SPU
Shakopee Public Utilities

REGULAR COMMISSION MEETING

MAY 4, 2026

SPU SERVICE CENTER, 255 SARAZIN ST, SHAKOPEE

1. **CALL TO ORDER – 5:00 PM**

2. **ROLL CALL**

3. **APPROVAL OF MAY 4, 2026 AGENDA**
   MOTION TO APPROVE THE AGENDA

4. **COMMUNICATIONS –** Customer Communications – Backflow Prevention (SW)

5. **PUBLIC COMMENT PERIOD**
   PLEASE STEP UP TO THE TABLE AND STATE YOUR NAME AND ADDRESS FOR THE RECORD

6. **CONSENT AGENDA**
   6.a Approval of April 6, 2026 Minutes (GD)
   6.b Approval of April 20, 2026 Special Meeting Minutes (GD)
   6.c May 4, 2026 Warrant List (KW)
   6.d Monthly Water Dashboard for March 2026 (RH)
   6.e Res #2026-10 Resolution Setting the Amount of the Trunk Water Charge, Approving of Its Collection and Authorizing Water Services to Certain Property Described at: Bluff View - 2nd Addition (RH)
   6.f Res #2026-11 Resolution of Appreciation to Sheri Bergeland (KW)
   6.g 1st Quarter Financials Reports (KW)
   MOTION TO ACCEPT AND/OR APPROVE THE CONSENT AGENDA ITEMS

7. **BUSINESS REMOVED FROM CONSENT AGENDA**

8. **LIAISON REPORT (JD)**

9. **REPORTS – GENERAL**
   9.a 2025 Audited Financials and Presentation (KW)
   MOTION TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR-ENDING DECEMBER 31, 2025

   9.b Reliability and Outage Report (BC)

   9.c Substation Power Transformer and Circuit Breaker Bid Results/Award Follow-up (JA)
   MOTION TO AUTHORIZE THE PURCHASE OF A THIRD 47 MVA TRANSFORMER FROM VIRGINIA TRANSFORMER TO SERVE AS BACKUP FOR THE MULTIPLE UNITS ENERGIZED AT 115 KV TRANSMISSION VOLTAGE NOW IN SERVICE AND/OR AS THE NEXT UNIT TO BE INSTALLED SHOULD THE WEST SHAKOPEE SUBTATION SIS APPROVE THE PROPOSED EXPANSION. SAID PURCHASE IS TO BE APPROVED WITH SIMILAR TERMS AND CONDITIONS TO THE FIRST TWO ALREADY AUTHORIZED (AT A COST OF UP TO $2,760,921 WITH A DELIVERY DATE NO LATER THAN 5/15/28).

MOTION TO AUTHORIZE SPENDING UP TO AN ADDITIONAL 15% ($414,138), SUBJECT TO THE GENERAL MANAGER NEGOTIATING A CHANGE ORDER WITH VIRGINIA TRANSFORMER TO MODIFY THE DESIGN SPECIFICATIONS, ENABLING THE TRANSFORMER TO OUTPUT ITS SECONDARY VOLTAGE AT EITHER 13.8 OR 12.47 KV VS. BEING LIMITED TO ONLY 13.8 KV.

MOTION TO AUTHORIZE THE PURCHASE OF A THIRD 115 KV SUBSTATION CIRCUIT BREAKER FROM BORDER STATES/GE VERONA TO SERVE AS A BACKUP FOR THE MULTIPLE UNITS NOW IN SERVICE AND/OR AS THE NEXT UNIT TO BE INSTALLED SHOULD THE WEST SHAKOPEE SUBSTATION SIS APPROVE THE PROPOSED EXPANSION, WITH SIMILAR TERMS AND CONDITIONS AS THE FIRST TWO ALREADY AUTHORIZED (AT A COST OF UP TO $209,102 AND DELIVERY BY 5/8/28).

9.d 15 kV Pad Mount Switchgear Bid Award (JA)
MOTION TO AUTHORIZE THE PURCHASE OF NINETEEN (19) 15 KV PAD MOUNT SWITCHES FROM ____________ IN THE AMOUNT OF _____________.

10. REPORTS – STAFF
10.a Electric Engineering & Operations Report – Verbal (BC)
10.b Water Engineering & Operations Report – Verbal (RH)

11. GENERAL MANAGER REPORT – VERBAL (GD)

12. ITEMS FOR FUTURE AGENDAS

13. TENTATIVE DATES FOR UPCOMING MEETINGS
- June 1, 2026
- June 15, 2026 workshop
- July 6, 2026
- August 3, 2026

14. ADJOURNMENT

Proposed As Consent Item

SPU
Shakopee Public Utilities

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Shakopee Public Utilities

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

May 1, 2026

TO: Greg Drent, General Manager

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

SUBJECT: Customer Communications – Backflow Prevention

Overview

The attached communication was received since our last commission meeting.

This customer is disputing SPU's policy of required annual backflow device testing on devices installed prior to January 23, 2016. He is looking for exemption from the policy and an immediate waiver of all inspection fees and penalties.

Also attached is SPU's response to this customer. This response was drafted with assistance from SPU legal. The response provides options for a refundable penalty should the customer choose one.

Action Requested

Staff is sharing this customer communication for Commission awareness and discussion as the Commission deems appropriate. No action is requested unless the Commission would like to make an exception or adjustment to policy.

Shakopee Public Utilities
PO Box 470
255 Sarazin St.
Shakopee, MN 55379

Re: Formal Dispute of Annual Backflow Inspection Requirement — Grandfathered Equipment Installed Prior to January 23, 2016

To Whom It May Concern:

I am writing to formally dispute your utility's demand that I submit to and pay for an annual backflow preventer inspection on equipment installed at my property prior to January 23, 2016. I am further disputing any policy your utility has adopted that fails to exempt pre-2016 installations from this requirement, as such a policy is inconsistent with — and contrary to — controlling Minnesota law.

LEGAL BASIS FOR EXEMPTION

The annual backflow preventer inspection requirement derives from the revised Minnesota State Plumbing Code, Minnesota Rules Chapter 4714, Section 603.4.2, which took effect on January 23, 2016. This code provision applies prospectively to testable backflow prevention assemblies installed on or after that effective date. Equipment installed prior to January 23, 2016 — including pressure vacuum breakers, double check valve assemblies, and atmospheric vacuum breakers — is expressly grandfathered under the prior plumbing code and is not subject to mandatory annual testing requirements.

The only exception to this grandfathering provision is for Reduced Pressure Zone (RPZ) devices, which are subject to annual inspection regardless of installation date. My equipment is a pressure vacuum breaker, not an RPZ device, and therefore falls squarely within the grandfathered category.

DEMAND FOR RELIEF

Based on the foregoing, I hereby demand the following:

1. Immediate waiver of any and all inspection fees, charges, or penalties assessed against my account in connection with the annual backflow inspection requirement as applied to my pre-2016 equipment; and

2. A written response, within fourteen (14) days of receipt of this letter, identifying the specific legal authority — by statute, rule, or ordinance citation — under which your utility claims the right to impose this inspection requirement on equipment that is grandfathered under Minnesota Rules Chapter 4714.

If your utility cannot identify a lawful basis for applying this requirement to my property, I expect written confirmation that my account has been exempted from this program going forward.

ESCALATION NOTICE

Please be advised that if I do not receive a satisfactory response within the time stated above, I am prepared to file a formal complaint with the Minnesota Public Utilities Commission and the Minnesota Department of Labor and Industry, which retains ultimate enforcement authority over the Minnesota Plumbing Code. I am also prepared to contact the Minnesota Attorney General's Office regarding this matter.

I am retaining a copy of this correspondence for my records and intend to document all further communications on this matter.

Respectfully,

SPU
Shakopee Public Utilities

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

April 27, 2026

Re: Backflow Prevention Requirements

Dear

Shakopee Public Utilities (SPU) received your letter on April 20, 2026. As the General Manager, I am responding on behalf of SPU.

Your letter disputes the applicability of SPU's Backflow Prevention and Cross-Connection Control Policy (the "Policy"), which was enacted for the protection of our water system and the safety of all water customers. As the water purveyor, SPU's Policy requires testing of backflow preventer assemblies upon installation and then at intervals not to exceed twelve months from the previous test. The Commission also adopted the backflow penalty schedule for violation of the Policy, including a $150 penalty applicable one time during each 12-month testing period.

Your letter contends that Minnesota regulations exempt backflow prevention assemblies installed before 2016. This position is incorrect.

The regulation that you cited, Rule 4714.0603, contains no exemption before 2016. Instead, the rule states: "The devices or assemblies shall be tested **at the time of installation**, repair, or relocation **and not less than on an annual schedule thereafter**, or more often where required by" the governing body. Minn. Admin. Rule 4714.0603.2, subp. 1 (emphasis added). I enclose a copy of the rule for your convenience. SPU's Policy follows the express language of the regulation.

For your reference, I note that under SPU's policy, the penalty is refundable if requested by a customer following a successful test submission within sixty days of the original due date, or if a customer requests an irrigation system lock-out by SPU in lieu of an annual backflow device test. SPU encourages you to consider these options to avoid any additional penalties.

Sincerely,

Gregory L Drent

Greg Drent, General Manager

Enclosure: Rule 4714.0603

4714.0603 CROSS-CONNECTION CONTROL.

Subpart 1. **Section 603.2.** UPC section 603.2 is amended to read as follows:

603.2 Approval of Devices or Assemblies. Before a device or an assembly is installed for the prevention of backflow, it shall have first been approved. Devices or assemblies shall be tested in accordance with recognized standards or other approved standards. Backflow prevention devices and assemblies shall comply with Table 603.2, except for specific applications and provisions as stated in sections 603.5.1 through 603.5.23.

Devices or assemblies installed in a potable water supply system for protection against backflow shall be maintained in good working condition by the person or persons having control of such devices or assemblies. The devices or assemblies shall be tested at the time of installation, repair, or relocation and not less than on an annual schedule thereafter, or more often where required by the Authority Having Jurisdiction. Where found to be defective or inoperative, the device or assembly shall be repaired or replaced. No device or assembly shall be removed from use or relocated, or other device or assembly substituted, without the approval of the Authority Having Jurisdiction.

Testing shall be performed by a certified backflow assembly tester in accordance with ASSE Series 5000.

UPC Table 603.2 is not amended.

Subp. 2. **Section 603.5.4.** UPC section 603.5.4 is amended to read as follows:

603.5.4 Heat Exchangers. Heat exchangers used for heat transfer, heat recovery, or solar heating shall protect the potable water system from being contaminated by the heat-transfer medium.

603.5.4.1 Single-Wall Heat Exchanger. Installation of a single-wall heat exchanger shall meet all of the following requirements:

(1) Connected to:

(a) a low-pressure hot water boiler limited to a maximum of 30 pounds-force per square inch gauge (psig) (207 kPa) by an approved safety or relief valve; or

(b) a steam system limited to a maximum of 15 psig (103 kPa).

(2) The heat-transfer medium is either potable water or contains fluids having a toxicity rating or Class of 1.

(3) Bear a label with the word "Caution," followed by the following statements:

(a) The heat-transfer medium shall be water or other nontoxic fluid having a toxicity rating or Class of 1 as listed in Clinical Toxicology of Commercial Products, 5th edition.

(b) The pressure of the heat-transfer medium shall be limited to a maximum of 30 psig (207 kPa) by an approved safety or relief valve.

The word "Caution" and the statements in letters shall have an uppercase height of not less than 0.120 inch (3.048 mm). The vertical spacing between lines of type shall be not less than 0.046 inch (1.168 mm). Lowercase letters shall be compatible with the uppercase letter size specifications.

603.5.4.2 Double-Wall Heat Exchanger. Double-wall heat exchangers shall separate the potable water from the heat-transfer medium by providing a space between the two walls that are vented to the atmosphere.

Subp. 3. **Section 603.5.12.** UPC section 603.5.12 is amended to read as follows:

603.5.12 Beverage Dispensers. Potable water supply to beverage dispensers, carbonated beverage dispensers, or coffee machines shall be protected by an air gap or a vented backflow preventer in accordance with ASSE 1022. For carbonated beverage dispensers, piping materials installed downstream of the backflow preventer shall not be made of copper and not be affected by carbon dioxide gas.

Subp. 4. **Section 603.5.17.** UPC section 603.5.17 is amended to read as follows:

603.5.17 Potable Water Outlets and Valves. Potable water outlets, freeze-proof yard hydrants, combination stop-and-waste valves, or other fixtures that incorporate a stop-and-waste feature that drains into the ground shall not be installed underground except for a freeze-proof yard hydrant that is located at least two feet above the water table and at least ten feet from any sewer or similar source of contamination.

Subp. 5. **Section 603.5.** UPC section 603.5 is amended by adding the following subsections:

603.5.22 Barometric Loop. A barometric loop is an acceptable method of protection of water connections where an actual or potential backsiphonage hazard exists that is not subject to backpressure.

603.5.23 Installation of Testable Backflow Prevention Assembly. Testable backflow prevention assemblies meeting ASSE Standard 1013, 1015, 1020, 1047, 1048, or 1056 shall be installed, tested, maintained, and removed in accordance with sections 603.5.23.1 through 603.5.23.4.

603.5.23.1 Notification of Installation. The administrative authority shall be notified before installation of a testable backflow prevention assembly. The public water supplier shall be notified of the installed testable backflow preventer assembly within 30 days following installation on a community public water system.

603.5.23.2 Testing and Maintenance. The installation of a testable backflow prevention assembly is permitted only when a periodic testing and inspection program conducted by qualified personnel is provided by an agency acceptable to the administrative authority. Inspection intervals shall not exceed one year. The administrative authority may require more frequent testing if deemed necessary to ensure protection of the potable water. A testable backflow prevention assembly shall be inspected after initial installation to ensure that it has been properly installed and that debris resulting from the piping installation has not interfered with the functioning of the assembly.

603.5.23.3 Inspection and Records. A test and inspection tag shall be affixed to the testable backflow prevention assembly. The tester shall date and sign the tag and include the tester's backflow prevention tester certification number. Written records of testing and maintenance shall be maintained and submitted to the administrative authority, and to the public water supplier, within 30 days of testing if installed on a community public water system.

603.5.23.4 Notification of Removal. The Authority Having Jurisdiction, in addition to the public water supplier, shall be notified within 30 days following removal of a testable backflow prevention assembly from a community public water system.

Statutory Authority: *MS s 326B.43; 326B.435*

History: *40 SR 71; 45 SR 1007*

Published Electronically: *September 27, 2021*

6a

Proposed As Consent Item

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
April 6, 2026
Regular Meeting

1. Call to Order. President Letourneau called the April 6, 2026 meeting of the Shakopee Public Utilities Commission to order at 5:00 P.M. President Letourneau, Vice President Mocol, Commissioner DuLaney, Commissioner Krieg, and Commissioner Ranua were present.

2. Agenda Approval. Vice President Mocol moved, seconded by Commissioner DuLaney, to approve the agenda. Ayes: Letourneau, Mocol, DuLaney, and Krieg. Nays: None.

3. Election of Officers. Greg Drent, General Manager, opened nominations for the offices of President, Vice President, and Secretary. Commissioner Krieg nominated a slate of B.J. Letourneau as President, Kathi Mocol as Vice President, and Greg Drent as Secretary. Vice President Mocol seconded the nomination. No other nominations were presented. Ayes: Letourneau, Mocol, DuLaney, and Krieg. Nays: None. Mr. Drent explained that the Governance Handbook specifies the General Manager as the MMPA Representative and the President as the Alternate, unless the Commission determines differently. He noted that Commissioner Krieg has been serving as the Alternate Representative. President Letourneau nominated Commissioner Krieg to continue to serve as the Alternate Representative. No other nominations were presented.

4. Communications. Sharon Walsh, Director of Marketing/Key Accounts/Special Projects, explained two customer communications concerning the AMI Meter Exchange Policy and SPU's response. She noted that under the policy, unless the accounts are paid in full, they will be disconnected.

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

6. Consent Agenda. Commissioner DuLaney moved, seconded by Commissioner Krieg, to approve the consent agenda as presented:
(6a) March 2, 2026 Minutes;
(6b) March 16, 2026 Special Meeting Minutes;
(6c) March 17, 2026 Joint Meeting Minutes;
(6d) April 6, 2026 Warrant List;
(6e) Monthly Water Dashboard for February 2026;
(6f) Nitrate Report;
(6g) LOGIS Membership Application and Res #2026-09; and
(6h) MMPA March 2026 Meeting Update
Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

7. Liaison Report. Commissioner DuLaney thanked SPU Commissioners and staff for attending the joint meeting with the City Council.

8. First Amendment to Payment in Lieu of Taxes. Mr. Drent noted that, as discussed at the joint meeting, the Payment in Lieu of Taxes agreement between SPU and the City has been in

place since 2021. The proposed amendment is designed to mirror the framework of the franchise fee that the City currently charges Xcel Energy customers. SPU would continue to pay the City 6% percent up to $1.5 million, and then reduce the percentage to 1% for large users over 10 megawatts. By contrast, Xcel Energy's franchise reduces the percentage from 3% to 0.5% for gross revenues exceeding $950,000. Mr. Drent explained that the purpose of the amendment is to level the playing field for economic development opportunities between SPU and neighboring utilities such as Xcel. Vice President Mocol moved to approve the First Amendment to the Agreement Regarding Payment in Lieu of Taxes as presented. Commissioner DuLaney seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

9. East Shakopee Substation & Additional Transformer Bid Results/Adward. Brad Carlson, Director of Electric Engineering & Operations, reported that SPU opened transformer bids on March 31. SPU requires one 47 MVA transformer for the East Shakopee substation, and, if the data center proceeds, an additional transformer for the Pike Lake substation. Mr. Carlson reported that Virginia Transformer was the lowest responsible bidder in the amount of $2,760,921 with the expected delivery date that works best for SPU. Kevin Favero, Senior Project Manager for Leidos, explained the evaluated cost of the transformer and the exceptions to be negotiated. Commissioner DuLaney moved to award the first transformer contract to Virginia Transformer in an amount not to exceed $2,760,921. Vice President Mocol seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None. Commissioner Ranua moved approval of a second transformer from Virginia Transformer in an amount not to exceed $2,760,921 contingent upon a signed Electric Service Agreement and deposit to SPU. Vice President Mocol seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

10. East Shakopee Substation & Additional 115kV Breaker. Mr. Carlson reported that SPU also opened bids for 115 kV breakers on March 31, and that the lowest responsible bidder, using the expected delivery date required by SPU, was GE Vernova via Border States. Vice President Mocol moved to award the contract to GE Vernova for one 115 kV breaker in an amount not to exceed $209,102. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None. Commissioner Krieg moved to approve a second 115kV breaker from GE Vernova in an amount not to exceed $209,102 contingent upon a signed Electric Service Agreement and deposit to SPU. Commissioner Ranua seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

11. Adams Street Watermain Extension Contract Award and Construction Cooperative Agreement with City of Shakopee. Ryan Halverson, Director of Water Engineering & Operations, explained the project involves approximately 850 feet of new watermain ending at a hydrant stub in Lion's Park. He reported that ten bids were opened on March 26, and Northwest Asphalt Inc., was the lowest responsible bidder in the amount of $262,621.37. Mr. Halverson noted that SPU and City staff have developed the proposed Construction Cooperative Agreement, with each paying one-half of the project costs. The project will begin shortly and is expected to be completed by June and the seasonal opening of Sand Venture Aquatic Park. Vice President Mocol moved to award the construction contact for the Adams Street Watermain Extension to Northwest Asphalt, Inc., in the amount of $262,621.37, and authorize execution of the Construction Cooperative Agreement with the City of Shakopee. Commissioner Ranua seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

12. Election Operations and Engineering Report. Mr. Carlson provided an update on tree trimming, resetting winter construction items after frost, inspections of SPU trucks, and the final AMI meter changeout. Mr. Carlson congratulated the SPU journeyman team and two apprentice teams who competed in the APPA national line workers rodeo, and received first place in its population category. He reported three outages since the last Commission meeting, including one due to failed transformer busing, affecting seven customers.

13. Water Operations and Engineering Report. Mr. Halverson provided an update, including development review on City projects and County roadway projects, the Risk and Resiliency Plan and Emergency Action Plan, which are updated every five years, AMI meter changeouts, updating the water asset maps and lead/copper maps, and completing the removal of hydrant bags. He reported that SPU completed 667 lockout tags for non-compliance with the backflow prevention policy. He noted upcoming large fiber projects will involve water and electric locating, and explained that the City plans to proceed in smaller batches with additional communication on projects. Mr. Halverson stated that SPU is switching software for state reporting purposes.

14. General Manager Report. Mr. Drent stated that he and President Letourneau met with legislators through the MMUA Legislative Conference. He reported that SPU closed on the purchase of the Hawkins site on Friday. He noted on-going communication with Xcel Energy and the finalized annual calculation with Minnesota Valley under the past agreement. Mr. Drent welcomed Commissioner Ranua and noted the use of the orientation materials approved by the Commission. Mr. Drent noted that staff have been working with the informal working group on the next agreement involving the proposed data center, and suggested a special meeting to consider the document. The Commission decided on a special meeting on April 20, 2026 at 5:30 P.M.

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

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Greg Drent, Commission Secretary

6b

Proposed As Consent Item

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
April 20, 2026
Special Meeting

1. Call to Order. President Letourneau called the April 20, 2026 special meeting of the Shakopee Public Utilities Commission to order at 5:30 P.M. President Letourneau, Vice President Mocol, Commissioner DuLaney, Commissioner Krieg, and Commissioner Ranua were present.

2. Agenda Approval. Vice President Mocol moved to approve the agenda as presented, seconded by Commissioner Ranua. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

3. Large Industrial (ESA) Electric Service Agreement with Shakopee Capital, LLC. Greg Drent, General Manager, provided an overview of the proposed agreement, noting the tight timeline for the customer to close on property, obtain financing, and for SPU to order equipment. Mr. Drent highlighted changes made after the packet was sent out on Friday. Commissioner Ranua moved to approve the agreement in a form substantially similar to that presented, and to authorize the informal working group to work with the General Manager and legal to make revisions to this document which will be minor in nature. Commissioner DuLaney seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranu. Nays: None.

