 297,052	\$ 315,890	\$ 18,838	6.0%
TOTAL NON-OPERATING INCOME (EXPENSES)	\$ 150,188	\$ 1,399,139	\$ 1,394,238	\$ 583,975	\$ 786,772	\$ 202,797	25.8%
CAPITAL CONTRIBUTIONS	\$ 8,012,023	\$ 7,572,803	\$ 2,087,482	\$ 3,649,911	\$ 4,358,700	\$ 708,789	16.3%
TOTAL TRANSFER TO MUNICIPALITY	\$ (348,233)	\$ (410,919)	\$ (248,444)	\$ (425,913)	\$ (476,540)	\$ (50,627)	10.6%
NET INCOME OR CHANGE IN NET POSITION	\$ 8,685,584	\$ 8,648,841	\$ 2,327,454	\$ 4,105,026	\$ 4,984,822	\$ 879,796	17.6%



**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: Greg Drent, General Manager 

FROM: Joseph D. Adams, Planning & Engineering Director 

SUBJECT: Solar Grid Access Charge

DATE: November 27, 2024

ISSUE

The recent Electric Rate Study by Dave Berg has recommended the Commission adopt a Solar Grid Access Charge and staff desires to offer options for implementing it in 2025.

BACKGROUND

SPU currently has 239 existing customers (over 5 kW capacity) with Distributed Energy Resources (DER) interconnected to the local distribution grid. These customers undoubtedly chose to add photovoltaic (PV) generation based on assumptions of the economics of self-generating a portion of their energy usage with the balance to be supplied by the utility.

DISCUSSION

Adopting and applying a Solar Grid Access Charge will affect the economics the customers rightly or wrongly assumed would be static for the life of their DER PV system. MN state statutes permit the fee and do not require any waiver or accommodation for existing interconnected customers.

Staff requests the Commission discuss the options for applying the new charge to existing interconnected customers vs. new applications who would be subject to 100% of the charge beginning in 2025.

Staff proposes the Commission consider the following three options:

1. Apply the full amount of the Solar Grid Access Charge in 2025.



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2. Phase in the Solar Grid Access Charge over a 2-4 year period, e.g.,
 - a) 50% in 2025 and 100% in 2026
 - b) 33% in 2025, 67% in 2026 and 100% in 2027
 - c) 25% in 2025, 50% in 2026, 75% in 2027 and 100% in 2028

RECOMMENDATIONS

Staff recommends option 2.b) phasing it in over two years.

REQUESTED ACTION

Staff requests the Commission provide direction on which option to apply.

System KW	Size - 5kW	Solar Grid Access Charge
5.040	0.040	\$ 0.16
5.120	0.120	\$ 0.48
5.120	0.120	\$ 0.48
5.200	0.200	\$ 0.80
5.220	0.220	\$ 0.88
5.220	0.220	\$ 0.88
5.220	0.220	\$ 0.88
5.280	0.280	\$ 1.12
5.280	0.280	\$ 1.12
5.355	0.355	\$ 1.42
5.460	0.460	\$ 1.84
5.460	0.460	\$ 1.84
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.480	0.480	\$ 1.92
5.500	0.500	\$ 2.00
5.510	0.510	\$ 2.04
5.584	0.584	\$ 2.34
5.584	0.584	\$ 2.34
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.760	0.760	\$ 3.04
5.840	0.840	\$ 3.36
6.000	1.000	\$ 4.00
6.000	1.000	\$ 4.00
6.000	1.000	\$ 4.00
6.000	1.000	\$ 4.00
6.028	1.028	\$ 4.11
6.028	1.028	\$ 4.11

6.028	1.028	\$	4.11
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.030	1.030	\$	4.12
6.110	1.110	\$	4.44
6.280	1.280	\$	5.12
6.282	1.282	\$	5.13
6.300	1.300	\$	5.20
6.380	1.380	\$	5.52
6.380	1.380	\$	5.52
6.390	1.390	\$	5.56
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.400	1.400	\$	5.60
6.480	1.480	\$	5.92
6.576	1.576	\$	6.30
6.576	1.576	\$	6.30
6.576	1.576	\$	6.30
6.576	1.576	\$	6.30
6.580	1.580	\$	6.32
6.580	1.580	\$	6.32
6.580	1.580	\$	6.32
6.580	1.580	\$	6.32
6.580	1.580	\$	6.32
6.582	1.582	\$	6.33
6.960	1.960	\$	7.84
6.960	1.960	\$	7.84
6.960	1.960	\$	7.84
6.960	1.960	\$	7.84
6.980	1.980	\$	7.92
6.980	1.980	\$	7.92

7.000	2.000	\$	8.00
7.040	2.040	\$	8.16
7.040	2.040	\$	8.16
7.040	2.040	\$	8.16
7.040	2.040	\$	8.16
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.120	2.120	\$	8.48
7.124	2.124	\$	8.50
7.124	2.124	\$	8.50
7.245	2.245	\$	8.98
7.250	2.250	\$	9.00
7.329	2.329	\$	9.32
7.340	2.340	\$	9.36
7.440	2.440	\$	9.76
7.540	2.540	\$	10.16
7.540	2.540	\$	10.16
7.560	2.560	\$	10.24
7.560	2.560	\$	10.24
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.600	2.600	\$	10.40
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.670	2.670	\$	10.68
7.672	2.672	\$	10.69
7.672	2.672	\$	10.69
7.680	2.680	\$	10.72