4. Solid Di-Electric Switchgear Bid Award. Brad Carlson, Director of Electric Engineering and Operations, explained the results of the sealed bids received on March 31 for Solid Di-electric Switchgear, with 21 units needed to serve Shakopee Capital, LLC. He explained the recommendation of HDR to award the contract to Border States for Eaton ISG switchgear, with the shortest lead time. Motion by Vice President Mocol to award the contract for the 21 units of the Eaton ISG switchgear to Border States in the amount of $2,052,832.53 if the developer approves the Electric Service Agreement and makes the payment to SPU. Commissioner DuLaney seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

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

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Greg Drent, Commission Secretary

6c

Proposed As Consent Item

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 4, 2026

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 04/03/2026

AAR BUILDING SERVICE CO.	$4,468.51	APRIL CLEANING SERVICE
ACTION OVERHEAD GARAGE DOOR LLC	$3,277.50	GARAGE DOOR REPAIR
ALTEC INDUSTRIES INC	$970.15	RATCHETING BOX WRENCH(E)
AMERICAN ENGINEERING TESTING INC	$9,750.00	E SHAKO SUB DESIGN & CONST WO2844
ANCOM COMMUNICATIONS INC	$2,058.42	RADIO REPAIR(E)
APPLE FORD OF SHAKOPEE	$2,615.21	SERVICE FOR TRUCK #619
BATTERIES PLUS	$116.17	BATTERY SLI31SA (E)
BIRD'S LAWN CARE LLC	$1,637.50	TREE TRIMMING OFFICE/P.H.'S
BORDER STATES ELECTRIC SUPPLY	$672.01	2S NON-AMI METERS
CANTERBURY PARK ENTERTAINMENT LLC	$962.00	INTERIOR LED LIGHTING REBATE
CLIFTONLARSONALLEN LLP	$17,325.00	AUDIT SERVICES FOR 12/31/2025
PRESTON COLEMAN	$305.86	PER DEIM/REIMB UBERS ALABAMA WO3117
CUSTOMER CONTACT SERVICES	$366.92	ANSWERING SERVICE 3/31-4/27 2026
DSI/LSI	$584.50	APRIL GARBAGE SERVICE
ECM PUBLISHERS, INC	$185.61	POWER TRANSFORMER BIDS - AD #1523604
WALTER EHRESMANN	$500.00	RESIDENTIAL SOLAR REBATE
ABSHIRO ELMI	$500.00	RESIDENTIAL SOLAR REBATE
FLYTE HCM LLC	$10.00	MARCH COBRA
TRENT & MALEAH GILLES	$500.00	RESIDENTIAL SOLAR REBATE
GN HEARING CARE CORPORATION	$15,477.00	INTERIOR LIGHTING REBATE
GRAINGER INC	$347.58	FILTER UNIT(W)
GRAYBAR ELECTRIC COMPANY INC	$3,213.12	PIPE 2" PVC BELL ELBOW 90 DEGREES 36" R
TYLER HANSON	$468.62	PER DIEM ALABAMA WO3117 RODEO
HAWKINS INC	$490.00	CHLORINE CYLINDERS DEMURRAGE
HENNEN'S AUTO SERVICE INC.	$38.77	TIRE REPAIR TRUCK#627(E)
HIGH POINT NETWORKS, LLC	$183.75	VCENTER SUPPORT PW QUESTION
IRBY - STUART C IRBY CO	$2,821.63	HUSKIE SLA-RL760YCX CABLE CUTTER
GEORGE JOSEPH	$25.00	LED LIGHT REBATE
JT SERVICES	$734.45	SAREELSTICKY(E)
MATTHEW KAHLE	$471.52	PER DIEM ALBA/REIMB UBERS RODEO WO3117
KENNEDY & GRAVEN, CHARTERED	$25.20	WO#2634 WATER TRMT SITE ACQ FEB
ALBERT KIYENY	$500.00	RESIDENTIAL SOLAR REBATE
KWIK TRIP INC & SUBSIDIARIES	$58.80	HVAC REBATE
MACQUEEN	$485.52	TIGER TOUGH RATTLE HARD HAT
MINN VALLEY TESTING LABS INC	$444.50	WATER TESTING NITRATE+NITRITE
MINNESOTA VALLEY ELECTRIC COOPERATIVE	$6,723.57	MVTS DATA THRU END 2025
SUNIL NOOKA	$500.00	RESIDENTIAL SOLAR REBATE
POMP'S TIRE SERVICE INC	$3,100.40	TIRES/ELECTRIC TRUCKS
POWERPLAN BF	$3,525.11	VACTRON #656 REPAIR
DIPESHKUMAR PURANI	$25.00	LED LIGHT REBATE
RESCO	$719.64	8-HOLE TRANS CONNECTOR INSULATED 5/8
DYLAN RICHARDS	$259.00	PER DIEM RODEO ALABAMA WO3117
JACK SCHINTZ	$503.84	PER DIEM ALAB/REIMB UBERS RODEO 3117
SHORT ELLIOTT HENDRICKSON INC	$473.00	EMERG ACTION PLAN & RESILIENCE ASMT
MARK TSCHIDA	$500.00	ENERGY STAR COOLING/HEATING REBATE
UNITED SYSTEMS & SOFTWARE INC	$5,025.00	CFG-0151-010 5' CABLE W/INLINE CONNECTOR
VIVID IMAGE, INC.	$650.00	ESSENTIAL + PLAN 4/1-4/30 2026
WESCO RECEIVABLES CORP.	$407.25	FLAWGUY WIRE-3/8-HS-A 250 COIL
PATTY WHITNEY	$500.00	ENERGY STAR COOLING/HEATING REBATE
CENTERPOINT ENERGY - ACH	$4,582.79	2/6/26-3/9/26 @ 255 SARAZIN #5258454-7
HEALTH EQUITY INC.	$800.00	HRA MEDICAL CLAIM REIMB. C.S. 3.31.26
HEALTH EQUITY INC.	$400.00	2026 RENEWAL FEE - PYMT ID:9NGH26J
PAYROLL DIRECT DEPOSIT 04.03.26	$139,543.52	
BENEFITS & TAXES FOR 04.03.26	$147,646.71	
Total Week of 04/03/2026	**$388,475.65**	

WEEK OF 04/10/2026

CREDIT REFUNDS	$12,919.79	CREDIT REFUNDS
4 PHASE POWER LLC	$36,473.00	12.47 SWITCHGEAR TESTING/LTC INSPECTION
JOSEPH D ADAMS	$930.00	PER DIEM ALABAMA/REIMB AIRFARE
AGC NETWORKS LLC	$365.77	SUPT TECH ENG T3 REMOTE
APPLE FORD OF SHAKOPEE	$4,081.99	SERVICE ELECTRIC TRUCK#611/OIL CHG TRUCK 634(W)
ARAMARK REFRESHMENT SERVICES INC	$180.11	COFFEE
B & B TRANSFORMER INC	$4,461.00	RETANK 37.5/15 KVA 1PH PAD TRFMR/REPAIR
BARNA GUZY & STEFFEN LTD	$80.00	77283-002 EASEMENT FORMS MARCH
BORDER STATES ELECTRIC SUPPLY	$2,600.75	1 POINT STAND OFF BUSHING 15KV 200A
ROBERT BRUCKNER	$500.00	ENERGY STAR COOLING/HEATING REBATE
CITY OF SAVAGE	$32.10	MTR READ @ 9361 HORIZON ACCT030463-001
CITY OF SHAKOPEE	$222,134.40	STAGECOACH RD IMPROVEMENT WM REIMB
CONCRETE CUTTING & CORING INC	$415.63	FORESTRY HELMET/APRON CHAPS(E)
MARTIN DROUILLARD	$554.37	PER DIEM ALABAMA/REIMB MILEAGE/PARKING
ECM PUBLISHERS, INC	$127.50	DIELECTRIC SWITCHGEARS BID
FERRELLGAS	$52.02	RENTAL 3/1/26-2/28/27 500 GAL TANK
KATRINA FIIHR	$500.00	ENERGY STAR COOLING/HEATING REBATE
LISA GINTHER	$50.00	PUSHMOWER REBATE
ANDREW GOETZ	$402.76	PER DIEM ALABAMA/REIMB MILEAGE
GRAINGER INC	$41.19	LOCKING HASP CHROME 1-13/64INL
MATTHEW GRIEBEL	$513.61	PER DIEM ALABAMA WO3117/REIMB UBER
HAWKINS INC	$2,186.50	VACUUM REGULATOR/REMOTE METER PANEL
HENNEN'S AUTO SERVICE INC.	$194.82	OIL CHANGE TRK#613
HIGH POINT NETWORKS, LLC	$1,348.19	2026 HPE STOREONCE 3640 RENEWAL
HOTSY MINNESOTA	$697.99	TRUCK/EQUIP WASH(E)
INNOVATIVE OFFICE SOLUTIONS	$515.91	OFFICE SUPPLIES
INT'L UNION OF OPER ENGINEERS LOCAL 49	$1,266.69	MARCH MONTHLY UNION DUES
INTEGRATED PROCESS SOLUTIONS, INC	$8,278.29	WELL#7 SUB LEVELTRANDUCER REPLACEMENT
INTERSTATE POWER SYSTEMS	$1,625.38	GENERATOR REPAIR @ P.H.#9
ELIZA JAMES	$75.00	ENERGY STAR REFRIGERATOR REBATE
JT SERVICES	$40,369.70	POLE ST.LT BREAKAWAY ROUNDABOUT 27'8"
ERIC KING	$500.00	REIMBURSE SAFETY GLASSES
LEAGUE OF MINN CITIES INS TRUST	$5,750.86	CLAIM #: LMC CA 000000486668
LOCATORS & SUPPLIES INC	$786.06	RED MARKING PAINT(E)
LOFFLER COMPANIES - 131511	$1,611.12	MAINT CONTRACT 4/1/26-6/30/26
MINN VALLEY TESTING LABS INC	$3,870.25	WELL WATER SAMPLING
BOB MITCHELL	$500.00	ENERGY STAR COOLING/HEATING REBATE
MMUA	$795.00	NW LINEMAN COLLEGE TUITION D.RICHARDS
DION MUCHOW	$24.95	LED LIGHTING REBATE
KORY NADEAU	$500.00	ENERGY STAR COOLING/HEATING REBATE
NAPA AUTO PARTS	$133.08	ANTIFREEZE(E)
NOTT COMPANY	$191.40	REPAIR HOSES/COUPLERS
TYLER O'BRIEN	$25.86	REIMB 30AMP BREAKER/WIRE CONNECTORS
LUCINDA OLICHWIER	$150.00	ENERGY STAR DISHWASHER REBATE
PLUNKETT'S PEST CONT, INC.	$331.64	RODENT CONTROL PROGRAM @ S.SUB HOUSES
RESCO	$14,868.51	VT PACK 6' WIRING HARNESS
SCOTT COUNTY CDA	$4,611.00	INTERIOR LIGHTING REBATE
SCOTT COUNTY RECORDERS	$92.00	REC RELEASE WC AGREE A&M KERBER HOLDING
SCOTT COUNTY RECORDERS	$138.00	TERM. EASE J&J MPLS SANMAR WO2800/2820
SENSIDYNE, LP	$1,094.33	CHLORINE (Cl2) EC, ND 0-10.0 PPM FM
SHERWIN WILLIAMS	$60.09	PAINT WINDERMERE BLUE(W)
SRF CONSULTING GROUP, INC.	$84.98	MARCH SVCS HAWKINSON PROPERTY
STAR ENERGY SERVICES	$541.00	SOFTWARE INTEGRATION & DEVELOP
BETH STYBA	$500.00	ENERGY STAR COOLING/HEATING REBATE
SUBSURFACE SOLUTIONS	$1,149.72	S18A SONDE 33kHZ W/M10 END CAP(E)
JAMIE VON BANK	$481.00	PER DIEM ALABAMA RODEO 3117
WESCO RECEIVABLES CORP.	$3,907.40	TRANS CONNECTOR INSULATED 5/8
HEALTH EQUITY INC.	$288.46	DCRA DAYCARE CLAIM REIMB. R.L. 4.7.26
HEALTH EQUITY INC.	$221.00	MARCH ADM FEE.
MINNESOTA SECURED TITLE, INC.	$3,490,970.05	FILE NO./ESCROW NO.S39011BR WO#2634
MMPA C/O AVANT ENERGY	$2,593,498.10	MARCH POWER BILL
MN DEPT OF REVENUE ACH PAYMENTS	$307,444.00	MARCH SALES TAX PAYABLE
PRINCIPAL LIFE INS. COMPANY	$3,525.70	LTD AND STD PREMIUMS FOR MARCH
HEALTHPARTNERS	$79,073.62	APRIL PREMIUMS, MARCH CHARGE MONTH
DELTA DENTAL PLAN OF MN	$6,041.38	MARCH PREMIUMS FOR DENTAL INS.
MINNESOTA LIFE	$1,346.18	MARCH LIFE INS. PREMIUMS
Total Week of 04/10/2026	**$6,869,081.20**	

WEEK OF 04/17/2026

ABDO LLP	$2,437.50	MARCH FS ACCOUNTING SERVICES
ALTEC INDUSTRIES INC	$1,875.03	HASTINGS EV-40 HOT STICKS
AMARIL UNIFORM COMPANY	$180.66	CREDIT MEMO M.HERNANDEZ
APPLE FORD OF SHAKOPEE	$840.87	MAINT. TRUCK#634(W)
B & B TRANSFORMER INC	$36,610.00	15,225,75 KVA 1&3 PH TRANSFORMERS
BARNA GUZY & STEFFEN LTD	$4,775.00	77283-003 J&J CANTERBURY WO2820
BARR ENGINEERING CO.	$18,085.00	WO#2683 TANK 9 ENG SVCS FEB-MAR 2026
RON BARTUSEK	$513.50	PER DIEM NE DIST WATER SCHOOL/REIMB MILE
BORDER STATES ELECTRIC SUPPLY	$360.76	CLEAR PAINTABLE SOLVEN(E)
CDW GOVERNMENT LLC	$823.60	VIEWSONIC 27IN MONITORS
CITY OF PRIOR LAKE	$710.75	1ST QTR PRIOR LAKE FRANCHISE FEES 2026
CITY OF SHAKOPEE	$7,038.48	MARCH FUEL BILL
CITY OF SHAKOPEE	$582,657.79	MARCH SW$449,221.21 & SW $133,436.58
CITY OF SHAKOPEE	$370,432.00	PILOT TRANSFER FEE-MARCH 2026
CITY OF SHAKOPEE	$1,154.39	SD/SPU PROPERTIES FOR MARCH
COMCAST CABLE COMM INC.	$2.27	CABLE FOR BREAKROOMS
DGR ENGINEERING	$9,514.15	WO#3075 MUHLENHARDT CONVERSION MARCH
SHIRLEY EIDE	$25.00	CHAINSAW REBATE
FRONTIER ENERGY, INC.	$6,163.27	SHAKO C&I IMPLENTATION-MARCH
MARTIN GLYNN	$146.93	REIMBURSE SAFETY BOOTS
GOPHER STATE ONE-CALL	$1,171.80	MARCH TICKETS
GRAINGER INC	$105.68	ENCLOSURESR MLIC(W)
GRAYBAR ELECTRIC COMPANY INC	$183.23	THERMOSTAT WIRE
PHILLIP HANNON	$320.00	ENERGY STAR DISHWASHER REBATE
INNOVATIVE OFFICE SOLUTIONS	$55.75	OFFICE SUPPLIES
IRBY - STUART C IRBY CO	$1,039.09	VMI GLOVE TESTING
JOHN HENRY FOSTER MINNESOTA INC.	$1,302.42	PREV MAINT /KELLY CIR
CHRIS KASTERN	$150.00	ENERGY STAR DISHWASHER REBATE
ERIC KING	$395.47	PER DIEM GEN SCHOOL/REIMB MILEAGE
LLOYD'S CONSTRUCTION SERVICES	$522.50	DEMO & CONSTR RENTAL PD 3/25-3/31 2026
LOFFLER COMPANIES - 131511	$204.51	CONTRACT CHG 2025 MAINT AGREE MARCH
MGX EQUIPMENT SERVICES, LLC	$3,739.00	PLOW MOUNT INSTALL WATER TRUCK WO3109
MID-COUNTY FABRICATING INC.	$927.69	CART FOR RODEO
MIDWAY FORD - ROSEVILLE	$51,947.90	2026 F250 4X4 SUPER CAB 8' BOX WO3105
MINN VALLEY TESTING LABS INC	$512.50	WATER TESTING NITRATE+NITRITE
MMUA	$585.00	2026 GENERATION SCHOOL ERIC KING
NCPERS GROUP LIFE INS.	$176.00	MARCH PREMIUMS
NCPERS GROUP LIFE INS.	$176.00	APRIL PREMIUMS
NISC	$35,582.63	MARCH PRINT SERVICES
NORTHERN STATES POWER CO	$4,747.88	MARCH POWER BILL
NOTT COMPANY	$78.34	HOSES(E)
OFFICE OF MNIT SERVICES	$776.90	MARCH (WAN) SERVICES
LUCINDA OLICHWIER	$500.00	ENERGY STAR COOLING/HEATING REBATE
ORACLE AMERICA INC.	$35,759.03	1ST QTR 2026 OPOWER CLOUD SERVICE
PLUNKETT'S PEST CONT, INC.	$153.66	PEST CONTROL @ P.H. 15&16
REHDER & ASSOCIATES INC.	$2,400.00	WO#2844 MARAS STREET/RELIAKOR
RESCO	$6,135.54	SWITCH LOAD BREAK 3 PH VERTICAL
RW BECK GROUP, INC, LEIDOS ENG. LL	$7,379.00	SPU OPERATING STUDIES MARCH 2025
SHAKOPEE CHEVROLET	$111.55	OIL CHANGE/ROTATE TIRES TRK#615(W)
SHORT ELLIOTT HENDRICKSON INC	$2,113.00	EMERGANCY ACTION PLAN & RESILIENCE ASMT
SPENCER FANE LLP	$54,570.50	MARCH LEGAL FEES
VERIZON	$650.65	MARCH TRUCK TRACKING
WESCO RECEIVABLES CORP.	$1,457.10	BASHLIN BN9327-6AL 6 SELF-RETRACT
XCEL ENERGY	$2,796.71	ACCT#51-5636204-8 VALLEY PK 2/24-3/25
AMERICAN NATL BANK_MASTERCARD_ACH	$9,329.81	MARCH CC STMT
FIRST DATA CORPORATION	$15,117.98	CC FEES MARCH 2026
FP MAILING SOLUTIONS	$500.00	REPLENISH FUNDS PARCEL SHIPPING WATER
HEALTH EQUITY INC.	$250.00	HCRA MEDICAL CLAIM REIMB C.S. 4.14.26
VERIZON WIRELESS SERVICES LLC	$1,209.96	MONTHLYPEPWAVE POTSOLVE 3/6-4/5 2026
VERIZON WIRELESS SERVICES LLC	$3,328.21	MARCH CELL PHONE BILL
PRINCIPAL LIFE INS. COMPANY	$648.76	EMPLOYEES TAXES FOR MPFML 2/28-3/23/26
PAYROLL DIRECT DEPOSIT 04.17.26	$149,236.13	
BENEFITS & TAXES FOR 04.17.26	$160,357.06	
Total Week of 04/17/2026	**$1,603,051.89**	

WEEK OF 04/24/2026

AMERICAN DREAM FINANCIAL LLC	$9,629.69	WO2977 BONNEVISTA REBLD PHS 2 UG ELEC
APPLE FORD OF SHAKOPEE	$141.60	OIL CHANGE TRK#610(E)
RON BARTUSEK	$19.00	CDL RENEWAL
GRAINGER INC	$110.00	STEP CONE DRILL(W)
HIGH POINT NETWORKS, LLC	$26,028.19	ARTIC WOLF SECURITY YEAR 2 - 2026
IRBY - STUART C IRBY CO	$767.78	9-IN SIDE CUT PLIER
JOHNSON CONTROLS FIRE PROTECTION LP	$1,185.33	5/1/26-4/30/27 FIRE ALARM CONTR#134351
PHILIP JOSEPH	$100.00	ENERGY STAR DISHWASHER REBATE
MACQUEEN	$150.58	WEATHERTECH FLOORLINERS/EXPLORER
MINN VALLEY TESTING LABS INC	$1,743.35	WATER TESTING COLIFORM
MMUA	$15,293.25	APPRENTICE LNWRK PROG COLEMAN/RICHARDS
MELQUIADES & MARY PENA	$100.00	ENERGY STAR DISHWASHER REBATE
RW BECK GROUP, INC, LEIDOS ENG. LL	$126,618.25	WO2844 JAN-MAR E.SHAKO SUB CIVIL DESIGN
SAXON FLEET SERVICES	$57,448.00	2026 FORD SUPER DUTY F-550 TRUCK WO3102
SCOTT COUNTY TREASURER	$2,100.00	APRIL FIBER CHARGE
SENSIDYNE, LP	$559.78	CHLORINE, Cl2, 5 PPM IN NITROGEN (58 SL)
SMARTSIGHTS TECHNOLOGIES LLC	$1,550.00	SC-WIN-PRO-1YR
TECHNITROL INC	$13,483.00	GE 15KV VACUUM BREAKER
UPS STORE # 4009	$20.83	SHIPMENT TO T & R ELECTRIC E)
VESTIS FIRST AID & SAFETY SUPPLIES LOCK	$4,577.54	FIRST AID TRUAMA KITS
SHARON WALSH	$25.00	TRIMMER REBATE
WESCO RECEIVABLES CORP.	$1,439.44	CLAMP HOT LINE SMALL-BRONZE
WINSTON COMPANY	$677.77	ELECTRICAL TAPE
ESTATE OF WILLIAM CHRISTIAN	$221.85	Credit Balance Refund
HEALTH EQUITY INC.	$288.46	DCRA DAYCARE FLEX CLAIM REIMB R.L.
HEALTH EQUITY INC.	$653.80	HCRA MEDICAL FLEX CLAIM REIMB C.S.
NORTHERN STATES POWER CO	$15,000.00	STUDY AGREEMENT W SHAKO SUB UP
PRINCIPAL LIFE INS. COMPANY	$3,562.92	MARCH WAGES MNPFML PREMIUM DUE 4.26.26

Total Week of 04/24/2026 **$283,495.41**

Grand Total **$9,144,104.15**

Kelley Williamson

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Proposed As Consent Item **6d**

Monthly Water Dashboard

As of: March 2026

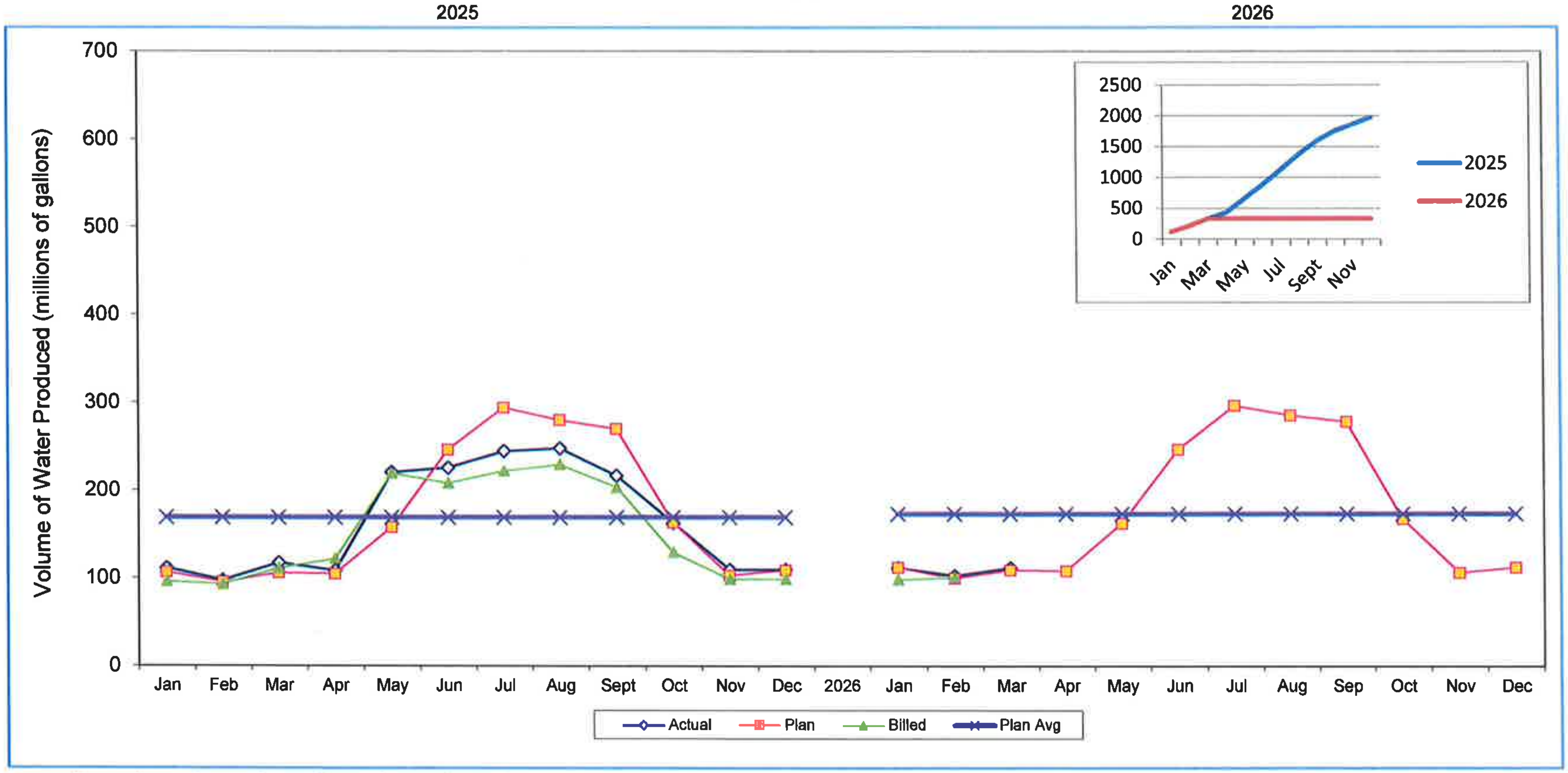
Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

Element/Measure — Water Pumped/Metered

Last 6 months actuals	163	110	110	112	103	112

Monthly Avg	
2024	161
2025	165
2026	118



2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Actual	112	98	118	109	221	226	245	248	217	163	110	110
Plan	107	96	106	105	158	246	294	280	270	163	103	109
YTD % *												
Billed	97	94	112	123	220	209	223	230	204	130	100	100

2026	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual	112	103	112									
Plan	112	100	109	108	162	246	296	285	278	167	106	112
YTD % *	100%	101%	102%									
Billed	99	102										

* Actual gallons pumped vs. Plan

6e

Proposed As Consent Item

RESOLUTION # 2026-10

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

BLUFF VIEW - 2ND ADDITION
LOTS 1-13 BLOCK 1, LOTS 1-8 BLOCK 2, LOTS 1-9 BLOCK 3, LOTS 1-16 BLOCK 4, LOTS 1-36 BLOCK 5, LOTS 1-23 BLOCK 6, LOTS 1-8 BLOCK 7, OUTLOTS A & B

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 $170,964.85 based on 27.35 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

BLUFF VIEW - 2ND ADDITION
LOTS 1-13 BLOCK 1, LOTS 1-8 BLOCK 2, LOTS 1-9 BLOCK 3, LOTS 1-16 BLOCK 4, LOTS 1-36 BLOCK 5, LOTS 1-23 BLOCK 6, LOTS 1-8 BLOCK 7, OUTLOTS A & B

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 4th day of May, 2026.