7.680	2.680	\$	10.72
7.680	2.680	\$	10.72
7.680	2.680	\$	10.72
7.680	2.680	\$	10.72
7.680	2.680	\$	10.72
7.680	2.680	\$	10.72
7.830	2.830	\$	11.32
7.830	2.830	\$	11.32
7.875	2.875	\$	11.50
8.027	3.027	\$	12.11
8.060	3.060	\$	12.24
8.100	3.100	\$	12.40
8.190	3.190	\$	12.76
8.220	3.220	\$	12.88
8.220	3.220	\$	12.88
8.220	3.220	\$	12.88
8.220	3.220	\$	12.88
8.220	3.220	\$	12.88
8.220	3.220	\$	12.88
8.320	3.320	\$	13.28
8.320	3.320	\$	13.28
8.376	3.376	\$	13.50
8.410	3.410	\$	13.64
8.410	3.410	\$	13.64
8.700	3.700	\$	14.80
8.700	3.700	\$	14.80
8.768	3.768	\$	15.07
8.768	3.768	\$	15.07
8.770	3.770	\$	15.08
8.770	3.770	\$	15.08
8.770	3.770	\$	15.08
8.770	3.770	\$	15.08
8.770	3.770	\$	15.08
8.832	3.832	\$	15.33
8.832	3.832	\$	15.33
8.880	3.880	\$	15.52
8.960	3.960	\$	15.84
8.990	3.990	\$	15.96
9.074	4.074	\$	16.30
9.216	4.216	\$	16.86
9.316	4.316	\$	17.26
9.320	4.320	\$	17.28
9.320	4.320	\$	17.28
9.320	4.320	\$	17.28


9.423	4.423	\$	17.69
9.600	4.600	\$	18.40
9.600	4.600	\$	18.40
9.600	4.600	\$	18.40
9.670	4.670	\$	18.68
9.750	4.750	\$	19.00
9.860	4.860	\$	19.44
9.984	4.984	\$	19.94
9.984	4.984	\$	19.94
9.984	4.984	\$	19.94
10.000	5.000	\$	20.00
10.000	5.000	\$	20.00
10.000	5.000	\$	20.00
10.000	5.000	\$	20.00
10.000	5.000	\$	20.00
10.240	5.240	\$	20.96
10.240	5.240	\$	20.96
10.240	5.240	\$	20.96
10.410	5.410	\$	21.64
10.412	5.412	\$	21.65
10.470	5.470	\$	21.88
10.752	5.752	\$	23.01
10.752	5.752	\$	23.01
10.960	5.960	\$	23.84
10.960	5.960	\$	23.84
11.168	6.168	\$	24.67
11.210	6.210	\$	24.84
11.400	6.400	\$	25.60
11.400	6.400	\$	25.60
11.400	6.400	\$	25.60
11.510	6.510	\$	26.04
11.700	6.700	\$	26.80
11.890	6.890	\$	27.56
12.180	7.180	\$	28.72
12.650	7.650	\$	30.60
12.870	7.870	\$	31.48
13.340	8.340	\$	33.36
13.440	8.440	\$	33.76
13.611	8.611	\$	34.44
13.630	8.630	\$	34.52
13.630	8.630	\$	34.52
13.700	8.700	\$	34.80
13.700	8.700	\$	34.80
14.720	9.720	\$	38.88

14.800	9.800	\$	39.20
14.976	9.976	\$	39.90
15.040	10.040	\$	40.16
15.200	10.200	\$	40.80
15.200	10.200	\$	40.80
16.000	11.000	\$	44.00
16.530	11.530	\$	46.12
16.560	11.560	\$	46.24
16.752	11.752	\$	47.01
17.400	12.400	\$	49.60
18.990	13.990	\$	55.96
20.000	15.000	\$	60.00
20.480	15.480	\$	61.92
21.000	16.000	\$	64.00
26.300	21.300	\$	85.20
26.600	21.600	\$	86.40
28.800	23.800	\$	95.20
34.220	29.220	\$	116.88
37.800	32.800	\$	131.20
38.000	33.000	\$	132.00

\$ 3,789.89 \$ 45,478.70
 Monthly Yearly



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DATE: November 19, 2024
 TO: Commissioners
 FROM: Greg Drent, General Manager 
 Subject: 2025 Commission Meetings and Workshops

Background: As the new year approaches, it is time to get SPU Commission meetings and workshops approved and on the calendar. In 2024, SPU commission meetings were scheduled for the first Monday of each month unless a recognized holiday fell on that Monday. Then, we moved the meeting to the following Monday to avoid conflict with the Shakopee City Council meetings held on Tuesdays. There is only one holiday in 2025 that conflicts with a meeting held on a Monday. The September meeting will be held on the second Monday of the month, and all other meetings will be held on the first Monday. I propose having three workshops in 2025. These workshop dates are March 17th, June 16th, and October 20th.

Workshops will be modified throughout the year on topics the commission or staff feels need more discussion by commissioners. These workshops will be a little longer than regular commission meetings, so snacks/ light supper will be provided.

Action: Approve 2025 commission meetings and workshop schedule as follows:

Commission Meetings:

January 6 th	July 7 th
February 3 rd	August 4 th
March 3 rd	September 8 th
April 7 th	October 6 th
May 5 th	November 3 rd
June 2 nd	December 1 st

Workshops will be held on March 17th, June 16th and October 20th

COMMISSION MEETING DATES

SPU HOLIDAYS

2025

Commission Workshops

January

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			