Commission President: BJ Letourneau

ATTEST:

Commission Secretary: Greg Drent

RESOLUTION #2026-11

RESOLUTION OF APPRECIATION
TO SHERI BERGELAND

WHEREAS, Ms. Sheri Bergeland joined Shakopee Public Utilities on April 7, 2014, and during her tenure of more than twelve years has worked as a Customer Service Representative for the Finance Department; and

WHEREAS, Ms. Bergeland always strived for excellence in contributing to the efficient operation of Shakopee Public Utilities and has been extremely dependable and responsible in performing her duties; and

WHEREAS, Ms. Bergeland retired from her position as the Customer Service & Billing Representative with Shakopee Public Utilities on April 30, 2026; and

NOW THEREFORE, BE IT RESOLVED BY THE SHAKOPEE PUBLIC UTILITIES COMMISSION, that it does hereby express its sincere and deep appreciation to Ms. Bergeland for her twelve years of dedicated service to Shakopee Public Utilities.

BE IT FURTHER RESOLVED that the Shakopee Public Utilities Commission extends its best wishes and congratulations to Ms. Bergeland.

Passed in regular session of the Shakopee Public Utilities Commission this 4th day of May 2026.

____
Commission President: BJ Letourneau

ATTEST:

____
Commission Secretary: Greg Drent

6g

Shakopee Public Utilities

Proposed As Consent Item

Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

DATE: April 29, 2026

TO: Greg Drent, General Manager GD

FROM: Kelley Willemssen, Director of Finance & Administration KW

SUBJECT: 1st Quarter Financials Reports

As part of the 1st Quarter financial reports, we continued the practice of providing a component of analytical review. For the Water and Electric Operating Revenue and Expense budget to actual you will see comments at the bottom of each page. The budget is projected on an annual basis rather than a monthly basis so the information in the 1st Quarter financial reports equates to 25% of the annual budget.

Key Takeaways for YTD Actuals to Budget

- Electric revenues were 10.04% under budget, mainly due to lower than budgeted power cost adjustment revenue from lower purchased power costs.
- Electric expenses were 26.02% under budget, with the major variance in purchase power costs.
- Water revenues were 31.53% under budget due to seasonal usage patterns and should stabilize beginning in July.
- Water expenses were 15.63% under budget mainly due to pumping and distribution expenses being lower than budgeted through first quarter. This variance should stabilize as usage increases.
- Change in Net Position for the electric division as of 3/31/26 is $3.6M.
- Change in Net Position for the water division as of 3/31/26 is $636K.

Key Takeaways for YTD Actuals to Prior Year

- YTD electric operating revenues are up 5.46% from the prior year.
- YTD electric expenses are down 8.27% from the previous year.
- YTD water revenues are up 13.29% from the prior year.
- YTD water expenses are down 11.99% from the previous year.

Included in this report are the following statements:

- Combined Statement of Revenues, Expenses and Changes in Fund Net Position
- Electric Operating Revenue and Expense – Budget to Actual (with analytics)
- Water Operating Revenue and Expense– Budget to Actual (with analytics)
- Electric Operating Revenue and Expense – 2025 to 2026
- Water Operating Revenue and Expense – 2025 to 2026

Request

The Commission is requested to accept the Financial Reports for the period ending 03/31/2026.

RP3

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

	Year to Date Actual - March 31, 2026			Year to Date Budget - March 31, 2026			Electric		Water		Total Utility	
			Total			Total	YTD Actual v. Budget B/(W)		YTD Actual v. Budget B/(W)		YTD Actual v. Budget B/(W)	
	Electric	Water	Utility	Electric	Water	Utility	$	%	$	%	$	%
OPERATING REVENUES	$ 14,749,471	1,493,422	16,242,893	16,395,325	2,180,984	18,576,309	(1,645,854)	-10.04%	(687,562)	-31.53%	(2,333,416)	-12.6%
OPERATING EXPENSES						-						
Operation, Customer and Administrative	9,705,196	1,013,040	10,718,237	13,441,240	1,377,399	14,818,639	3,736,043	27.8%	364,359	26.5%	4,100,402	27.7%
Depreciation	1,003,774	831,298	1,835,071	1,033,647	808,722	1,842,369	29,874	2.9%	(22,576)	-2.8%	7,298	0.4%
Total Operating Expenses	10,708,970	1,844,338	12,553,308	14,474,887	2,186,121	16,661,008	3,765,917	26.02%	341,783	15.63%	4,107,700	24.7%
Operating Income	4,040,501	(350,916)	3,689,585	1,920,438	(5,137)	1,915,302	2,120,062	110.4%	(345,779)	6731.5%	1,774,283	92.6%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	47,303	171,999	219,302	83,004	46,565	129,570	(35,701)	-43.0%	125,434	269.4%	89,733	69.3%
Interdepartment Rent from Water	22,500	-	22,500	22,500	-	22,500	-	0.0%	-	0.0%	-	0.0%
Investment Income	321,260	283,464	604,724	453,858	151,286	605,144	(132,598)	-29.2%	132,178	87.4%	(420)	-0.1%
Interest Expense	(15,045)	(628)	(15,673)	(20,220)	(1,158)	(21,378)	5,175	25.6%	530	45.8%	5,706	26.7%
Total Non-Operating Revenue (Expense)	376,019	454,835	830,854	553,311	196,693	750,004	(177,292)	-32.0%	258,142	131.2%	80,850	10.8%
Income Before Contributions and Transfers	4,416,519	103,919	4,520,438	2,473,749	191,556	2,665,305	1,942,771	78.5%	(87,637)	-45.8%	1,855,133	69.6%
CAPITAL CONTRIBUTIONS	200,086	652,167.16	852,253	184,618	1,089,675	1,274,293	15,468	-8.4%	(437,508)	-40.2%	(422,040)	-33.1%
FREE SERVICE TO THE CITY OF SHAKOPEE	40,969	-	40,969	132,364	-	132,364	(91,395)	69.0%	-	#DIV/0!	(91,395)	-69.0%
CONTRIBUTIONS TO CITY OF SHAKOPEE	(1,032,703)	(119,562.00)	(1,152,265)	(935,314)	(119,135)	(1,054,449)	(97,389)	-10.4%	(427)	-0.4%	(97,816)	-9.3%
CHANGE IN NET POSITION	$ 3,624,871	636,524	4,261,395	1,855,417	1,162,096	3,017,514	1,769,454	95.4%	(525,572)	-45.2%	1,243,882	41.2%

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

		YTD Actual 3/31/2026	YTD Budget 3/31/2026	YTD Actual v. Budget Increase (decrease) $	%	
OPERATING REVENUES						
Sales of Electricity						
Residential	$	5,883,229	6,386,845	(503,616)	92.1	
Commercial and Industrial		8,597,010	9,740,174	(1,143,164)	88.3	
Total Sales of Electricity		14,480,239	16,107,019	(1,626,780)	89.9	
Forfeited Discounts		54,255	55,166	(911)	98.3	
Conservation program		214,977	233,141	(18,163)	92.2	
Total Operating Revenues		14,749,471	16,395,325	(1,645,854)	90.0	
OPERATING EXPENSES						
Operations and Maintenance						
Purchased power		7,936,670	10,937,299	(3,000,629)	72.6	(1)
Distribution operation expenses		149,767	206,350	(56,583)	72.6	(2)
Distribution system maintenance		326,850	343,285	(16,435)	95.2	
Maintenance of general plant		92,440	121,394	(28,954)	76.1	(3)
Total Operation and Maintenance		8,505,727	11,608,328	(3,102,602)	73.3	
Customer Accounts						
Customer records and collection		153,877	181,370	(27,493)	84.8	
Energy conservation		(342,090)	221,250	(563,340)	(154.6)	(4)
Total Customer Accounts		(188,213)	402,620	(590,833)	(46.7)	
Administrative and General						
Administrative and general salaries		323,374	334,860	(11,486)	96.6	
Office supplies and expense		127,923	172,478	(44,556)	74.2	(5)
Outside services employed		147,084	143,077	4,008	102.8	
Insurance		42,418	44,500	(2,082)	95.3	
Employee Benefits		568,143	567,840	304	100.1	
Miscellaneous general		178,741	167,538	11,203	106.7	
Total Administrative and General		1,387,683	1,430,292	(42,609)	97.0	
Total Operation, Customer, & Admin Expenses		9,705,196	13,441,240	(3,736,043)	72.2	
Depreciation		1,003,774	1,033,647	29,874	97.1	
Total Operating Expenses	$	10,708,970	14,474,887	(3,765,917)	74.0	
Operating Income	$	4,040,501	1,920,438	2,120,062	210.4	

Item	Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and $ Variance Greater than $15,000.
(1)	To date the expense is coming in at $452K lower than last year in the same time period. Variance should stabilize during higher demand months.
(2)	Variance due to lower than budgeted labor and distribution expenses through the first quarter. Should stabilize throughout the year.
(3)	Variance due to lower than budgeted labor and general maintenance expenses through the first quarter. Should stabilize throughout the year.
(4)	Variance due to less conservation expenses than budgeted through March, should stabilize throughout the year.
(5)	Variance due to less office and software expenses budgeted for first quarter.

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

	YTD Actual 3/31/2026	YTD Budget 3/31/2026	YTD Actual v. Budget Increase (decrease) $	%	
OPERATING REVENUES					
Sales of Water	$ 1,487,671	2,177,499	(689,827)	68.3	(1)
Forfeited Discounts	5,751	6,111	(360)	94.1	
Uncollectible accounts	-	(2,625)	2,625	-	
Total Operating Revenues	1,493,422	2,180,984	(687,562)	68.5	
OPERATING EXPENSES					
Operations and Maintenance					
Pumping and distribution operation	205,020	269,156	(64,136)	76.2	(2)
Pumping and distribution maintenance	118,688	260,660	(141,972)	45.5	(3)
Power for pumping	87,082	94,263	(7,181)	92.4	
Maintenance of general plant	18,929	16,606	2,323	114.0	
Total Operation and Maintenance	429,718	640,685	(210,966)	67.1	
Customer Accounts					
Customer records and collection	50,825	45,115	5,710	112.7	
Energy conservation	285	1,589	(1,304)	17.9	(4)
Total Customer Accounts	51,144	46,704	4,440	109.5	
Administrative and General					
Administrative and general salaries	109,147	153,860	(44,713)	70.9	(5)
Office supplies and expense	45,683	58,632	(12,948)	77.9	(6)
Outside services employed	50,779	91,451	(40,672)	55.5	(7)
Insurance	14,139	11,333	2,807	124.8	(8)
Employee Benefits	255,881	258,464	(2,584)	99.0	
Miscellaneous general	56,549	116,272	(59,723)	48.6	(9)
Total Administrative and General	532,178	690,011	(157,833)	77.1	
Total Operation, Customer, & Admin Expenses	1,013,040	1,377,399	(364,359)	73.5	
Depreciation	831,298	808,722	22,576	102.8	
Total Operating Expenses	$ 1,844,338	2,186,121	(341,783)	84.4	
Operating Income	$ (350,916)	(5,137)	(345,779)	6,831	

Item	Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and $ Variance Greater than $15,000.
(1)	Variance due to budget being allocated evenly across the year, while higher water usage is highly seasonal from irrigation.
(2)	Variance due to lower than budgeted labor and pumping operation expenses through first quarter, should stabilize throughout the year.
(3)	Variance due to lower than budgeted pumping maintenance expenses through first quarter, should stabilize throughout the year.
(4)	Variance due to lower than budgeted water rebate expenses through first quarter.
(5)	YTD budget variance is due to 2026 budget including a full time position that was unfilled in first quarter.
(6)	Variance due to less office and software expenses than budgeted for first quarter. Should stabilize throughout the year.
(7)	Variance due to less outside service expenses than budgeted for first quarter. Should stabilize throughout the year.
(8)	Variance due to higher than budgeted insurance payments through first quarter, should stabalize throughout the year.
(9)	Variance due to lower than budgeted labor and general expenses through first quarter, should stabilize throughout the year.

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

		2026	2025	2025-2026 Increase (decrease) $	%
OPERATING REVENUES					
Sales of Electricity					
Residential	$	5,883,229	5,470,868	412,361	107.5
Commercial and Industrial		8,597,010	8,259,628	337,382	104.1
Total Sales of Electricity		14,480,239	13,730,496	749,743	105.5
Forfeited Discounts		54,255	50,382	3,873	107.7
Conservation program		214,977	204,308	10,669	105.2
Total Operating Revenues		14,749,471	13,985,186	764,285	105.5
OPERATING EXPENSES					
Operations and Maintenance					
Purchased power		7,936,670	8,389,136	(452,466)	94.6
Distribution operation expenses		149,767	158,945	(9,178)	94.2
Distribution system maintenance		326,850	266,771	60,079	122.5
Maintenance of general plant		92,440	106,890	(14,450)	86.5
Total Operation and Maintenance		8,505,727	8,921,742	(416,015)	95.3
Customer Accounts					
Meter Reading		-	9,860	(9,860)	-
Customer records and collection		153,877	118,854	35,023	129.5
Energy conservation		(342,090)	181,080	(523,170)	(188.9)
Total Customer Accounts		(188,213)	309,794	(498,007)	(60.8)
Administrative and General					
Administrative and general salaries		323,374	288,536	34,838	112.1
Office supplies and expense		127,923	143,215	(15,292)	89.3
Outside services employed		147,084	151,790	(4,706)	96.9
Insurance		42,418	41,953	465	101.1
Employee Benefits		568,143	496,633	71,510	114.4
Miscellaneous general		178,741	195,934	(17,193)	91.2
Total Administrative and General		1,387,683	1,318,061	69,622	105.3
Total Operation, Customer, & Admin Expenses		9,705,196	10,549,597	(844,401)	92.0
Depreciation		1,003,774	1,125,321	(121,547)	89.2
Total Operating Expenses	$	10,708,970	11,674,918	(965,948)	91.7
Operating Income	$	4,040,501	2,310,268	1,730,233	174.9

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

		2026	2025	2025-2026 Increase (decrease) $	%
OPERATING REVENUES	$				
Sales of Water		1,487,671	1,312,451	175,220	113.4
Forfeited Discounts		5,751	5,829	(78)	98.7
Total Operating Revenues		1,493,422	1,318,280	175,142	113.3
OPERATING EXPENSES					
Operations and Maintenance					
Pumping and distribution operation		205,020	190,469	14,551	107.6
Pumping and distribution maintenance		118,688	106,976	11,712	110.9
Power for pumping		87,082	58,145	28,937	149.8
Maintenance of general plant		18,929	11,322	7,607	167.2
Total Operation and Maintenance		429,718	366,912	62,806	117.1
Customer Accounts					
Meter Reading		34	6,234	(6,200)	0.5
Customer records and collection		50,825	39,269	11,556	129.4
Energy conservation		285	418	(133)	68.2
Total Customer Accounts		51,144	45,921	5,223	111.4
Administrative and General					
Administrative and general salaries		109,147	155,953	(46,806)	70.0
Office supplies and expense		45,683	52,086	(6,403)	87.7
Outside services employed		50,779	44,980	5,799	112.9
Insurance		14,139	13,984	155	101.1
Employee Benefits		255,881	251,683	4,198	101.7
Miscellaneous general		56,549	62,883	(6,334)	89.9
Total Administrative and General		532,178	581,569	(49,391)	91.5
Total Operating Expenses		1,013,040	994,402	18,638	101.9
Depreciation		831,298	1,101,261	(269,963)	75.5
Total Operating Expenses		1,844,338	2,095,663	(251,325)	88.0
Operating Income	$	(350,916)	(777,383)	426,467	45.1

Shakopee Public Utilities

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

DATE: April 29, 2026

TO: Greg Drent, General Manager

FROM: Kelley Willemssen, Director of Finance & Administration

SUBJECT: 2025 Audited Financials and Presentation

Background:
SPU staff met with Clifton Larsen Allen, LLP (CLA), on January 12, 2026, to kick off the 2025 audit. SPU staff collected preliminary audit details throughout January and February. Auditors were on site for fieldwork during the week of March 16, 2026.

Their time on site was spent assessing internal controls, compliance, transaction testing, reviewing records, and performing other processes necessary to accomplish the audit's objectives. There were no issues or concerns throughout the process, and the fieldwork went smoothly.

The fieldwork exit meeting was completed on March 20, 2026. At this meeting, CLA staff reviewed the audit process and communicated to SPU that there weren't any findings or issues to report.

The 2025 year-end financial statements are attached for review. Chris Knopik from CLA will present the results at the commission meeting.

Action:
The Commission is requested to approve the financial statements for year-ended December 31, 2025

CliftonLarsonAllen LLP
CLAconnect.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shakopee Public Utilities Commission, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Commissioners and Management
Shakopee Public Utilities Commission

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2026

CliftonLarsonAllen LLP
CLAconnect.com

Board of Commissioners
Shakopee Public Utilities Commission
Shakopee, Minnesota

We have audited the financial statements of Shakopee Public Utilities Commission as of and for the year ended December 31, 2025, and have issued our report thereon dated April 24, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated January 5, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

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

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

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

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated April 24, 2026.

Management consultations with other independent accountants

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

Required supplementary information

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

Supplementary information in relation to the financial statements as a whole

With respect to the individual fund statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated April 24, 2026.

Other information included in annual reports

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

* * *

This communication is intended solely for the information and use of the board of commissioners and management of Shakopee Public Utilities Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2026

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

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

SHAKOPEE PUBLIC UTILITIES COMMISSION
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SHAKOPEE PUBLIC UTILITIES COMMISSION
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INTRODUCTORY SECTION

SHAKOPEE PUBLIC UTILITIES COMMISSION
BOARD OF COMMISSIONERS AND ADMINISTRATION
DECEMBER 31, 2025

Officials	Position	Term Expires
Benedict Letourneau	President	March 31, 2027
Kathi Hofer-Mocol	Vice President	March 31, 2028
Justin Krieg	Commissioner/MMPA Alternate Rep	March 31, 2027
Kayden Fox	Commissioner	March 31, 2026
Jim Dulaney	Commissioner/City Council Member	March 31, 2027

Administration	
Greg Drent	General Manager/MMPA Rep
Kelley Willemssen	Director of Finance and Administration

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Shakopee Public Utilities Commission
Shakopee, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, a component unit of the City of Shakopee, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position each major fund of the Shakopee Public Utilities Commission, as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shakopee Public Utilities Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shakopee Public Utilities Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2025 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shakopee Public Utilities Commission's basic financial statements. The individual fund financial statements and schedules for the year ended December 31, 2025 are presented for purposes of additional analysis and are not a required part of the basic financial statements, as listed in the table of contents. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with GAAS, the basic financial statements of the Shakopee Public Utilities Commission as of and for the year ended December 31, 2024, (not presented herein), and have issued our report thereon dated April 28, 2025 which contained unmodified opinions on the respective financial statements of each major fund. The individual fund financial statements and schedules for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2024.

Board of Commissioners
Shakopee Public Utilities Commission

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Shakopee Public Utilities Commission 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of each major fund in our report dated April 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026, on our consideration of the Shakopee Public Utilities Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shakopee Public Utilities Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shakopee Public Utilities Commission's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2026

SHAKOPEE PUBLIC UTILITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ended December 31, 2025. You are invited to read this narrative in conjunction with the Utilities' financial statements.

FINANCIAL HIGHLIGHTS

- The electric utility's net position increased $8,502,701 to $119,394,167 in 2025, an increase of 7.67%. Total assets increased by $8,638,154 due to increases in net capital assets of $1,864,053, increases in cash and investments of $5,625,075 and prepaid supplies of $1,191,762 partially offset by a decrease in receivables of $107,750. Deferred outflows of resources decreased $64,662 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities increased by $163,176 due to an increase in accounts payable of $435,164, partially offset by a decrease in customer advances of $227,626 and net pension liability of $217,696. Deferred inflows of resources decreased $27,723 (see Table 1).

- The electric utility's operating revenue increased $3,806,142 or 6.47% from 2024.Total Kilowatt-hour sales volume rose by $16.8 million kWh (3.95%), reflecting stronger usage levels. Residential usage increased 8.81%, commercial 10.74%, and industrial 1.13%. In addition, the utility experienced continued customer growth, adding 468 new customers during the year, a 2.27% increase, further contributing to the overall rise in operating revenues. Wholesale power cost increases or decreases are also passed through to customers through the Power Cost Adjustment (PCA). Wholesale power costs increased $2.7 million (6.78%) in 2025, contributing to the increase in revenue, as well as expense (see Table 3).

- The electric utility's operating expenses in 2025 increased $2,716,102 or 5.3%, due to increases in purchased power costs of $2,682,202 or 6.78% and salaries of $227,327, partially offset by decreases in distribution system maintenance expenses of $237,895, and outside services of $104,405.

- The water utility's net position increased $13,170,830 to $131,549,908 in 2025, an increase of 11.13%. Total assets increased by $14,379,197 due to an increase in net capital assets of $9,538,898, an increase of $1,168,196 in cash and investments offset by a decrease in the receivables of $1,108,457. Deferred outflows of resources decreased $30,840 reflecting the GASB 68 pension reporting activity. Total liabilities increased $25,597 due to increases in accounts payable of $118,388 and customer advances of $100,264 offset by decreases in subscriptions payable of $122,299 and net pension liability of $104,048. Deferred inflows of resources increased $1,151,930 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable (see Table 2).

- The water utility's 2025 operating revenues, generated mostly by sales of water, increased $991,645 or 14.28% due to an increase in water gallons sold. The water utility added 377 new customers in 2025, an increase of 3.00% (see Table 4).

- The water utility's operating expenses in 2025 increased $339,647 or 4.72% primarily driven by an increase in depreciation and amortization of capital assets. Total gallons pumped increased 2.08%.

- Capital contributions for the utility decreased from 2024 to 2025 by $3,111,986 due to decreases in water capacity, trunk water charges and developer capital contributions.

FINANCIAL HIGHLIGHTS (CONTINUED)

- Municipal contributions expenses to the City of Shakopee increased from 2024 to 2025 by $16,333 driven by higher kWh sales, an increase in purchase power cost adjustment revenue driven by higher kWh sales and higher demand revenue as well as higher water gallons sold.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

UTILITY FINANCIAL ANALYSIS

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

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

UTILITY FINANCIAL ANALYSIS (CONTINUED)

TABLE 1
CONDENSED STATEMENT OF NET POSITION – ELECTRIC UTILITY

	2025	2024	Change
ASSETS			
Current and Other Assets	$ 63,685,664	$ 56,846,901	$ 6,838,763
Net Capital Assets	67,380,366	65,516,313	1,864,053
Total Assets	131,066,030	122,363,214	8,702,816
DEFERRED OUTFLOWS OF RESOURCES	383,238	447,900	(64,662)
Total Assets and Deferred Outflows of Resources	$ 131,449,268	$ 122,811,114	$ 8,638,154
LIABILITIES			
Net Pension Liability	$ 1,484,295	$ 1,701,991	$ (217,696)
Other Liabilities	8,994,847	8,613,975	380,872
Total Liabilities	10,479,142	10,315,966	163,176
DEFERRED INFLOWS OF RESOURCES	1,575,959	1,603,682	(27,723)
NET POSITION			
Net Investment in Capital Assets	67,380,366	65,513,523	1,866,843
Restricted	1,647,003	-	1,647,003
Unrestricted	50,366,798	45,377,943	4,988,855
Total Net Position	119,394,167	110,891,466	8,502,701
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 131,449,268	$ 122,811,114	$ 8,638,154

As can be seen from the table above, the electric utility's net position increased $8,502,701 to $119,394,167 in 2025, an increase of 7.67%. Total assets increased by $8,702,816 due to increases in net capital assets of $1,864,053, increases in cash and investments of $5,625,075 and prepaid supplies of $1,191,762 partially offset by a decrease in net accounts receivable of $107,750. Deferred outflows of resources decreased $64,662 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting.

Total liabilities increased by $163,176 due to an increase in accounts payable of $435,164 and other current liabilities of $115,997 partially offset by a decrease in customer advances of $227,626 and net pension liability of $217,696. Deferred inflows of resources decreased $27,723.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

TABLE 2
CONDENSED STATEMENT OF NET POSITION – WATER UTILITY

	2025	2024	Change
ASSETS			
Current and Other Assets	$ 46,488,971	$ 41,648,672	$ 4,840,299
Net Capital Assets	91,468,766	81,929,868	9,538,898
Total Assets	137,957,737	123,578,540	14,379,197
DEFERRED OUTFLOWS OF RESOURCES	179,826	210,666	(30,840)
Total Assets and Deferred Outflows of Resources	$ 138,137,563	$ 123,789,206	$ 14,348,357
LIABILITIES			
Net Pension Liability	$ 696,470	$ 800,518	$ (104,048)
Other Liabilities	2,011,899	1,882,254	129,645
Total Liabilities	2,708,369	2,682,772	25,597
DEFERRED INFLOWS OF RESOURCES	3,879,286	2,727,356	1,151,930
NET POSITION			
Net Investment in Capital Assets	91,340,342	81,753,388	9,586,954
Restricted	20,092,845	16,635,861	3,456,984
Unrestricted	20,116,721	19,989,829	126,892
Total Net Position	131,549,908	118,379,078	13,170,830
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 138,137,563	$ 123,789,206	$ 14,348,357

As can be seen from the table above, the water utility's net position increased $13,170,830 to $131,549,908 in 2025, an increase of 11.13%. Total assets increased by $14,379,197 due to an increase in net capital assets of $9,538,898, an increase of $1,168,196 in cash and investments, an increase of $2,690,612 in the water availability account, and an increase in the water reconstruction account of $772,183, partially offset by a decrease in net accounts receivable of $1,108,457. Deferred outflows of resources decreased $30,840 reflecting the GASB 68 pension reporting activity.

Total liabilities increased $25,597, due to increases in accounts payable of $118,388 partially offset by decreases in net pension liability of $104,048 and decreases in subscriptions payable by $122,299. Deferred inflows of resources increased $1,151,930 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

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

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

Water Availability Accounts - Restricted resources, per enabling legislation, to be used for future oversizing of watermains to support trunk systems and for providing capacity for water supply infrastructure, water production and trunk distribution facility acquisitions.

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

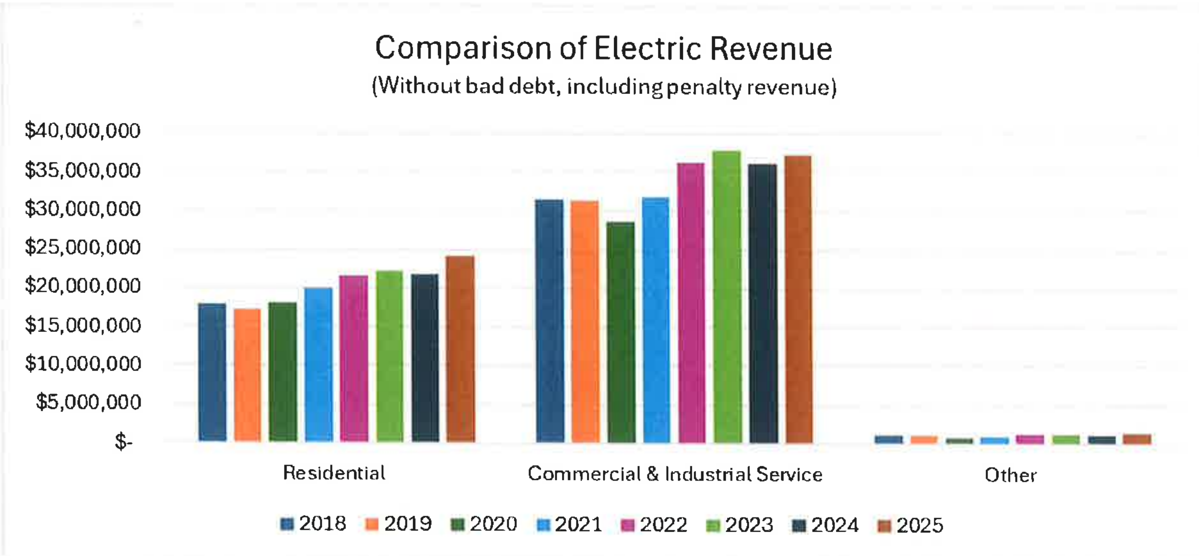
The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

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

	2025	2024	Change
OPERATING REVENUES	$ 62,677,994	$ 58,871,852	$ 3,806,142
OPERATING EXPENSES			
Operation, Customer, and Administrative	50,329,848	47,774,832	2,555,016
Depreciation and Amortization Expense	4,042,649	3,881,563	161,086
Total Operating Expenses	54,372,497	51,656,395	2,716,102
OPERATING INCOME	8,305,497	7,215,457	1,090,040
Nonoperating Revenues (Expenses)	2,768,838	2,497,894	270,944
Capital Contributions	1,093,048	936,171	156,877
Free Electric Service to the City of Shakopee	163,875	147,542	16,333
Transfers to Municipality	(3,828,557)	(3,587,635)	(240,922)
CHANGE IN NET POSITION	8,502,701	7,209,429	1,293,272
Net Position - Beginning of Year	110,891,466	103,682,037	7,209,429
NET POSITION - END OF YEAR	$ 119,394,167	$ 110,891,466	$ 8,502,701

As can be seen in Table 3, the electric utility's operating revenue increased by $3,806,142 or 6.47%, driven by growth, higher usage levels across all customer classes, demand revenue, and power cost adjustment revenue. Total kWh sales volume increased 3.95%. Residential, commercial, industrial, and other sales of electricity (without bad debt) increased by $3,787,750 or 6.54%. The electric utility added 468 new customers in 2025, an increase of 2.27%.

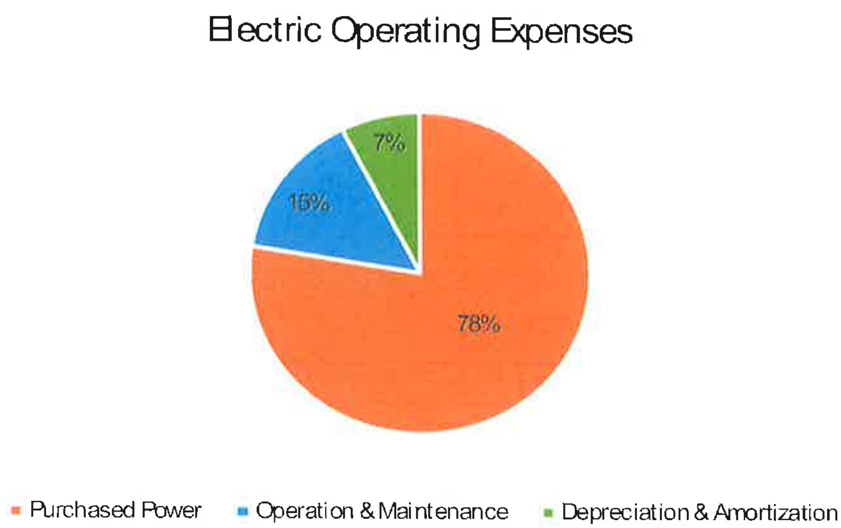
UTILITY FINANCIAL ANALYSIS (CONTINUED)



Year	Residential	Commercial & Industrial Service	Other
2018	$ 17,891,566	$ 31,414,834	$ 1,158,891
2019	17,314,820	31,261,142	1,135,968
2020	18,032,655	28,553,793	870,373
2021	19,996,991	31,752,298	1,022,634
2022	21,548,095	36,255,304	1,315,038
2023	22,150,117	37,881,431	1,271,900
2024	21,700,887	36,191,894	1,109,763
2025	24,158,149	37,192,585	1,469,040

The electric utility's operating expenses in 2025 increased $2,716,102 or 5.26%, due to increases in purchased power costs of $2,682,202, partially offset by decreases in distribution system maintenance of $237,895. Purchase power is the single largest expense item in the electric system operating budget. Nonoperating income increased $270,944 due to higher investment income. Capital contributions increased $156,877 due to increases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased $240,922 from $3,587,635 to $3,828,557 driven by higher electric sales revenue.

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Total kWh purchased in 2025 was 464,537,063 as compared to 449,243,225 in 2024, reflecting an increase of 3.4% year over year. Total kWh sold in 2025 was 444,661,402 as compared to 426,613,317 in 2024, reflecting an increase of 4.2% for the year 2025.

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

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

Historical Power and Energy Requirements

	Energy (kWh)			
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2025	464,537,063	$ 42,238,008	104,015	444,661,402
2024	449,243,225	$ 39,501,717	105,064	426,613,317
2023	461,468,537	$ 42,699,064	109,980	442,969,326
2022	462,160,248	$ 42,865,031	108,770	441,586,600
2021	463,906,473	$ 37,956,344	108,103	443,409,817
2020	449,885,399	$ 32,729,485	100,447	431,784,931
2019	459,120,703	$ 34,198,101	104,661	446,158,441
2018	469,262,264	$ 35,555,031	102,853	454,234,398

UTILITY FINANCIAL ANALYSIS (CONTINUED)

Metered Electric Customers

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

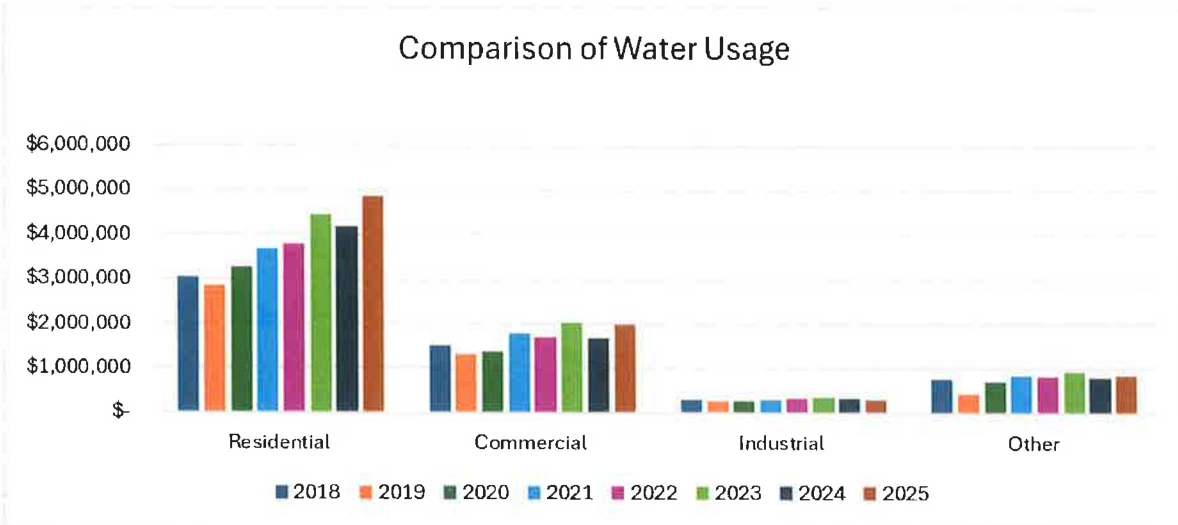
Year	Meters
2025	21,068
2024	20,600
2023	19,773
2022	19,020
2021	18,837
2020	18,562
2019	17,960
2018	17,575

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

	2025	2024	Change
OPERATING REVENUES	$ 7,936,990	$ 6,945,345	$ 991,645
OPERATING EXPENSES			
Operation, Customer, and Administrative	4,198,760	4,381,159	(182,399)
Depreciation and Amortization Expense	3,329,324	2,807,278	522,046
Total Operating Expenses	7,528,084	7,188,437	339,647
OPERATING INCOME	408,906	(243,092)	651,998
Nonoperating Revenues (Expenses)	3,278,888	1,990,580	1,288,308
Capital Contributions	9,908,161	13,020,147	(3,111,986)
Transfers to Municipality	(425,125)	(370,254)	(54,871)
CHANGE IN NET POSITION	13,170,830	14,397,381	(1,226,551)
Net Position - Beginning of Year	118,379,078	103,981,697	14,397,381
NET POSITION - END OF YEAR	$ 131,549,908	$ 118,379,078	$ 13,170,830

In 2025 the water utility's operating revenues increased $991,645, or 14.28%. The water utility's operating expenses in 2025 increased $339,647 or 4.72% driven by an increase in depreciation and amortization of capital assets. Nonoperating income increased $1,288,308 from $1,990,580 to $3,278,888 reflecting an increase in investment income of $362,527 and an increase in miscellaneous income of $906,133. Capital contributions decreased $3,111,986 primarily due to a decrease in contributed capital water mains of $1,137,593, trunk water connections of $540,915 and water connection fees of $1,417,409.

UTILITY FINANCIAL ANALYSIS (CONTINUED)



Year	Residential	Commercial	Industrial	Other
2018	$ 3,043,443	$ 1,496,789	$ 306,868	$ 759,531
2019	2,844,970	1,322,398	268,467	433,911
2020	3,257,458	1,358,234	259,951	706,486
2021	3,684,101	1,769,298	304,968	846,419
2022	3,780,680	1,710,132	309,566	828,935
2023	4,452,997	2,023,129	360,093	936,143
2024	4,171,208	1,676,731	321,183	783,629
2025	4,850,319	1,963,386	282,211	851,567

Sales of water (without bad debt) increased in 2025 by $994,732 or 14.31%. The increase in operating revenues is the result of an increase in water gallons sold in 2025, the water utility added 377 new customers in 2025.

Water gallons pumped in 2025 totaled 1,977,190 thousand gallons as compared to 1,936,849 thousand gallons in 2024, reflecting an increase of 2.08% for the year 2025. Water gallons sold including hydrant sales in 2025 totaled 1,822,889 thousand gallons as compared to 1,740,192 thousand gallons in 2024, reflecting an increase of 4.75% for the year 2025. Water operating revenues excluding reconstruction fees totaled $7,116,548 in 2025 as compared to $6,200,996 in 2024, an increase of 14.76%.

UTILITY FINANCIAL ANALYSIS (CONTINUED)

Water Demand

The following is the average daily demand and peak daily demand for the past eight years:

Year	Demand (MGD)	Peak Daily Demand (MGD)
2025	5.417	11.014
2024	5.306	10.493
2023	6.140	14.185
2022	5.498	13.254
2021	5.699	14.655
2020	4.927	12.810
2019	4.559	11.149
2018	5.054	11.122

Water Meters/Production

The following shows the number of meters and production for the water utility for the past eight years:

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2025	5,416,960	45,249	12,961	63	37
2024	5,306,440	44,859	12,584	63	37
2023	6,140,414	42,135	12,299	61	39
2022	5,498,474	40,096	12,057	61	39
2021	5,699,129	39,592	11,853	61	39
2020	4,927,033	38,506	11,741	64	34
2019	4,559,496	38,506	11,567	60	40
2018	5,053,767	38,519	11,438	59	41

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

UTILITY FINANCIAL ANALYSIS (CONTINUED)

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

TABLE 5
CONDENSED STATEMENT OF CASH FLOWS – ELECTRIC UTILITY

	2025	2024
CASH FLOWS FROM:		
Operating Activities	$ 11,906,357	$ 12,671,270
Noncapital Financing Activities	(3,828,557)	(3,587,635)
Capital and Related Financing Activities	(4,848,974)	(8,465,398)
Investing Activities	304,936	(109,690)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	508,547
Cash and Cash Equivalents - Beginning of Year	4,850,043	4,341,496
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,383,805	$ 4,850,043

TABLE 6
CONDENSED STATEMENT OF CASH FLOWS – WATER UTILITY

	2025	2024
CASH FLOWS FROM:		
Operating Activities	$ 6,225,838	$ 3,001,071
Noncapital Financing Activities	(425,125)	(370,254)
Capital and Related Financing Activities	(2,908,104)	(1,187,682)
Investing Activities	(3,876,885)	(761,612)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(984,276)	681,523
Cash and Cash Equivalents - Beginning of Year	13,542,182	12,860,659
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,557,906	$ 13,542,182

UTILITY FINANCIAL ANALYSIS (CONTINUED)

TABLE 7
CAPITAL ASSETS – ELECTRIC UTILITY

	2025	2024
CAPITAL ASSETS		
Distribution	$ 88,187,860	$ 85,923,127
General	21,310,837	20,449,905
Total Capital Assets	109,498,697	106,373,032
Less: Accumulated Depreciation and Amortization	(44,227,850)	(42,462,997)
Construction in Progress	2,109,519	1,606,278
Net Capital Assets	$ 67,380,366	$ 65,516,313

The electric utility's net capital assets increased $1,864,053 or 2.85% from 2024. This increase is due to investments in new underground construction and transformation driven by new development, substation improvements, and capital equipment. In addition, construction in progress increased by $503,241. These increases were offset by increases in accumulated depreciation of $1,764,853.

TABLE 8
CAPITAL ASSETS – WATER UTILITY

	2025	2024
CAPITAL ASSETS		
Distribution	$ 117,314,066	$ 106,163,174
General	3,876,103	3,586,099
Total Capital Assets	121,190,169	109,749,273
Less: Accumulated Depreciation	(32,329,944)	(32,206,535)
Construction in Progress	2,608,541	4,387,130
Net Capital Assets	$ 91,468,766	$ 81,929,868

During 2025, the water utility's net capital assets increased by $9,538,898 or 11.64% from 2024. Distribution and other assets increased by $11,150,892 due to investments in watermains and contributed watermains. This change in the value of assets was offset by construction in progress, which decreased $1,778,589.

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

LONG-TERM DEBT

The electric and water utilities have no bonds outstanding as of December 31, 2025. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of $7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

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

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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

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

CONTACTING UTILITY MANAGEMENT

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

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

FINANCIAL STATEMENTS

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and Investments	$ 52,464,009	$ 21,660,808	$ 74,124,817	$ 67,372,717
Cash and Investments - Emergency Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	339,815	173,839	513,654	443,756
Customer Accounts Receivable	4,591,759	491,037	5,082,796	5,148,853
Allowance for Uncollectible Amounts	(11,505)	(1,154)	(12,659)	(64,154)
Other Accounts Receivable	224,782	371,549	596,331	1,694,508
Due from City of Shakopee	119,203	85,299	204,502	307,970
Prepaid Supplies	4,042,597	54,604	4,097,201	2,903,550
Prepaid Expenses	168,001	41,784	209,785	117,262
Lease Receivable	-	129,212	129,212	135,813
Total Current Assets	62,038,661	23,006,978	85,045,639	78,160,275
NONCURRENT ASSETS				
Restricted Cash and Investments:				
Customer Deposit Accounts	1,647,003	71,487	1,718,490	1,683,130
Water Availability Account	-	17,242,853	17,242,853	14,552,241
Water Reconstruction Account	-	2,778,505	2,778,505	2,006,322
Lease Receivable	-	3,389,148	3,389,148	2,093,605
Capital Assets:				
Plant in Service	109,498,697	121,190,169	230,688,866	216,122,305
Accumulated Depreciation and Amortization	(44,227,850)	(32,329,944)	(76,557,794)	(74,669,532)
Construction in Progress	2,109,519	2,608,541	4,718,060	5,993,408
Total Noncurrent Assets	69,027,369	114,950,759	183,978,128	167,781,479
Total Assets	131,066,030	137,957,737	269,023,767	245,941,754
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	383,238	179,826	563,064	658,566
Total Assets and Deferred Outflows Resources	$ 131,449,268	$ 138,137,563	$ 269,586,831	$ 246,600,320

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 4,107,321	$ 837,642	$ 4,944,963	$ 4,391,411
Due to City of Shakopee	535,267	-	535,267	459,479
Subscriptions Payable	163,658	145,049	308,707	258,630
Compensated Absences	163,014	92,896	255,910	-
Other Current Liabilities	164,592	67,649	232,241	1,231,422
Total Current Liabilities	5,133,852	1,143,236	6,277,088	6,340,942
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS	1,647,003	71,487	1,718,490	1,683,130
NONCURRENT LIABILITIES				
Customer Advances	1,280,673	279,964	1,560,637	1,687,999
Subscriptions Payable	355,146	211,306	566,452	784,158
Compensated Absences	578,173	305,906	884,079	-
Net Pension Liability	1,484,295	696,470	2,180,765	2,502,509
Total Noncurrent Liabilities	3,698,287	1,493,646	5,191,933	4,974,666
Total Liabilities	10,479,142	2,708,369	13,187,511	12,998,738
DEFERRED INFLOWS OF RESOURCES				
Lease Related Amounts	-	3,376,560	3,376,560	2,132,991
Regulatory Collections to Cover Future Costs	504,566	-	504,566	339,995
Pension Related Amounts	1,071,393	502,726	1,574,119	1,858,052
Total Deferred Inflows of Resources	1,575,959	3,879,286	5,455,245	4,331,038
NET POSITION				
Net Investment in Capital Assets	67,380,366	91,340,342	158,720,708	147,266,911
Restricted	1,647,003	20,092,845	21,739,848	16,635,861
Unrestricted	50,366,798	20,116,721	70,483,519	65,367,772
Total Net Position	119,394,167	131,549,908	250,944,075	229,270,544
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 131,449,268	$ 138,137,563	$ 269,586,831	$ 246,600,320

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
OPERATING REVENUES				
Sales	$ 62,677,994	$ 7,936,990	$ 70,614,984	$ 65,817,197
OPERATING EXPENSES				
Operation, Customer and Administrative	50,329,848	4,198,760	54,528,608	52,155,991
Depreciation and Amortization of Capital Assets	4,042,649	3,329,324	7,371,973	6,688,841
Total Operating Expenses	54,372,497	7,528,084	61,900,581	58,844,832
OPERATING INCOME	8,305,497	408,906	8,714,403	6,972,365
NONOPERATING REVENUES (EXPENSES)				
Rentals and Miscellaneous	318,372	1,462,578	1,780,950	1,144,120
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	2,407,483	1,750,064	4,157,547	3,277,797
Interest from Leases	-	54,859	54,859	53,017
Interest Expense	(71,319)	(3,278)	(74,597)	(90,667)
Gain (Loss) on Disposition of Property	24,302	14,665	38,967	14,207
Total Nonoperating Revenues (Expenses)	2,768,838	3,278,888	6,047,726	4,488,474
Income Before Contributions and Transfers	11,074,335	3,687,794	14,762,129	11,460,839
Capital Contributions	1,093,048	9,908,161	11,001,209	13,956,318
Free Electric Service to the City of Shakopee	163,875	-	163,875	147,542
Contributions to City of Shakopee	(3,828,557)	(425,125)	(4,253,682)	(3,957,889)
CHANGE IN NET POSITION	8,502,701	13,170,830	21,673,531	21,606,810
Net Position - Beginning of Year	110,891,466	118,379,078	229,270,544	207,663,734
NET POSITION - END OF YEAR	$ 119,394,167	$ 131,549,908	$ 250,944,075	$ 229,270,544

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	$ 63,223,617	$ 10,469,198	$ 73,692,815	$ 70,181,004
Payments to Employees	(4,507,303)	(2,232,900)	(6,740,203)	(6,154,532)
Payments to Suppliers	(46,809,957)	(2,010,460)	(48,820,417)	(48,354,131)
Net Cash Provided by Operating Activities	11,906,357	6,225,838	18,132,195	15,672,341
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to City of Shakopee	(3,828,557)	(425,125)	(4,253,682)	(3,957,889)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	40,244	16,075	56,319	89,539
Leasing Activities	-	90,440	90,440	75,455
Interest from Leases	-	54,859	54,859	53,017
Subscription Activities	95,155	(141,898)	(46,743)	(524,654)
Acquisition of Capital Assets	(4,984,373)	(6,243,452)	(11,227,825)	(14,620,873)
Installation Fees	-	225,575	225,575	225,815
Connection Charges	-	2,234,246	2,234,246	3,651,655
Trunk Charges	-	856,051	856,051	1,396,966
Net Cash Used by Capital and Related Financing Activities	(4,848,974)	(2,908,104)	(7,757,078)	(9,653,080)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption (Purchase) of Investments	(2,050,142)	(5,609,456)	(7,659,598)	(3,982,328)
Interest and Dividends Received	2,355,078	1,732,571	4,087,649	3,111,026
Net Cash Provided (Used) by Investing Activities	304,936	(3,876,885)	(3,571,949)	(871,302)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	(984,276)	2,549,486	1,190,070
Cash and Cash Equivalents - Beginning of Year	4,850,043	13,542,182	18,392,225	17,202,155
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,383,805	$ 12,557,906	$ 20,941,711	$ 18,392,225

See accompanying Notes to Financial Statements.

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Electric	Water	Total	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES				
Operating Income	$ 8,305,497	$ 408,906	$ 8,714,403	$ 6,972,365
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	163,875	-	163,875	147,542
Nonoperating Revenues	337,053	1,323,487	1,660,540	1,019,048
Depreciation and Amortization Expense	4,042,649	3,329,324	7,371,973	6,688,841
Deferred Pension Outflows	64,662	30,840	95,502	643,462
Deferred Pension Inflows	(192,294)	(91,639)	(283,933)	516,433
Net Pension Liability	(217,696)	(104,048)	(321,744)	(1,501,283)
Allowance for Uncollectible Accounts	-	(924)	(924)	682
Change in Assets and Liabilities				
Customer Accounts Receivable	56,490	(41,004)	15,486	547,335
Other Accounts Receivable	(52,798)	1,150,975	1,098,177	2,323,983
Due from City of Shakopee	104,058	(590)	103,468	7,859
Inventory	(1,191,762)	(1,889)	(1,193,651)	(479,832)
Prepaid Items	(77,271)	(15,252)	(92,523)	22,563
Accounts Payable	435,164	118,388	553,552	(1,726,876)
Customer Deposits	(41,171)	(5,811)	(46,982)	131,861
Unearned Revenue	164,571	-	164,571	134,728
Customer Advances	(186,455)	100,264	(86,191)	34,279
Due to City of Shakopee	75,788	-	75,788	(32,005)
Other Liabilities	115,997	24,811	140,808	221,356
Total Adjustments	3,600,860	5,816,932	9,417,792	8,699,976
Net Cash Provided by Operating Activities	$ 11,906,357	$ 6,225,838	$ 18,132,195	$ 15,672,341
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Customer Deposits Account	$ 1,647,003	$ 71,487	$ 1,718,490	$ 1,683,130
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	17,242,853	17,242,853	14,552,241
Water Reconstruction Account	-	2,778,505	2,778,505	2,006,322
Cash and Investments	52,464,009	21,660,808	74,124,817	67,372,717
Total	54,211,012	41,753,653	95,964,665	85,714,410
Less: Investments	(45,827,207)	(29,195,747)	(75,022,954)	(67,322,185)
Total Cash and Cash Equivalents	$ 8,383,805	$ 12,557,906	$ 20,941,711	$ 18,392,225
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of Capital Assets from the Municipality and Developers	$ 1,093,048	$ 6,603,321	$ 7,696,369	$ 8,677,085
Free Electric Service to City of Shakopee	163,875	-	163,875	147,542
Accounts Payable Exchanged for Capital Assets	-	128,424	128,424	-

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

Customer and service rates are established by the Commission.

FUND FINANCIAL STATEMENTS

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

DESCRIPTION OF FUNDS

Proprietary Funds:

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

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

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. DEPOSITS AND INVESTMENTS

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

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

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

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

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

2. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2025. Bad debts are expensed annually when deemed uncollectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. PREPAID ITEMS

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

4. RESTRICTED ASSETS

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

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

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

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed.

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

Property, plant, and equipment of the Commission start being depreciated once the asset is put into service.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

7. CUSTOMER ADVANCES FOR CONSTRUCTION

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

8. CUSTOMER DEPOSITS

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

9. COMPENSATED ABSENCES

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. The liability for compensated absences reported in financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Employees also earn sick leave which is paid out at separation to the employee's Health Care Savings Plan based on years of Commission service. Compensated absences are included as part of current and non-current liabilities in the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. PENSIONS

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

11. LONG-TERM OBLIGATIONS

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

12. CAPITAL CONTRIBUTIONS

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

13. MUNICIPAL CONTRIBUTIONS

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

14. NET POSITION

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position includes resources that are not subject to externally imposed stipulations. Such resources are derived from user fees (not restricted to use), and other revenues. This component is used for transactions related to general operations of SPU and may be designated for specific purposes by action of the Board.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. USE OF ESTIMATES

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

16. COMPARATIVE DATA

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2024, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

NOTE 2 CASH AND INVESTMENTS

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

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

A. Deposits

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2025, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

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

	2025
Checking	$ 20,939,711
Total Deposits	$ 20,939,711

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2025, the Commission had the following investments:

			Years to Maturity			
	Rating	Total Value	Less Than 1 Year	1-5 Years	Over 5 Years	No Maturity
U.S. Agencies	AAA	$ 5,634,194	$ 837,666	$ 4,689,087	$ 107,441	$ -
U.S. Treasuries	N/A	51,484,501	18,130,459	33,354,042	-	-
4M Fund	NR	2,720,292	-	-	-	2,720,292
4M Plus Fund	NR	9,378,888	-	-	-	9,378,888
Municipal Bonds	AA	976,071	150,731	825,340	-	-
Commercial Paper	N/A	4,450,795	4,450,795	-	-	-
Money Market	NR	378,213	-	-	-	378,213
Total		$ 75,022,954	$ 23,569,651	$ 38,868,469	$ 107,441	$ 12,477,393

The Commission has the following recurring fair value measurements as of December 31, 2025:

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agencies	$ 5,634,194	$ -	$ 5,634,194	$ -
U.S. Treasuries	51,484,501	51,484,501	-	-
Municipal Bonds	976,071	-	976,071	-
Total	58,094,766	$ 51,484,501	$ 6,610,265	$ -
Investments Measured at the Amortized Cost				
Investments Measured at Amortized Cost	16,928,188			
Total Investments	$ 75,022,954			

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2025, to address the following risks:

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

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

As of December 31, 2025, the Commission was not exposed to concentration of credit risk. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

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

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and Investments

Summary of cash, deposits, and investments as of December 31, 2025:

Deposit (Note 2.A)	$ 20,939,711
Investments (Note 2.B)	75,022,954
Petty Cash	2,000
Total Deposits	$ 95,964,665

Deposits and investments are presented in the December 31, 2025, financial statements as follows:

Statement of Net Position	
Current Assets	
Cash and Investments	$ 74,124,817
Cash and Investments - Emergency Repairs Account	100,000
Noncurrent Assets	
Restricted Cash and Investments	
Customer Deposit Account	1,718,490
Water Availability Account	17,242,853
Water Reconstruction Account	2,778,505
Total	$ 95,964,665

NOTE 3 CAPITAL ASSETS

Electric capital asset activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and Land Rights	$ 6,203,804	$ -	$ -	$ 6,203,804
Construction in Progress	1,606,278	4,262,283	(3,759,042)	2,109,519
Total Capital Assets Not Being Depreciated	7,810,082	4,262,283	(3,759,042)	8,313,323
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	51,163,065	4,356,864	(2,101,107)	53,418,822
Distribution Equipment	28,556,258	8,976	-	28,565,234
General Infrastructure	11,944,605	17,343	-	11,961,948
General Equipment	7,462,689	934,546	(192,631)	8,204,604
Total Capital Assets Being Depreciated	99,126,617	5,317,729	(2,293,738)	102,150,608
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(20,244,778)	(1,867,308)	2,085,166	(20,026,920)
Distribution Equipment	(11,625,893)	(992,759)	-	(12,618,652)
General Infrastructure	(5,774,807)	(362,419)	-	(6,137,226)
General Equipment	(4,682,606)	(563,712)	192,630	(5,053,688)
Total Accumulated Depreciation	(42,328,084)	(3,786,198)	2,277,796	(43,836,486)
Total Capital Assets Being Depreciated, Net	56,798,533	1,531,531	(15,942)	58,314,122
SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS	1,042,611	101,674	-	1,144,285
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(134,913)	(256,451)	-	(391,364)
Total Subscription Based Information Technology Arrangement Assets, Net	907,698	(154,777)	-	752,921
Total Capital Assets, Net	$ 65,516,313	$ 5,639,037	$ (3,774,984)	$ 67,380,366

NOTE 3 CAPITAL ASSETS (CONTINUED)

Water capital asset activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and Land Rights	$ 2,944,778	$ -	$ -	$ 2,944,778
Construction in Progress	4,387,130	5,214,533	(6,993,122)	2,608,541
Total Capital Assets Not Being Depreciated	7,331,908	5,214,533	(6,993,122)	5,553,319
CAPITAL ASSETS BEING DEPRECIATED				
Distribution Infrastructure	94,326,267	9,740,909	(3,127,836)	100,939,340
Distribution Equipment	8,892,129	4,537,819	-	13,429,948
General Infrastructure	994,837	25,575	-	1,020,412
General Equipment	1,740,070	310,027	(79,489)	1,970,608
Total Capital Assets Being Depreciated	105,953,303	14,614,330	(3,207,325)	117,360,308
LESS: ACCUMULATED DEPRECIATION				
Distribution Infrastructure	(24,773,265)	(2,452,761)	3,126,425	(24,099,601)
Distribution Equipment	(5,795,001)	(377,152)		(6,172,153)
General Infrastructure	(695,523)	(42,365)		(737,888)
General Equipment	(856,938)	(208,215)	79,490	(985,663)
Total Accumulated Depreciation	(32,120,727)	(3,080,493)	3,205,915	(31,995,305)
Total Capital Assets Being Depreciated, Net	73,832,576	11,533,837	(1,410)	85,365,003
SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS	851,192	33,891	-	885,083
LESS: ACCUMULATED AMORTIZATION				
Subscription Based Information Technology Arrangements	(85,808)	(248,831)	-	(334,639)
Total Subscription Based Information Technology Arrangement Assets, Net	765,384	(214,940)	-	550,444
Total Capital Assets, Net	$ 81,929,868	$ 16,533,430	$ (6,994,532)	$ 91,468,766

Depreciation and amortization expense for 2025 for Electric and Water totaled $4,042,649 and $3,329,324 respectively.

NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS

Amounts receivable from and payable to the City of Shakopee as of December 31, 2025, are as follows:

Receivable Fund/Municipality	Payable Fund/Municipality	2025 Amount
Electric Fund	City of Shakopee	$ 119,203
City of Shakopee	Electric Fund	535,267
Water Fund	City of Shakopee	85,299

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

The composition of municipal contributions as of December 31, 2025, was as follows:

Contributions To	Contributions From	2025 Amount
City of Shakopee	Electric Fund	$ 3,828,557
City of Shakopee	Water Fund	425,125
Total		$ 4,253,682

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

NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE

A. Plan Description

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

B. Benefits Provided

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

When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2025, were $446,999. The Commission's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the Commission reported a liability of $2,180,765 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled $52,607.

Commission's Proportionate Share of the Net Pension Liability	$ 2,180,765
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Commission	52,607
Total	$ 2,233,372

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0658% at the end of the measurement period and .0677% for the beginning of the period.

For the year ended December 31, 2025, the Commission recognized pension expense of $50,899 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized $10,529 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2025, the Commission reported its proportionate share of the General Employees Plans' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 207,779	$ -
Changes in Actuarial Assumptions	52,544	501,787
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		867,747
Changes in Proportion	71,687	204,585
Commission Contributions Subsequent to the Measurement Date	231,054	-
Total	$ 563,064	$ 1,574,119

$231,054 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2026	$ (261,634)
2027	(499,065)
2028	(326,399)
2029	(155,011)

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

E. Long-Term Expected Return on Investments

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

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

F. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employee Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	6.00 %	7.00 %	8.00 %
Commission's Proportionate Share of the General Employees Fund Net Pension Liability	$ 5,296,736	$ 2,180,765	$ (346,989)

I. Pension Plan Fiduciary Net Position

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

NOTE 6 LEASES

The Commission, acting as lessor, leases water tower space for cellular services under long-term, non-cancelable lease agreements. The leases expire at various dates through 2052. During the year ended December 31, 2025, the Commission recognized $135,813 and $54,859 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

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

Year Ending	Principal	Interest
2026	$ 129,212	$ 64,059
2027	137,717	62,033
2028	146,610	59,841
2029	155,908	57,474
2030	165,629	54,919
2031-2035	757,118	236,500
2036-2040	720,235	163,506
2041-2045	585,138	93,322
2046-2050	538,160	24,623
2051-2052	182,633	2,137
Total Payments	$ 3,518,360	$ 791,654

NOTE 7 SUBSCRIPTIONS PAYABLE

A summary of the changes in the Commission's Electric subscriptions payable for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Subscriptions Payable	$ 578,426	$ 101,674	$ (161,296)	$ 518,804	$ 163,659

A summary of the changes in the Commission's Water subscriptions payable for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Subscriptions Payable	$ 464,362	$ 33,891	$ (141,898)	$ 356,355	$ 145,048

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

As of December 31, 2025, SBITA assets and the related accumulated amortization in the Electric Fund totaled $1,144,285 and $391,364, respectively.

As of December 31, 2025, SBITA assets and the related accumulated amortization in the Water Fund totaled $885,083 and $334,639, respectively.

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

Year Ending December 31,	Principal	Interest	Total
2026	$ 163,659	$ 15,418	$ 179,077
2027	170,723	10,156	180,879
2028	34,090	4,609	38,699
2029	35,005	3,694	38,699
2030	35,944	2,755	38,699
2031-2033	79,383	2,637	82,020
Total	$ 518,804	$ 39,269	$ 558,073

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

Year Ending December 31,	Principal	Interest	Total
2026	$ 145,048	$ 10,060	$ 155,108
2027	149,830	5,878	155,708
2028	11,364	1,537	12,901
2029	11,669	1,232	12,901
2030	11,982	919	12,901
2031-2033	26,462	878	27,340
Total	$ 356,355	$ 20,504	$ 376,859

NOTE 8 COMPENSATED ABSENCES

A summary of changes in the Commission's Electric compensated absences for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Within One Year
Compensated Absences	$ 664,308	$ 76,879	$ -	$ 741,187	$ 163,014

A summary of changes in the Commission's Water compensated absences for the year ended December 31, 2025, are as follows:

	Balance Beginning of Year,	Additions	Deletions	Balance End of Year	Within One Year
Compensated Absences	$ 380,185	$ 18,617	$ -	$ 398,802	$ 92,896

NOTE 9 RISK MANAGEMENT

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

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

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2025 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2025, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 COMMITMENTS

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2025, outstanding commitments for these multi-year projects total approximately $3,466,723.

REQUIRED SUPPLEMENTARY INFORMATION

SHAKOPEE PUBLIC UTILITIES COMMISSION
GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

	Measurement Date June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commission's Proportion of the Net Pension Liability	0.0658 %	0.0677 %	0.0716 %	0.0668 %	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %
Commission's Proportionate Share of the Net Pension Liability	$ 2,180,765	$ 2,502,508	$ 4,003,792	$ 5,290,582	$ 2,707,464	$ 4,064,920	$ 3,532,888	$ 3,578,196	$ 4,111,253	$ 5,042,212
State's Proportionate Share of the Net Pension Liability Associated with the Commission	52,607	64,710	110,260	155,198	82,761	125,364	109,829	117,344	51,656	65,842
Total	$ 2,233,372	$ 2,567,218	$ 4,114,052	$ 5,445,780	$ 2,790,225	$ 4,190,284	$ 3,642,717	$ 3,695,540	$ 4,162,909	$ 5,108,054
Commission's Covered Payroll	$ 6,141,055	$ 5,863,021	$ 5,478,816	$ 5,009,118	$ 4,553,229	$ 3,516,627	$ 3,854,427	$ 4,145,653	$ 4,333,280	$ 3,854,427
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	35.51 %	42.68 %	73.08 %	105.62 %	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.80 %	89.08 %	83.10 %	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %

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

SHAKOPEE PUBLIC UTILITIES COMMISSION
GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Fiscal Year Ended December 31,									
	2025	2024	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 446,999	$ 429,682	$ 417,048	$ 401,135	$ 359,999	$ 360,080	$ 350,018	$ 339,188	$ 315,791	$ 299,473
Contributions in Relation to the Statutorily Required Contribution	(446,999)	(429,682)	(417,048)	(401,135)	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's Covered Payroll	$ 5,959,987	$ 5,729,093	$ 5,560,640	$ 5,348,467	$ 4,799,987	$ 4,801,067	$ 4,666,907	$ 4,522,507	$ 4,210,547	$ 3,992,973
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2025 Changes
Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes
Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data. Changes in Plan Provisions.
- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes
Changes in Actuarial Assumptions

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

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

General Employees Fund (Continued)

2023 Changes (Continued)

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

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

General Employees Fund (Continued)

2020 Changes (continued)

Changes in Actuarial Assumptions (continued):

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

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

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

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions:

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

2017 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

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

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

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

SUPPLEMENTARY INFORMATION
ELECTRIC UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION
ELECTRIC UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Investments	$ 52,464,009	$ 46,880,105
Cash and Investments - Emergency Repairs	100,000	100,000
Accrued Interest Receivable	339,815	287,410
Customer Accounts Receivable	4,591,759	4,698,820
Allowance for Uncollectible Amounts	(11,505)	(62,076)
Other Accounts Receivable	224,782	171,984
Due from City of Shakopee	119,203	223,261
Prepaid Supplies	4,042,597	2,850,835
Prepaid Expenses	168,001	90,730
Total Current Assets	62,038,661	55,241,069
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	1,647,003	1,605,832
Capital Assets:		
Plant in Service	109,498,697	106,373,032
Accumulated Depreciation and Amortization	(44,227,850)	(42,462,997)
Construction in Progress	2,109,519	1,606,278
Total Noncurrent Assets	69,027,369	67,122,145
Total Assets	131,066,030	122,363,214
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	383,238	447,900
Total Assets and Deferred Outflows Resources	$ 131,449,268	$ 122,811,114

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
ELECTRIC UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 4,107,321	$ 3,672,157
Due to City of Shakopee	535,267	459,479
Subscriptions Payable	163,658	127,873
Compensated Absences	163,014	-
Other Current Liabilities	164,592	789,782
Total Current Liabilities	5,133,852	5,049,291
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS	1,647,003	1,605,832
NONCURRENT LIABILITIES		
Customer Advances	1,280,673	1,508,299
Subscriptions Payable	355,146	450,553
Compensated Absences	578,173	-
Net Pension Liability	1,484,295	1,701,991
Total Noncurrent Liabilities	3,698,287	3,660,843
Total Liabilities	10,479,142	10,315,966
DEFERRED INFLOWS OF RESOURCES		
Regulatory Collections to Cover Future Costs	504,566	339,995
Pension Related Amounts	1,071,393	1,263,687
Total Deferred Inflows of Resources	1,575,959	1,603,682
NET POSITION		
Net Investment in Capital Assets	67,380,366	65,513,523
Restricted	1,647,003	-
Unrestricted	50,366,798	45,377,943
Total Net Position	119,394,167	110,891,466
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 131,449,268	$ 122,811,114

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales	$ 62,677,994	$ 58,871,852
OPERATING EXPENSES		
Operation, Customer and Administrative	50,329,848	47,774,832
Depreciation and Amortization of Capital Assets	4,042,649	3,881,563
Total Operating Expenses	54,372,497	51,656,395
OPERATING INCOME	8,305,497	7,215,457
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	318,372	587,675
Interdepartmental Rent from Water	90,000	90,000
Investment Income	2,407,483	1,890,260
Interest Expense	(71,319)	(85,997)
Gain (Loss) on Disposition of Property	24,302	15,956
Total Nonoperating Revenues (Expenses)	2,768,838	2,497,894
Income Before Contributions and Transfers	11,074,335	9,713,351
Capital Contributions	1,093,048	936,171
Free Electric Service to the City of Shakopee	163,875	147,542
Contributions to City of Shakopee	(3,828,557)	(3,587,635)
CHANGE IN NET POSITION	8,502,701	7,209,429
Net Position - Beginning of Year	110,891,466	103,682,037
NET POSITION - END OF YEAR	$ 119,394,167	$ 110,891,466

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 63,223,617	$ 61,629,464
Payments to Employees	(4,507,303)	(4,136,524)
Payments to Suppliers	(46,809,957)	(44,821,670)
Net Cash Flows Provided by Operating Activities	11,906,357	12,671,270
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(3,828,557)	(3,587,635)
Net Cash Flows Used by Noncapital Financing Activities	(3,828,557)	(3,587,635)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	40,244	47,710
Acquisition of Capital Assets	(4,984,373)	(8,323,624)
Subscription Activities	95,155	(189,484)
Net Cash Flows Used by Capital and Related Financing Activities	(4,848,974)	(8,465,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(2,050,142)	(1,902,268)
Interest and Dividends Received	2,355,078	1,792,578
Net Cash Provided by Investing Activities	304,936	(109,690)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,533,762	508,547
Cash and Cash Equivalents - Beginning of Year	4,850,043	4,341,496
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,383,805	$ 4,850,043

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	$ 8,305,497	$ 7,215,457
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:		
Free Electric Service to City of Shakopee	163,875	147,542
Nonoperating Revenues	337,053	591,678
Depreciation and Amortization Expense	4,042,649	3,881,563
Deferred Pension Outflows	64,662	446,333
Deferred Pension Inflows	(192,294)	342,263
Net Pension Liability	(217,696)	(1,047,813)
Change in Assets and Liabilities:		
Customer Accounts Receivable	56,490	561,212
Other Accounts Receivable	(52,798)	885,775
Due from City of Shakopee	104,058	17,748
Inventory	(1,191,762)	(459,676)
Prepaid Items	(77,271)	25,667
Accounts Payable	435,164	(557,484)
Customer Deposits	(41,171)	148,351
Unearned Revenue	164,571	134,728
Customer Advances	(186,455)	270,578
Due to City of Shakopee	75,788	(32,005)
Other Liabilities	115,997	99,353
Total Adjustments	3,600,860	5,455,813
Net Cash Provided by Operating Activities	$ 11,906,357	$ 12,671,270
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	$ 1,647,003	$ 1,605,832
Emergency Repairs Account	100,000	100,000
Cash and Investments	52,464,009	46,880,105
Total	54,211,012	48,585,937
Less: Investments	(45,827,207)	(43,735,894)
Total Cash and Cash Equivalents	$ 8,383,805	$ 4,850,043
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	$ 1,093,048	$ 936,171
Free Electric Service to City of Shakopee	163,875	147,542

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales of Electricity:		
Residential	$ 24,158,150	$ 21,700,887
Commercial	37,522,381	36,191,894
Uncollectible Accounts	(141,780)	(130,692)
Total Sales of Electricity	61,538,751	57,762,089
Forfeited Discounts	221,729	247,691
Conservation Program	917,514	862,072
Total Operating Revenues	62,677,994	58,871,852
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	42,238,008	39,555,806
Distribution Operation Expenses	696,423	595,222
Distribution System Maintenance	1,016,056	1,253,951
Maintenance of General Plant	416,111	456,189
Total Operation and Maintenance	44,366,598	41,861,168
Customer Accounts:		
Meter Reading	25,123	118,770
Customer Records and Collection	492,478	519,929
Energy Conservation	917,515	862,071
Total Customer Accounts	1,435,116	1,500,770
Administrative and General:		
Administrative and General Salaries	1,158,949	931,622
Office Supplies and Expense	533,239	491,829
Outside Services Employed	360,091	464,496
Insurance	166,652	171,829
Employee Benefits	1,776,189	1,807,274
Miscellaneous General	533,014	545,844
Total Administrative and General	4,528,134	4,412,894
Total Operation, Customer, and Administrative Expenses	50,329,848	47,774,832
Depreciation / Amortization of Capital Assets	4,042,649	3,881,563
Total Operating Expenses	54,372,497	51,656,395
Total Operating Income	$ 8,305,497	$ 7,215,457

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE
ELECTRIC UTILITY
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	$ 2,652,475	$ -	$ -	$ 2,652,475
Structures and Improvements	460,701	-	-	460,701
Station Equipment	28,554,402	8,976	-	28,563,378
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	521,750	-	2,137	519,613
Overhead Conductors and Devices	3,742,513	298,054	3,455	4,037,112
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	28,453,257	3,254,852	26,674	31,681,435
Line Transformers	11,150,875	233,825	12,613	11,372,087
Services	50,643	-	-	50,643
Meters	5,877,044	570,133	2,056,228	4,390,949
Total Distribution	82,371,798	4,365,840	2,101,107	84,636,531
General:				
Computer Hardware	1,420,282	40,662	-	1,460,944
Land and land rights	3,551,329	-	-	3,551,329
Structures and improvements	11,845,137	17,343	-	11,862,480
Office furniture and equipment	1,274,400	22,700	-	1,297,100
Transportation equipment	3,123,586	589,328	180,198	3,532,716
Tools, shop and garage equipment	208,861	27,383	-	236,244
Laboratory equipment	37,660	-	-	37,660
Power operated equipment	1,040,779	37,371	12,433	1,065,717
Communication equipment	357,121	217,102	-	574,223
Miscellaneous equipment	99,468	-	-	99,468
Total General	22,958,623	951,889	192,631	23,717,881
Computer Software	1,042,611	101,674	-	1,144,285
Total Plant in Service	$ 106,373,032	$ 5,419,403	$ 2,293,738	$ 109,498,697

SUPPLEMENTARY INFORMATION
WATER UTILITY FUND

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Investments	$ 21,660,808	$ 20,492,612
Accrued Interest Receivable	173,839	156,346
Customer Accounts Receivable	491,037	450,033
Allowance for Uncollectible Amounts	(1,154)	(2,078)
Other Accounts Receivable	371,549	1,522,524
Due from City of Shakopee	85,299	84,709
Prepaid Supplies	54,604	52,715
Prepaid Expenses	41,784	26,532
Lease Receivable	129,212	135,813
Total Current Assets	23,006,978	22,919,206
NONCURRENT ASSETS		
Restricted Cash and Investments:		
Customer Deposit Accounts	71,487	77,298
Water Availability Account	17,242,853	14,552,241
Water Reconstruction Account	2,778,505	2,006,322
Lease Receivable	3,389,148	2,093,605
Capital Assets:		
Plant in Service	121,190,169	109,749,273
Accumulated Depreciation and Amortization	(32,329,944)	(32,206,535)
Construction in Progress	2,608,541	4,387,130
Total Noncurrent Assets	114,950,759	100,659,334
Total Assets	137,957,737	123,578,540
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	179,826	210,666
Total Assets and Deferred Outflows Resources	$ 138,137,563	$ 123,789,206

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 837,642	$ 719,254
Subscriptions Payable	145,049	130,757
Compensated Absences	92,896	-
Other Current Liabilities	67,649	441,640
Total Current Liabilities	1,143,236	1,291,651
LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS	71,487	77,298
NONCURRENT LIABILITIES		
Customer Advances	279,964	179,700
Subscriptions Payable	211,306	333,605
Compensated Absences	305,906	-
Net Pension Liability	696,470	800,518
Total Noncurrent Liabilities	1,493,646	1,313,823
Total Liabilities	2,708,369	2,682,772
DEFERRED INFLOWS OF RESOURCES		
Lease Related Amounts	3,376,560	2,132,991
Pension Related Amounts	502,726	594,365
Total Deferred Inflows of Resources	3,879,286	2,727,356
NET POSITION		
Net Investment in Capital Assets	91,340,342	81,753,388
Restricted	20,092,845	16,635,861
Unrestricted	20,116,721	19,989,829
Total Net Position	131,549,908	118,379,078
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 138,137,563	$ 123,789,206

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales	$ 7,936,990	$ 6,945,345
OPERATING EXPENSES		
Operation, Customer and Administrative	4,198,760	4,381,159
Depreciation and Amortization of Capital Assets	3,329,324	2,807,278
Total Operating Expenses	7,528,084	7,188,437
OPERATING INCOME	408,906	(243,092)
NONOPERATING REVENUES (EXPENSES)		
Rentals and Miscellaneous	1,462,578	556,445
Investment Income	1,750,064	1,387,537
Interest from Leases	54,859	53,017
Interest Expense	(3,278)	(4,670)
Gain (Loss) on Disposition of Property	14,665	(1,749)
Total Nonoperating Revenues (Expenses)	3,278,888	1,990,580
Income Before Contributions and Transfers	3,687,794	1,747,488
Capital Contributions	9,908,161	13,020,147
Contributions to City of Shakopee	(425,125)	(370,254)
CHANGE IN NET POSITION	13,170,830	14,397,381
Net Position - Beginning of Year	118,379,078	103,981,697
NET POSITION - END OF YEAR	$ 131,549,908	$ 118,379,078

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 10,469,198	$ 8,551,540
Payments to Employees	(2,232,900)	(2,018,008)
Payments to Suppliers	(2,010,460)	(3,532,461)
Net Cash Flows Provided by Operating Activities	6,225,838	3,001,071
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to City of Shakopee	(425,125)	(370,254)
Net Cash Flows Provided by Noncapital Financing Activities	(425,125)	(370,254)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets	16,075	41,829
Leasing Activities	90,440	75,455
Interest from Leases	54,859	53,017
Subscription Activities	(141,898)	(335,170)
Acquisition or Construction of Capital Assets	(6,243,452)	(6,297,249)
Installation Fees	225,575	225,815
Connection Charges	2,234,246	3,651,655
Trunk Charges	856,051	1,396,966
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(2,908,104)	(1,187,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption (Purchase) of Investments	(5,609,456)	(2,080,060)
Interest and Dividends Received	1,732,571	1,318,448
Net Cash Provided (Used) by Investing Activities	(3,876,885)	(761,612)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(984,276)	681,523
Cash and Cash Equivalents - Beginning of Year	13,542,182	12,860,659
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,557,906	$ 13,542,182

SHAKOPEE PUBLIC UTILITIES COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS OPERATING ACTIVITIES		
Operating Income	$ 408,906	$ (243,092)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating		
Nonoperating Revenues	1,323,487	427,370
Depreciation and Amortization Expense	3,329,324	2,807,278
Deferred Pension Outflows	30,840	197,129
Deferred Pension Inflows	(91,639)	174,170
Net Pension Liability	(104,048)	(453,470)
Allowance for Uncollectible Accounts	(924)	682
Change in Assets and Liabilities		
Customer Accounts Receivable	(41,004)	(13,877)
Other Accounts Receivable	1,150,975	1,438,208
Due from City of Shakopee	(590)	(9,889)
Inventory	(1,889)	(20,156)
Prepaid Items	(15,252)	(3,104)
Accounts Payable	118,388	(1,169,392)
Customer Deposits	(5,811)	(16,490)
Customer Advances	100,264	(236,299)
Other Liabilities	24,811	122,003
Total Adjustments	5,816,932	3,244,163
Net Cash Provided by Operating Activities	$ 6,225,838	$ 3,001,071
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Customer Deposits Account	$ 71,487	$ 77,298
Connection Account	17,242,853	14,552,241
Water Reconstruction Account	2,778,505	2,006,322
Cash and Investments	21,660,808	20,492,612
Total	41,753,653	37,128,473
Less Investments	(29,195,747)	(23,586,291)
Total Cash and Cash Equivalents	$ 12,557,906	$ 13,542,182
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of Capital Assets from the Municipality and Developers	$ 6,603,321	$ 7,740,914
Accounts Payable Exchanged for Capital Assets	128,424	-

SHAKOPEE PUBLIC UTILITIES COMMISSION
DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	2025	2024
OPERATING REVENUES		
Sales of Water	$ 7,917,253	$ 6,930,475
Forfeited Discounts	30,230	22,276
Uncollectible Accounts	(10,493)	(7,406)
Total Operating Revenues	7,936,990	6,945,345
OPERATING EXPENSES		
Operation and Maintenance:		
Pumping and Distribution Operation	855,954	760,523
Pumping and Distribution Maintenance	684,926	703,189
Power for Pumping	370,345	349,815
Maintenance of General Plant	29,492	48,464
Total Operating and Maintenance	1,940,717	1,861,991
Customer Accounts:		
Meter Reading	11,561	68,850
Customer Records and Collection	161,850	154,889
Energy Conservation	3,265	4,922
Total Customer Accounts	176,676	228,661
Administrative and General:		
Administrative and General Salaries	562,066	536,788
Office Supplies and Expense	209,912	164,750
Outside Services Employed	143,844	357,288
Insurance	55,551	57,306
Employee Benefits	828,955	952,603
Miscellaneous General	281,039	221,772
Total Administrative and General	2,081,367	2,290,507
Total Operation, Customer, and Administrative Expenses	4,198,760	4,381,159
Depreciation / Amortization of Capital Assets	3,329,324	2,807,278
Total Operating Expenses	7,528,084	7,188,437
Total Operating Income	$ 408,906	$ (243,092)

SHAKOPEE PUBLIC UTILITIES COMMISSION
SCHEDULE OF PLANT IN SERVICE
WATER UTILITY
DECEMBER 31, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2024)

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
CAPITAL ASSETS				
Distribution:				
Land and Land Rights	$ 2,944,778	$ -	$ -	$ 2,944,778
Wells	5,187,459	-	-	5,187,459
Electric Pumping Equipment	8,892,129	4,537,819	-	13,429,948
Towers and Pump Houses	12,063,063	1,643,983	-	13,707,046
Distribution system	69,643,432	7,384,596	7,500	77,020,528
Meters	7,432,313	712,330	3,120,336	5,024,307
Total Distribution	106,163,174	14,278,728	3,127,836	117,314,066
General:				
Computer Hardware	725,171	31,073	-	756,244
Structures Improvements	351,331	-	-	351,331
Furniture-Equipment	154,518	-	-	154,518
Transportation equipment	629,983	111,581	79,489	662,075
Tools, Shop-Garage	27,396	11,779	-	39,175
Laboratory Equipment	64,427	-	-	64,427
Power operated equipment	10,268	-	-	10,268
Communication equipment	128,308	155,594	-	283,902
SCADA Equipment	643,505	25,575	-	669,080
Total General	2,734,907	335,602	79,489	2,991,020
Subscription Based Information Technology Arrangement Assets:				
Subscription Based Information Technology Arrangements	851,192	33,891	-	885,083
Total Plant in Service	$ 109,749,273	$ 14,648,221	$ 3,207,325	$ 121,190,169

Shakopee Public Utilities

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Shakopee, Minnesota 55379
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www.shakopeeutilities.com

April 29, 2026

TO: Greg Drent, General Manager GD

FROM: Brad Carlson, Director of Electric Engineering and Operations BJC

SUBJECT: Reliability and Outage Report

BACKGROUND:

The American Public Power Association (APPA) recently honored 239 public power utilities with a "Certificate of Excellence" for their reliable performance, as evidenced by comparing their outage records with nationwide data collected by the Energy Information Administration.

The utilities recognized by the Association have been tracking their reliability data using the Association's web-based subscription service, eReliability Tracker. This service enables utilities to collect, categorize, and summarize their outage information. Subscribing utilities use the eReliability Tracker to store their outage and restoration data and generate reports throughout the year. At the end of each year, the Association benchmarks its data against national statistics from the EIA, a branch of the Department of Energy.

Utilities that ranked in the top quartile for reliability nationwide, as measured by the EIA's System Average Interruption Duration Index (SAIDI), received a Certificate of Excellence. This information is based on the annual surveys of electric power utilities conducted by the EIA through EIA-861.

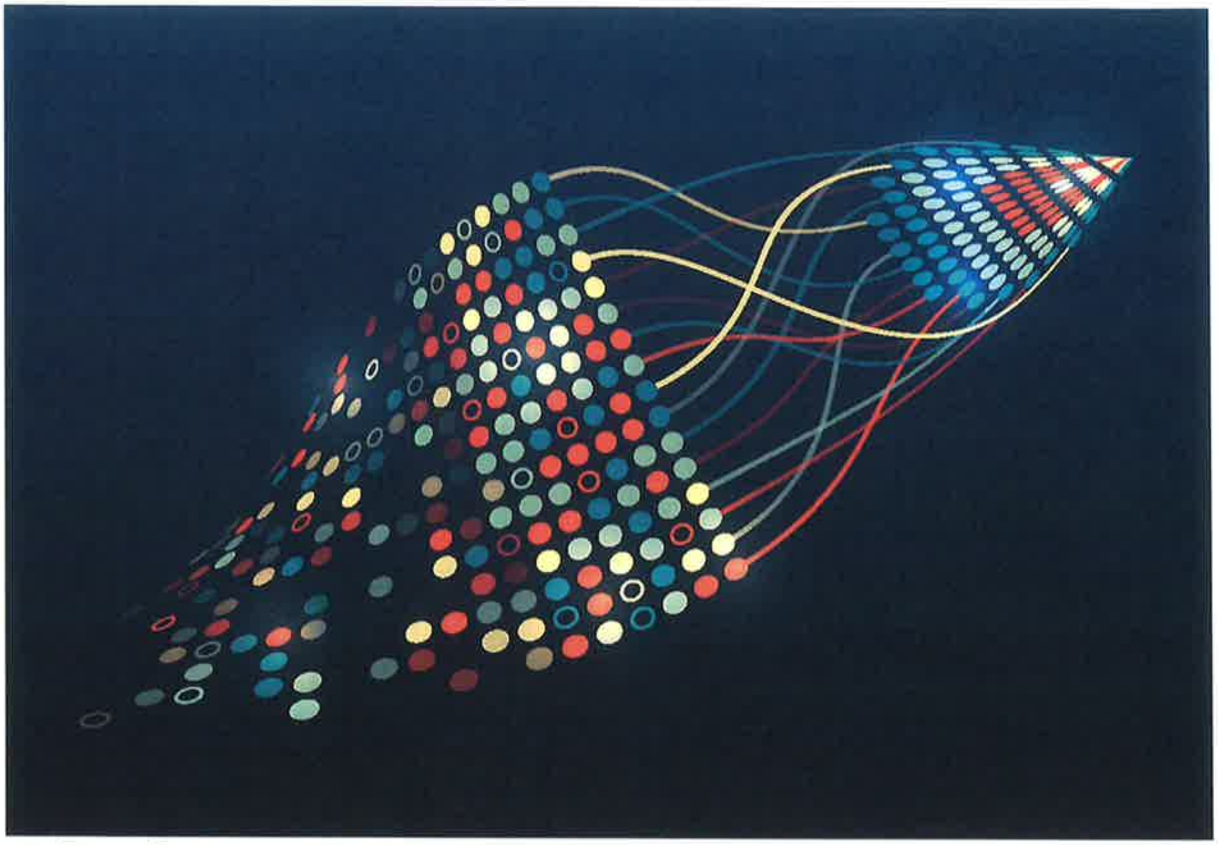
SPU SYSTEM OVERVIEW:

I am pleased that SPU has achieved the certificate of excellence in reliability since 2017 and again in 2026. We strive to minimize downtime for our customers. Our proactive tree trimming policy significantly reduces the likelihood of storm-related damage. Additionally, we require a 30-minute response time for all after-hours outages. Our line workers take pride in the installation and maintenance of our electrical system, and their dedication is reflected in our reliability statistics.

We use eReliability to monitor outages and leverage the software for benchmarking, which helps us proactively maintain the electric system. By analyzing data from our system, we can identify our least-performing circuits and focus extra attention on resolving their issues. We have found that squirrels are causing some problems within our electric system. To address this, we are currently installing pole wraps and enhanced conductor coverings in the affected areas. Additionally, we have implemented a pole inspection program to identify and replace any rotting poles in our system before they lead to outages.

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

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



Shakopee Public Utilities Commission

2025 ANNUAL RELIABILITY BENCHMARKING REPORT

POWERTRX™
RELIABILITY

AMERICAN PUBLIC POWER ASSOCIATION
Powering Strong Communities

I. About This Report

This report focuses on distribution system reliability across the country and is customized to each utility that participates in the American Public Power Association's PowerTRX Reliability powered by ESAMS. APPA created the Annual Reliability Benchmarking Report to assist utilities in their efforts to understand and analyze their electric system. In 2012, APPA developed the eReliability Tracker thanks to a grant from the Demonstration of Energy & Efficiency Developments (DEED) program. In 2025, APPA transitioned the eReliability Tracker to a new platform PowerTRX Reliability powered by ESAMS by paternering with HGW & Associates, Inc.

This report reflects data in the PowerTRX Reliability from January 1, 2025 to December 31, 2025. This analysis might not properly reflect your utility's statistics if you do not have a full year of data in the system. The report includes data recorded as of March 23, 2026.

Reliability reflects both historic and ongoing engineering investment decisions within a utility. Proper use of reliability metrics ensures that a utility is performing its intended function and is providing service in a consistent and effective manner.

While the primary use of reliability statistics is for self-evaluation, you can use these statistics to compare your utility with similar utilities. However, differences such as electrical network configuration, ambient environment, weather conditions, and number of customers served typically limit most utility-to-utility comparisons. Due to the diverse range of utilities that use the PowerTRX Reliability, this report endeavors to improve comparative analyses by grouping utilities by size and region.

Since this report contains data for all utilities that use the PowerTRX Reliability, it is important to consider how a particularly large or small utility can affect comparative benchmarks. To ease the issues associated with comparability, each utility's reliability statistics are weighted based on customer count when aggregated. This means that all utilities are equally weighted, and all individual statistics are developed on a per customer basis.

The aggregate statistics in this report are calculated from the 312 utilities with verified 2025 outage data. Utilities that experienced no outages in 2025, or did not upload any data, will have NULL, None, or "0" values in their report for utility-specific data and were not included in the aggregate analysis. Also note that log-normal data with a z-score[1] greater than 3.25 may be excluded if it significantly distorts the aggregate statistics.

[1]: A z-score indicates how much a data point differs from the mean. For instance, a z-score of 3.25 indicates that the data point is three and one-quarter standard deviations from the mean. A z-score of 0 indicates that the data point is identical to the mean.

Utility Classifications

This report separates utilities into groups according to geographic region and the number of customers served. Table 1 shows the range of customer counts for utilities that use the PowerTRX Reliability by five distinct groups of approximately 111 utilities per group.

Your utility is in size class 5 and region 3.

Table 1. Customer count range per size class

	Customer Count Range
Class 1	>0
Class 2	>1,511
Class 3	>3,518
Class 4	>7,262
Class 5	>14,547

Each utility is also grouped with all other participating utilities within their region. Figure 1 shows the number of utilities using the PowerTRX Reliability in each region and Figure 2 shows the states and territories included in each region.

Figure 1. Number of utilities subscribed to the PowerTRX Reliability by region

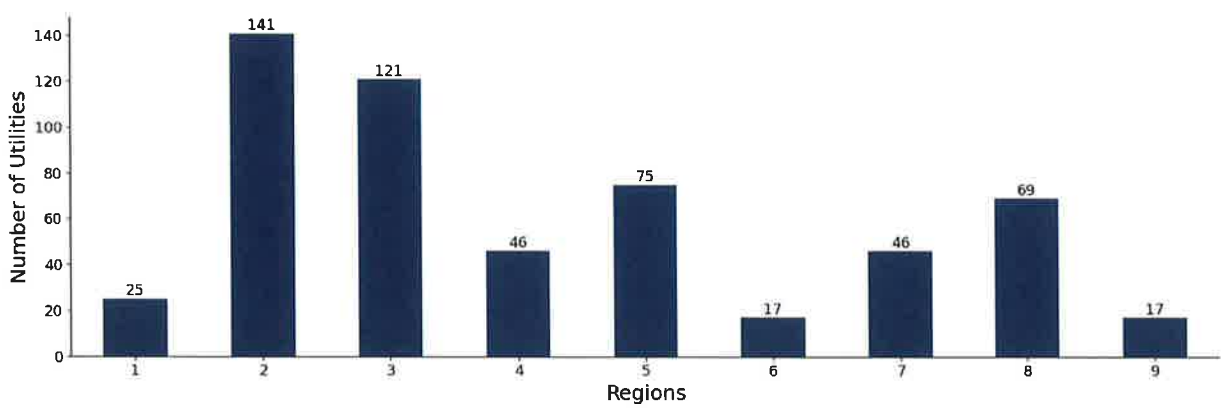
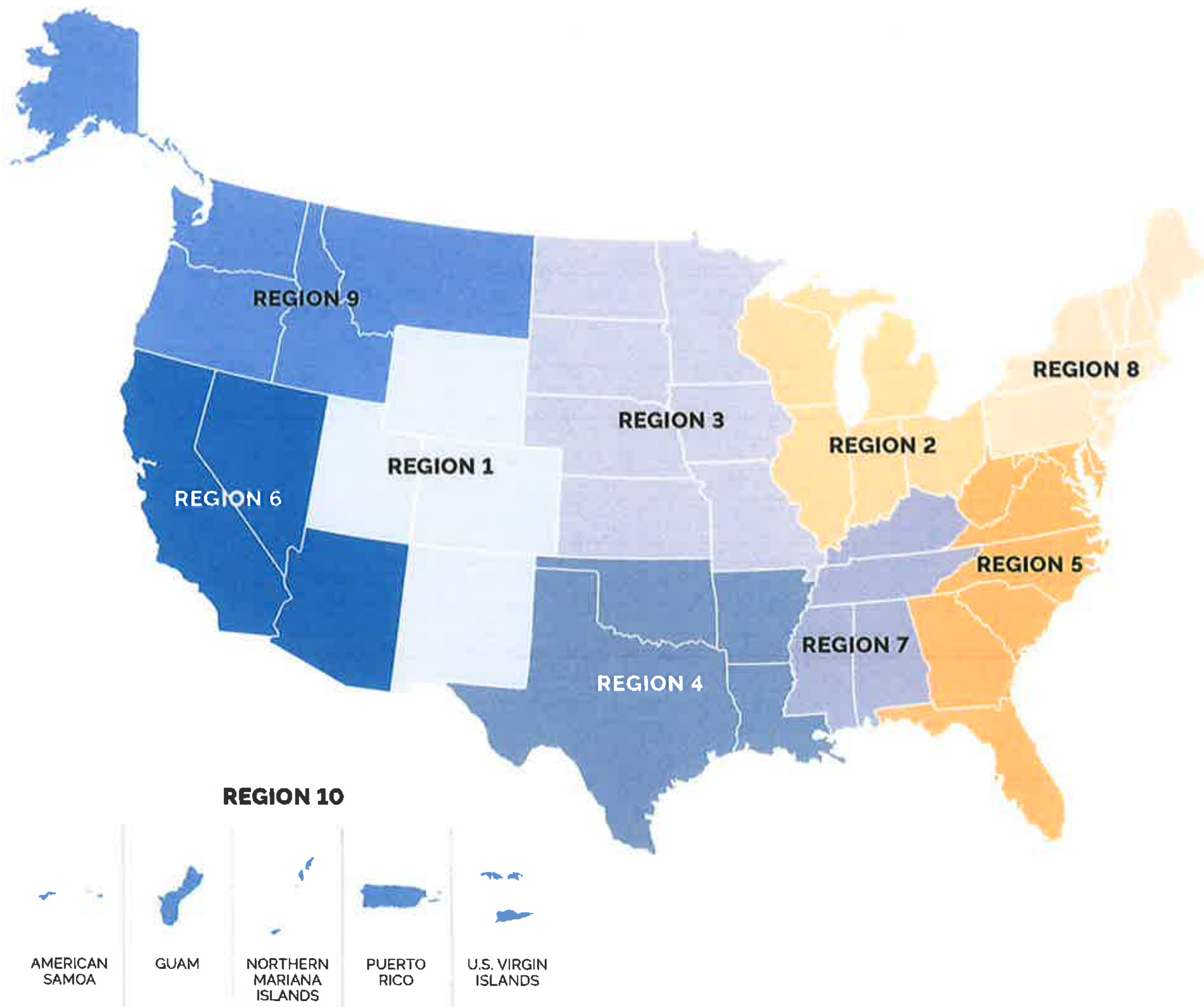


Figure 2. Regions



II. IEEE Statistics

When it comes to reliability, the industry standard metrics are defined in the Institute for Electrical and Electronics Engineers' Guide for Electric Power Distribution Reliability Indices, or IEEE 1366 guidelines. For each utility, the PowerTRX Reliability performs IEEE 1366 calculations for System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Customer Average Interruption Duration Index (CAIDI), Momentary Average Interruption Frequency Index (MAIFI), and Average Service Availability Index (ASAI).

It is important to note how major events (MEs) are calculated and used in this report. An example of an ME includes severe weather, such as a tornado or hurricane, that leads to unusually long outages in comparison to your distribution system's typical outage. This report uses the **APPA ME threshold**, which is based directly on the SAIDI for specific outage events, rather than a daily SAIDI. The APPA ME threshold allows a utility to remove outages that exceed the IEEE 2.5 beta threshold for outage events, which considers up to 10 years of the utility's outage history. In the PowerTRX Reliability, if a utility does not have at least 36 outage events prior to the year being analyzed, then no threshold is calculated. If this is the case for your utility, then you will have a NULL value in the following field and the calculations without MEs in the SAIDI, SAIFI, CAIDI, and ASAI sections of this report will be the same as the calculations with MEs for your utility. More outage history will provide a better threshold for your utility.

Your utility's APPA major event threshold is 4.99 minutes.

For each of the reliability indices, this report displays your utility's metrics alongside the mean values for all utilities using the PowerTRX Reliability and within the same class and region as your utility. The first table within each of the following subsections allows you to better understand the performance of your electric system relative to other utilities nationwide and to those within your same region or size class. The second table breaks down the national data into quartile ranges, a minimum value, and a maximum value.

All indices, except MAIFI, are calculated for outages with and without MEs. Furthermore, the tables show indices for scheduled and unscheduled outages. Note that scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

II.1. System Average Interruption Duration Index

SAIDI is the average duration (in minutes) of an interruption per customer served by the utility during a specific time frame.

Since SAIDI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. SAIDI is calculated by dividing the sum of all customer minutes of interruption[2] within the specified time frame by the average number of customers served during that period. For example, a utility with 100 customer minutes of interruption and 100 customers would have a SAIDI of 1.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

Table 2. Average SAIDI with and without MEs
In minutes

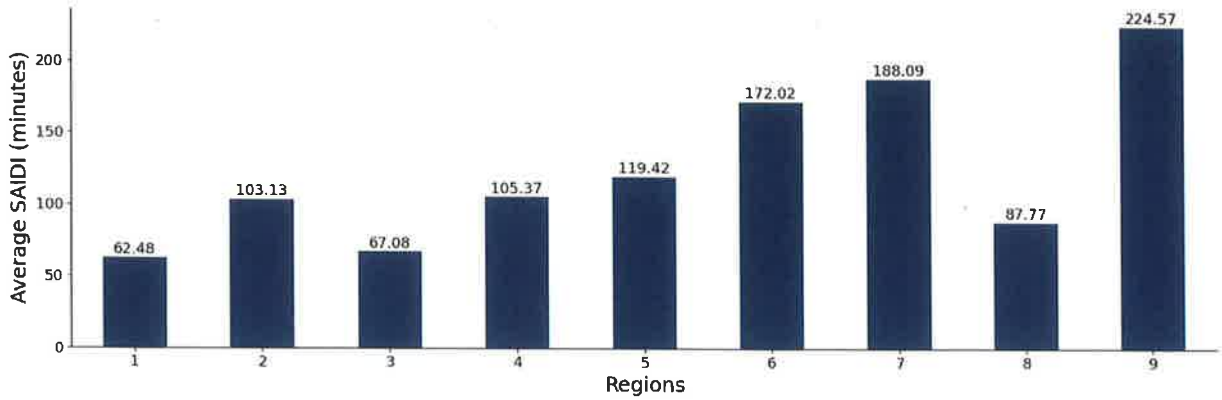
	All	No MEs	Unscheduled	Scheduled
Your utility	18.52	12.66	18.46	0.06
Utilities that use PowerTRX Reliability	110.25	54.6	106.69	6.51
Utilities in your region	67.08	46.73	65.28	3.0
Utilities in your size class	119.9	54.52	117.13	4.68

Table 3. Summary SAIDI data from the PowerTRX Reliability
In minutes

	All	No MEs	Unscheduled	Scheduled
Minimum	0.04	0.04	0.04	<0.01
First Quartile	20.91	12.73	19.08	0.2
Median	50.24	25.79	48.17	1.01
Third Quartile	111.47	54.03	108.6	4.63
Maximum	965.21	760.33	948.5	280.35

[2]: Customer minutes of interruption is calculated by multiplying total customers interrupted and total minutes of interruption.

Figure 3. Average SAIDI by region



II.2. System Average Interruption Frequency Index

SAIFI is the average instances a customer on the utility system will experience a sustained interruption during a specific time frame.

Since SAIFI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. SAIFI is calculated by dividing the total number of customers that experienced sustained interruptions by the average number of customers served during that period. For example, a utility with 150 customer interruptions and 200 customers would have a SAIFI of 0.75.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

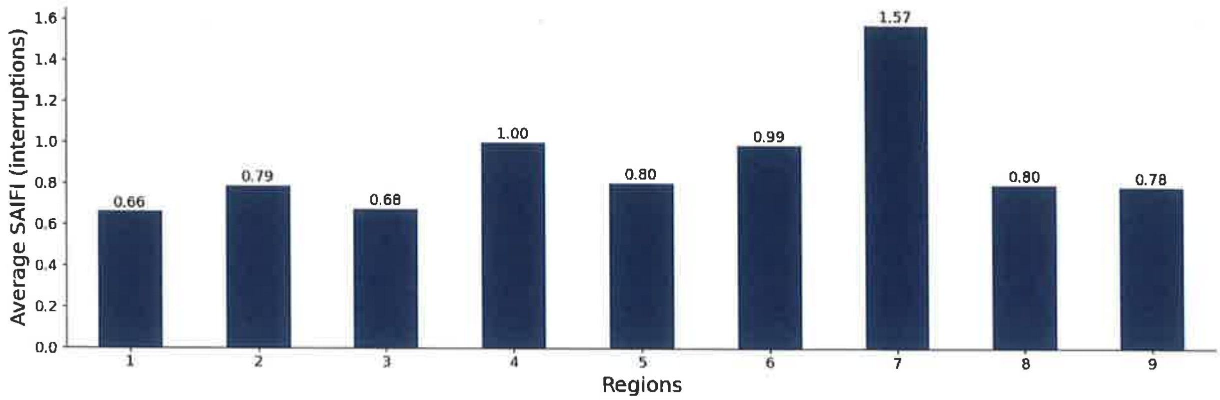
Table 4. Average SAIFI with and without MEs
In interruptions

	All	No MEs	Unscheduled	Scheduled
Your utility	0.22	0.16	0.22	<0.01
Utilities that use PowerTRX Reliability	0.86	0.54	0.83	0.04
Utilities in your region	0.68	0.45	0.66	0.02
Utilities in your size class	0.94	0.59	0.91	0.05

Table 5. Summary SAIFI data from the PowerTRX Reliability
In interruptions

	All	No MEs	Unscheduled	Scheduled
Minimum	<0.01	<0.01	<0.01	<0.01
First Quartile	0.28	0.15	0.27	<0.01
Median	0.61	0.35	0.56	0.01
Third Quartile	1.12	0.71	1.09	0.05
Maximum	4.68	4.16	4.67	0.63

Figure 4. Average SAIFI by region



II.3. Customer Average Interruption Duration Index

CAIDI is the average duration (in minutes) of an interruption experienced by customers during a specific time frame.

Since CAIDI is a sustained interruption index, only outages lasting longer than five minutes are included in the calculations. CAIDI is calculated by dividing the sum of all customer minutes of interruption by the number of customers that experienced one or more interruptions during that period. This metric reflects the average customer experience (minutes of duration) during an outage.

Note that in the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

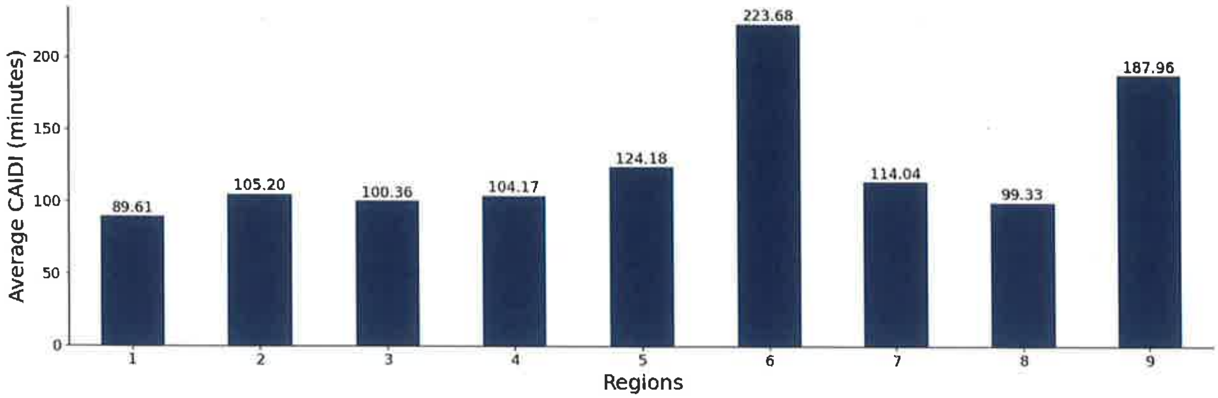
Table 6. Average CAIDI with and without MEs
In minutes

	All	No MEs	Unscheduled	Scheduled
Your utility	84.4	80.27	84.48	66.59
Utilities that use PowerTRX Reliability	114.78	94.95	113.99	161.38
Utilities in your region	100.36	89.45	101.31	187.25
Utilities in your size class	109.32	89.68	109.1	129.1

Table 7. Summary CAIDI data from the PowerTRX Reliability
In minutes

	All	No MEs	Unscheduled	Scheduled
Minimum	11.4	11.4	9.81	10.0
First Quartile	60.95	55.27	60.95	60.0
Median	93.37	78.01	91.69	91.21
Third Quartile	134.84	108.01	135.38	155.92
Maximum	834.46	577.44	842.31	4,453.93

Figure 5. Average CAIDI by region



II.4. Momentary Average Interruption Frequency Index

MAIFI is the average number of momentary interruptions a utility customer will experience during a specific time frame.

In this report, an outage with a duration of five minutes or less is classified as momentary. MAIFI is calculated by dividing the total number of customers that experienced momentary interruptions by the total number of customers served by the utility. For example, a utility with 20 momentary customer interruptions and 100 customers would have a MAIFI of 0.20.

Momentary interruptions can be more difficult to track and utilities without an automated outage management system might not log these interruptions; therefore, some utilities have a MAIFI of zero.

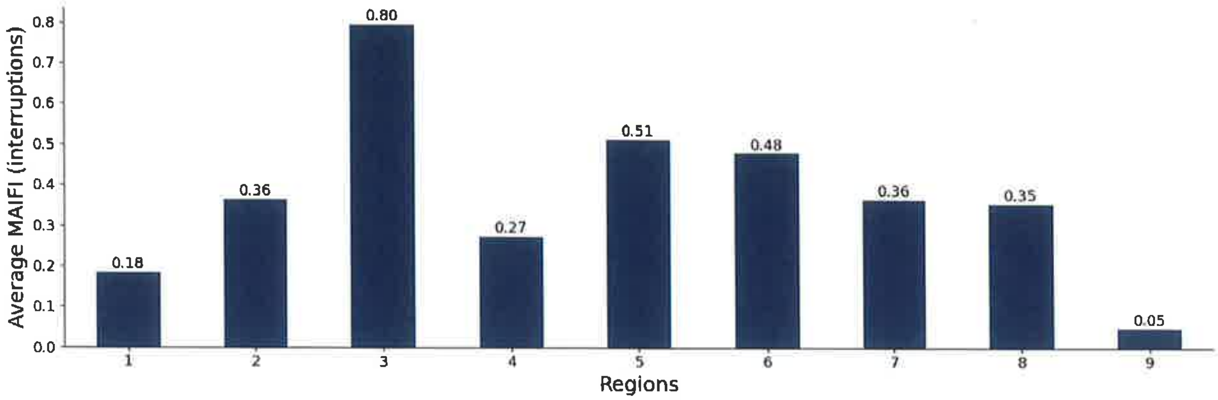
Table 8. Average MAIFI
In interruptions

	All
Your utility	NULL
Utilities that use PowerTRX Reliability	0.44
Utilities in your region	0.8
Utilities in your size class	0.44

Table 9. Summary MAIFI data from the PowerTRX Reliability
In interruptions

	All
Minimum	<0.01
First Quartile	<0.01
Median	0.16
Third Quartile	0.51
Maximum	3.82

Figure 6. Average MAIFI by region



II.5. Average Service Availability Index

ASAI is the percentage of time the sub-transmission and distribution systems are available to serve customers during a specific time frame.

This load-based index represents the percentage availability of electric service to customers within the period analyzed. It is calculated by dividing the total hours in which service is available to customers by the total hours that service is demanded by the customers. For example, an ASAI of 99.99% means that electric service was available for 99.99% of the time during the given period. Note that the higher your ASAI value, the better the performance.

In the tables below, scheduled and unscheduled calculations include MEs. Also note that wherever MEs are excluded, the exclusion is based on the APPA ME threshold for your system.

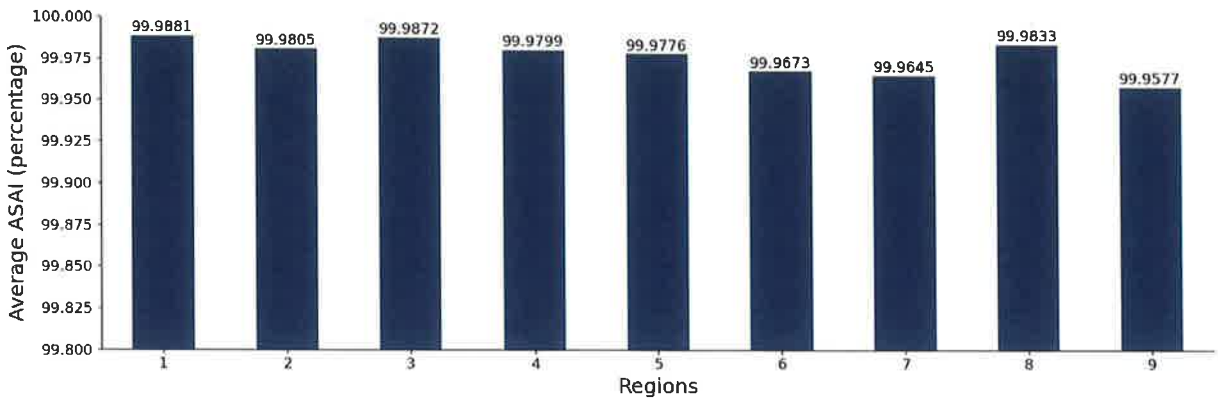
Table 10. Average ASAI with and without MEs
In percentage

	All	No MEs	Unscheduled	Scheduled
Your utility	99.9964	99.9975	99.9964	99.9999
Utilities that use PowerTRX Reliability	99.9792	99.9897	99.9798	99.9987
Utilities in your region	99.9872	99.9911	99.9876	99.9994
Utilities in your size class	99.9775	99.9898	99.978	99.999

Table 11. Summary ASAI data from the PowerTRX Reliability
In percentage

	All	No MEs	Unscheduled	Scheduled
Maximum	99.9999	99.9999	99.9999	99.9999
First Quartile	99.996	99.9975	99.9963	99.9999
Median	99.9906	99.9951	99.9908	99.9998
Third Quartile	99.9792	99.9899	99.9795	99.9991
Minimum	99.8163	99.8553	99.8195	99.9466

Figure 7. Average ASAI by region



II.6. Energy Information Administration Form 861 Data

Form EIA-861 collects annual information on electric power industry participants involved in the generation, transmission, distribution, and sale of electric energy in the United States and its territories.

In 2014, Energy Information Administration (EIA) began publishing reliability statistics in Form EIA-861; therefore, APPA included these statistics in this report for informational purposes. Please note that the following data includes 171 investor-owned, 467 rural cooperative, and 332 public power utilities that were large enough to be required to fill out the full EIA-861 form. The statistics do not include data from utilities that complete the EIA 861-S form, which smaller entities complete. Note that the 332 participating public power utilities include entities classified by EIA as municipal, political subdivision, and state. In addition, since the collection and release of EIA form data lags by a year, the data is based on 2024 data that was published October 7, 2025. Therefore, we suggest you only use the aggregate statistics contained herein as an informational tool for further comparison of reliability statistics.

In Form EIA-861, an entity provides SAIDI and SAIFI including and excluding ME days in accordance with the IEEE 1366-2003 or IEEE 1366-2012 standard.

Although EIA collected other reliability-related data, the tables below only include SAIDI and SAIFI data including and excluding ME days. You can download the full set of data at: www.eia.gov/electricity/data/eia861/.

Table 12. Your utility's SAIDI and SAIFI with and without IEEE ME days

SAIDI with IEEE ME days (minutes)	SAIDI without IEEE ME days (minutes)	SAIFI with IEEE ME days (interruptions)	SAIFI without IEEE ME days (interruptions)
18.52	12.66	0.22	0.16

Table 13. Summary SAIDI data from Form EIA-861, 2024
In minutes

	All	No MEs
Average	520.78	169.31
Minimum	0	0
First Quartile	80.85	54.00
Median	199.20	101.58
Third Quartile	403.56	180.00
Maximum	17,313.00	17,059.00

Table 14. Summary SAIFI data from Form EIA-861, 2024
In interruptions

	All	No MEs
Average	1.75	1.24
Minimum	0	0
First Quartile	0.84	0.64
Median	1.41	1.02
Third Quartile	2.26	1.61
Maximum	10.41	6.86

III. Outage Causes

Equipment failure, extreme weather events, wildlife, and vegetation are some of the most common causes of electric system outages. The following pie chart shows the percentages of the primary causes of outages for all utilities using the PowerTRX Reliability in 2025.

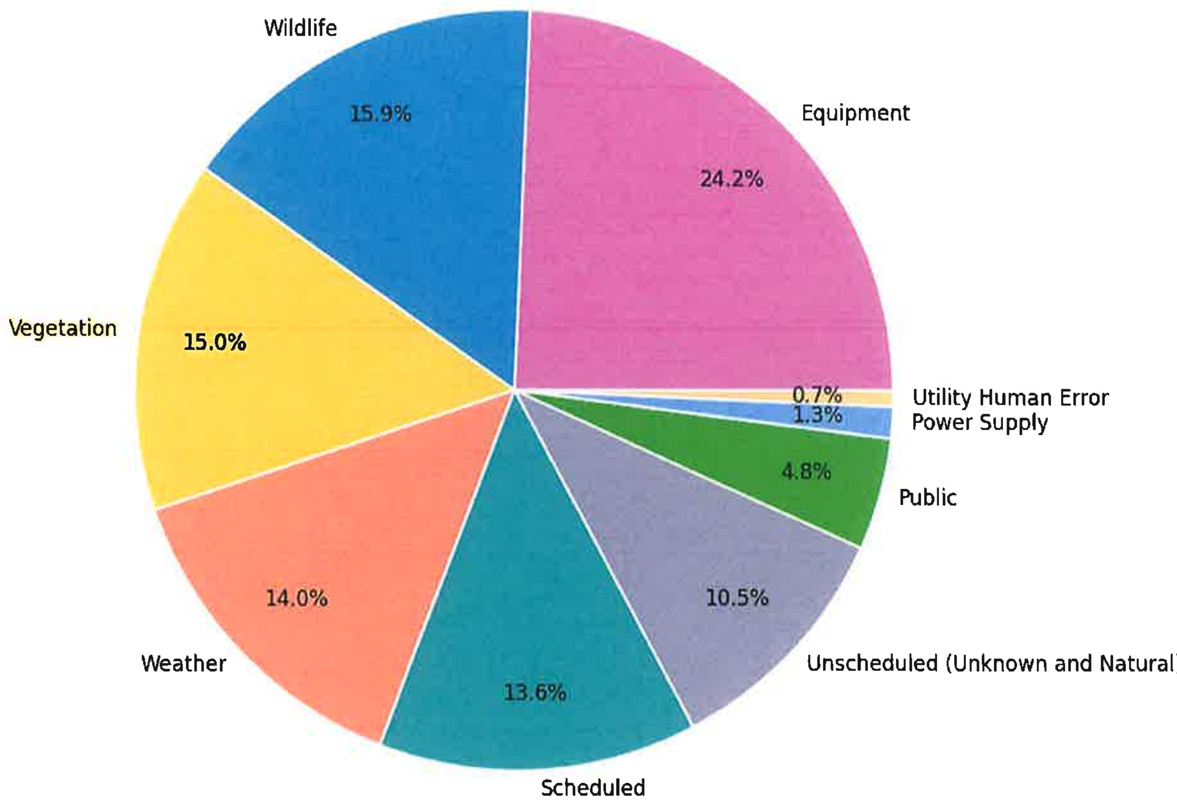


Figure 8. Primary causes of outages in 2025

Certain factors, such as regional weather and animal/vegetation patterns, can make some causes more prevalent for a specific group of utilities. The following section includes graphs depicting common causes of outages for your utility, all utilities in your region, and all utilities using the PowerTRX Reliability.

Charts containing aggregate information are customer-weighted to account for differences in utility size for a better analytical comparison. For example, a particularly large utility may have a large number of outages compared to a small utility. To avoid skewing the data toward large utilities, the number of cause occurrences is divided by customer size to account for the differences. In Figures 9 to 14, the data represent the number of occurrences for each group of 1,000 customers. A customer-weighted occurrence rate of "1" means an average of one outage from that cause occurred per 1,000 customers in 2025.

Note that the sustained outage cause analysis is more comprehensive than the momentary outage cause analysis due to a larger and more robust sample size for sustained outages. Regardless, tracking both sustained and momentary outages helps utilities understand and reduce outages. To successfully use the outage information tracked by your utility, it is imperative to classify and record outages in detail. The more information provided per outage, the more conclusive and practical your analyses will be.

III.1. Sustained Outage Causes

In general, sustained outages are the most commonly tracked outage type. In analyses of sustained outages, utilities tend to exclude scheduled outages, partial power, customer-related problems, and qualifying major events from their reliability indices calculations. While this is a valid method for reporting, these outages should be included for internal review to make utility-level decisions. In this section, we evaluate common causes of sustained outages for your utility, corresponding region, and for all utilities that use PowerTRX Reliability powered by ESAMS. It is important to note that sustained outages are classified in this report as outages that last longer than five minutes, as defined by IEEE 1366.

Figure 9. Top five causes of sustained outages for all utilities that use the PowerTRX Reliability[3]

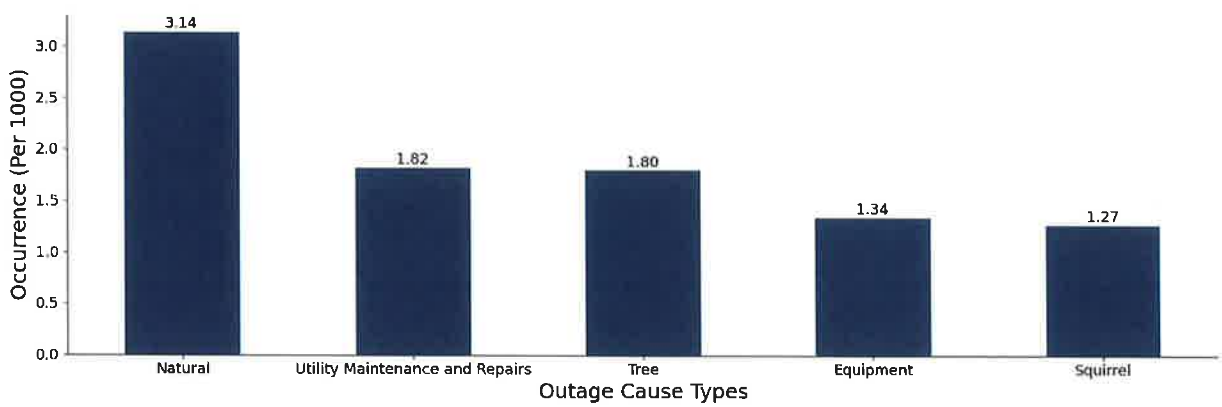
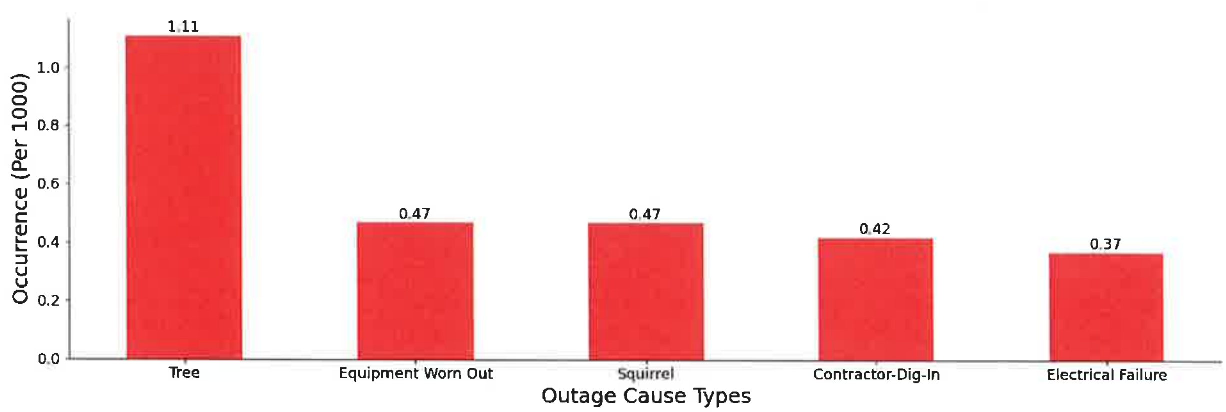


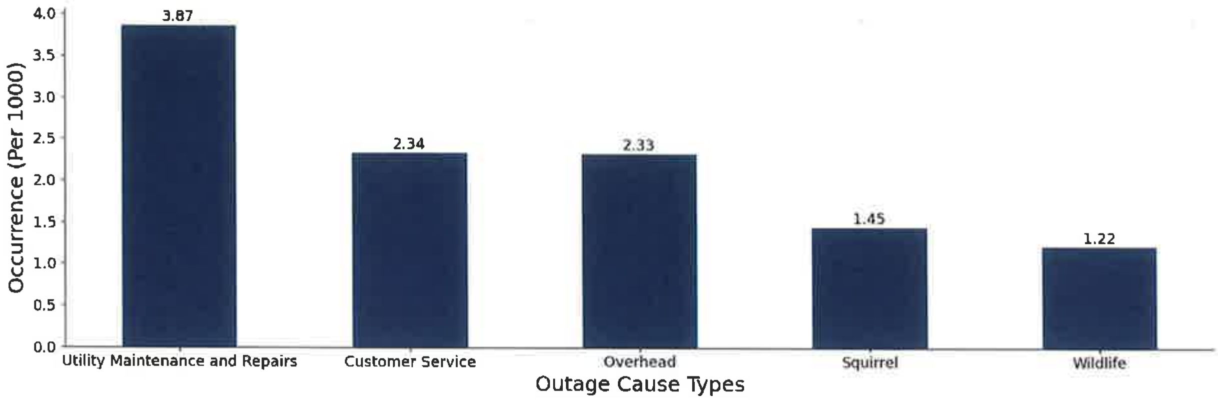
Figure 10. Top five causes of sustained outages for your utility[4]



[3]: Cause occurrence rates reflect the total number of outages across all participating utilities. In some cases, a high occurrence rate for a specific cause may be driven primarily by a small number of utilities (or a single utility) that experienced a large number of outages for that cause during the reporting period.

[4]: The number of occurrences for each cause is divided by the utility's customer count (in thousands) to create an occurrence rate that can be compared across different utility sizes.

Figure 11. Top five causes of sustained outages in your region



III.2. Momentary Outage Causes

The ability to track momentary outages can be difficult or unavailable on some systems, but due to the hazard they pose for electronic equipment, it is important to track and analyze the causes of momentary outages. This section evaluates the common causes of momentary outages for your utility, region, and size class as well as common causes for all utilities that use the PowerTRX Reliability. Please note that only outages lasting less than five minutes are classified as momentary, as defined by IEEE 1366. In Figures 12–14, for each utility, the number of occurrences for each cause is divided by that utility's customer count (in thousands) to create an occurrence rate that can be compared across different utility sizes.

Figure 12. Top five causes of momentary outages for all utilities that use the PowerTRX Reliability

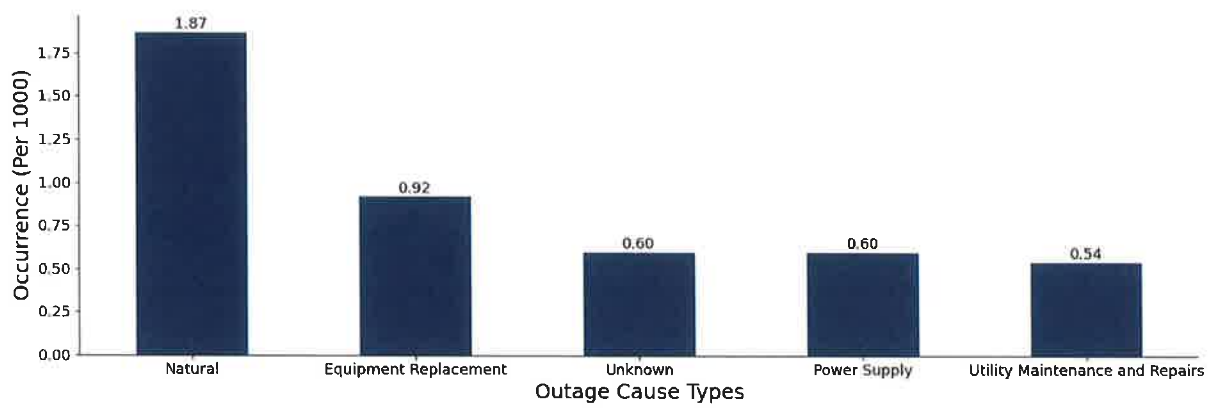


Figure 13. Top five causes of momentary outages for your utility

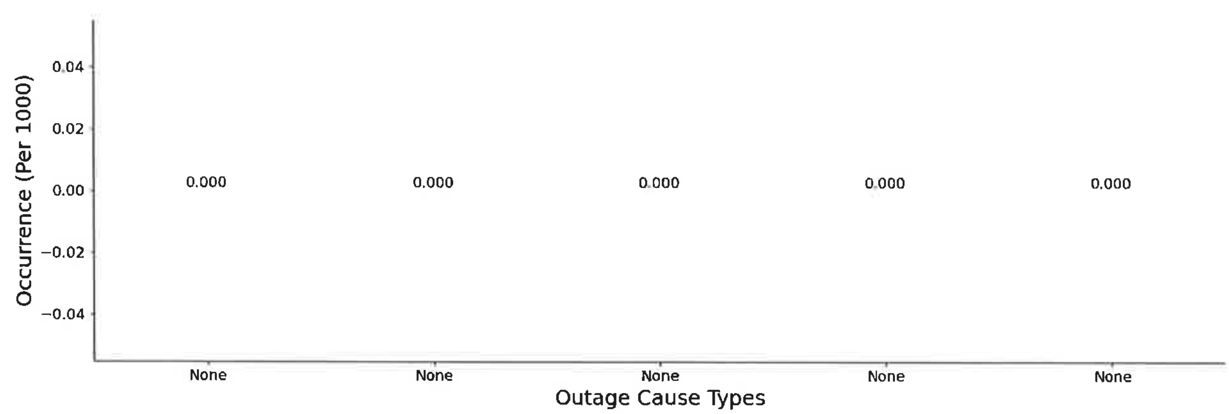
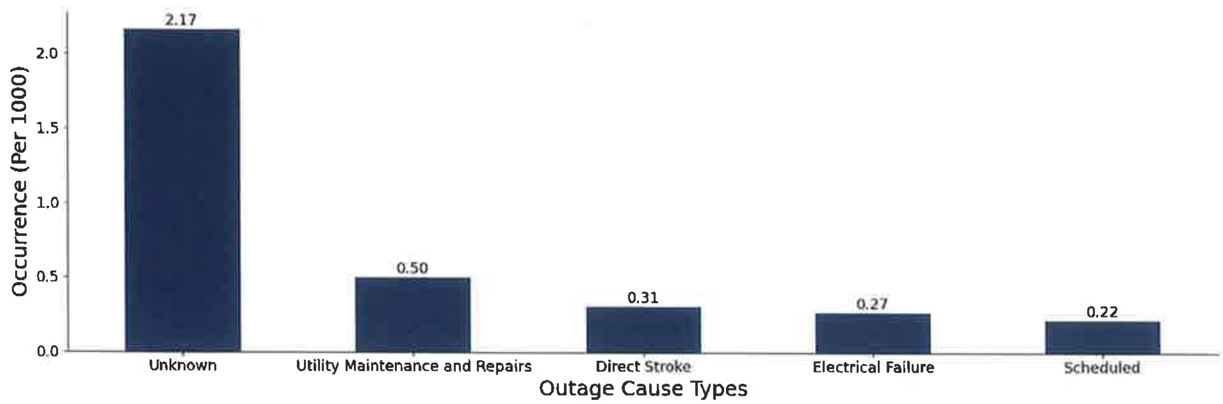


Figure 14. Top five causes of momentary outages in your region



Thank you for your active participation in the PowerTRX Reliability service. We hope this report is useful to your utility in analyzing your system. If you have any questions regarding the material provided in this report, please contact:

APPA's Reliability Team
PowerTRX@PublicPower.org

For more information on reliability, visit https://www.publicpower.org/reliability-tracking.

9c

Shakopee Public Utilities

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TO: Greg Drent, General Manager

FROM: Joseph D. Adams, Planning & Engineering Director

SUBJECT: Substation Power Transformer and Circuit Breaker Bid Results/Award Follow-up

DATE: April 30, 2026

ISSUE

The Commission recently authorized the purchase from Virginia Transformer of two of three 47 MVA substation power transformers bid. Staff is requesting consideration of purchasing a third unit.

BACKGROUND

After the installation of the two 47 MVA substation power transformers (one at East Shakopee and one at Pike Lake Substations respectively), the distribution system will have a total of six (6) 47 MVA units all energized at 115 kV transmission voltage. In addition, there are also four (4) 28 MVA units at other substations, three of which are energized at 115 kV transmission voltage and one (Shakopee) at 69 kV sub transmission voltage. The secondary voltage of the SPU substation transformers are either 13.8 kV at Dean Lake 1 (2002), 2 (2001) and 3 (2017), Pike Lake 1 (2011) and 2 (2028) and East Shakopee 1 (2028) or 12.47 kV at Shakopee 1 (2016), South Shakopee 1(1997) and 2 (2007) and West Shakopee 1 (2023) as the distribution voltage is split due to historically being dependent on what was available from the NSP (now Xcel Energy) substations prior to SPU owning our own transformers.

It has been SPU's longstanding operating philosophy to consider back up plans for any single contingency outage. The goal is to have system resiliency and redundancy built in to enable SPU to either automatically or quickly manually retore power to all customers under most single contingency outages due to storms, accidents or equipment failures.

That single contingency design criteria includes looped transmission lines to all but the Shakopee Substation (radial transmission line), multiple transformers within each substation with auto bus transfer equipment enabling the tying of all exit circuits to multiple transformers main bus, and feeder circuit field ties for quick power restoration. Some substations do not yet have multiple transformers but are planned to with full development. What is not covered well is a sustained outage of one of the substation power transformers. This is also true of the 115 kV substation circuit breaker connected upstream of a substation's power transformer.

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To date the assumption has always been we could secure a power transformer quickly either by purchasing a new/used unit or leasing one from another entity e.g. Xcel Energy, Great River Energy or a service vendor. Our substation site designs have included space dedicated to a temporary transformer installed under the 115 kV bus between the 115 kV circuit breaker/switcher and the (inoperable) substation transformer's pad.

Typical life expectancy for a substation power transformer is 50 years plus depending on operating conditions and load cycle patterns. SPU's oldest substation power transformer South Shakopee 1 is a 28 MVA unit with a 12.47 kVA secondary that will be 31 years old in 2028.

DISCUSSION

SPU does not have any arrangements with any of the potential sources of power transformers to ensure availability. It is staff's opinion that it is unlikely to ever have that meaningful assurance from any of the potential sources. Lead times for new substation power transformers have grown from less than a year to over two. Combined with the continuing growth of SPU's system it may be time to consider the prudent step of securing a spare substation power transformer capable of being a backup unit that could be installed in any of the substations to restore service under an extended power transformer contingency. A line item in the 2027 Capital Improvement Plan in the amount of $2,900,000 is listed for a spare Substation Power Transformer.

SPU has requested a System Impact Study (SIS) on the transmission line connected to the West Shakopee Substation due to interest from a potential large demand customer. There currently is around 20 MVA of unused capacity that we expect to be absorbed over time with the projected growth in that area of our service territory. Should we also serve the large demand from the existing facilities we would not be able to provide complete back up for a transformer outage until a second transformer can be installed.

We will not have the results of the SIS for at least another three months revealing if we could install a 47 MVA power transformer in the West Shakopee Substation but if we can - then to secure the new load we would want to move quickly and install the second line-up in the substation to ensure back up capacity for the existing/growing load on the west end plus the large demand customer's needs.

With the recently approved Electric Service Agreement for the 25/50 MW Datacenter SPU is facing substantial capital projects beginning yet this year in 2026 through 2028 even with the customer's contributions that are not in the current 2026-2030 CIP nor the 2026 Capital Projects plan. Staff recognizes the need to create an updated budget and CIP due to the Datacenter project. Staff will bring that information forward to the Commission for review and discussion at either the Commission's meeting on June 1 or the Commission Workshop on June 15. The second and third substation power transformers and 115 kV circuit breakers expenses would be allocated into the new spending plan for capital projects.

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RECOMMENDATIONS

1. Staff recommends the Commission authorize the purchase of a third 47 MVA transformer from Virginia Transformer to serve as a backup for the multiple units energized at 115 KV transmission voltage now in service and/or as the next unit to be installed should the West Shakopee Substation SIS approve the proposed expansion. Said purchase is to be approved with similar terms and conditions to the first two already authorized (at a cost of up to $2,760,921 with a delivery date no later than 5/15/2028).

2. Staff recommends the Commission authorize spending up to an additional 15% ($414,138), subject to the General Manager negotiating a change order with Virginia Transformer to modify the design specifications enabling the transformer to output secondary voltage at either 13.8 or 12.47 kV vs. enabling limited to only 13.8 kV.

3. Staff recommends the Commission authorize the purchase of a third 115 kV substation circuit breaker from Border States/GE Verona to serve as a backup for the multiple units now in service and/or as the next unit to be installed should the West Shakopee Substation SIS approve the proposed expansion, with similar terms and conditions as the first two already authorized (at a cost of $209,102 and delivery by 5/8/2028).

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SHAKOPEE PUBLIC UTILITIES
MEMORANDUM

TO: Greg Drent, General Manager

FROM: Joseph D. Adams, Planning & Engineering Director

SUBJECT: 15 KV Pad Mount Switchgear Bid Award

DATE: April 30, 2026

ISSUE

Bids for nineteen (19) new 15 kV pad mount switchgear are due to be opened on Monday May 4, 2026. Staff will expedite our bid evaluation so we may make an informed bid award recommendation at that evening's Commission meeting.

BACKGROUND

The electric utility needs nineteen (19) new oil base 15 kV pad mount switches for 2026 projects and replacements for existing switches that have operational or safety issues such as corrosion or water intrusion due to compromised tanks.

The 2026 Capital Projects include $1,700,000 for new pad mount switches. In 2026 we took delivery of and ordered several switches totaling $793,547 leaving an amount of $852,600 of the original budget.

DISCUSSION

Staff will tabulate and evaluate all bids received prior to the Commission meeting and prepare a written recommendation and engage the Commission in discussion resulting in a motion at their 5/4/2026 meeting.

RECOMMENDATION

TBD