Shakopee Public Utilities

REGULAR COMMISSION MEETING

SEPTEMBER 8, 2026

SPU SERVICE CENTER, 255 SARAZIN ST, SHAKOPEE

1. **CALL TO ORDER – 5:00 PM**

2. **ROLL CALL**

3. **APPROVAL OF SEPTEMBER 8, 2026 AGENDA**
   STAFF RECOMMENDATION: MOTION TO APPROVE THE AGENDA

4. **COMMUNICATIONS** – See General Reports 9.a

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 August 3, 2026 Minutes (GD)
   6.b September 8, 2026 Warrant List (KW)
   6.c Monthly Water Dashboard for July 2026 (RH)
   6.d July 2026 Financials Report (KW)
   6.e Succession Plan Review & Updates (GD)
   6.f 2027 Budget Timeline (KW)
   6.g Res #2026-16 Resolution Approving of the Estimated Cost of Pipe Oversizing on the Watermain Project: Highview 6th (RH)
   6.h Res #2026-17 Resolution Setting the Amount of the Trunk Water Charge, Approving of its Collection and Authorizing Water Services to Certain Property described as: Highview 6th (RH)
   6.i Amended Easement Agreement with Reliakor Services Inc. (JA)
   STAFF RECOMMENDATION: *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 Customer Appeal of Manual Meter Reading Fee Exemption (SW)
   STAFF REQUEST: MOTION TO PROVIDE STAFF WITH DIRECTION FOR NEXT STEPS ASSOCIATED WITH THE APPEAL OF THE APPROVED MANUAL METER READING FEE EXEMPTION.

9.b HDR Engineering Amendment No.02 Dean Lake 13.8 Underground Distribution (BC)

STAFF RECOMMENDATION: MOTION TO APPROVE THE PROPOSAL TO PERFORM THE TASKS DESCRIBED IN AMENDMENT NO.02 ON A TIME-AND-MATERIAL BASIS FOR $394,890, NOT TO EXCEED A TOAL OF $2,219,843 WITHOUT PRIOR AUTHORIZATION

9.c Dean Lake Distribution Improvements Phase 1 Bid Award (BC)

STAFF RECOMMENDATION: MOTION TO AWARD THE CONTRACT TO CONSTRUCT THE DUCT BANK TO JL THEIS INC, IMPROVEMENTS FOR $3,665,056.35.

9.d SUP AI/LLM Usage Policy (PD)

STAFF RECOMMENDATION: MOTION TO APPROVE THE UPDATED AI/LLM USAGE POLICY

9.e Large Industrial Electric Service Agreement (GD)

STAFF RECOMMENDATION: MOTION TO APPROVE LARGE INDUSTRIAL ELECTRIC SERVICE AGREEMENT

10. REPORTS – STAFF

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

11. GENERAL MANAGER REPORT – VERBAL (GD)

12. ITEMS FOR FUTURE AGENDAS

13. TENTATIVE DATES FOR UPCOMING MEETINGS

- October 5, 2026
- October 19, 2026 – Workshop
- November 2, 2026

14. ADJOURNMENT

SPU
Shakopee Public Utilities

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14. ADJOURNMENT

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
August 3, 2026
Regular Meeting

1. Call to Order. President Letourneau called the August 3, 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 to approve the agenda, seconded by Commissioner Ranua.. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

3. Public Comment Period. Andrea Lynn spoke on behalf of her mother. She expressed concerns with SPU compliance with regulation 28 CFR § 35.105 and with step-down, step-up voltage in the non-radiofrequency meters. She requested a workshop to further explore these issues. Jeanne Gavin spoke on behalf of herself and her husband, David. She expressed concerns with SPU's decision-making process to implement AMI meters, noting potential pressures and concerns with the federal regulations as to radiofrequency levels.

4. Consent Agenda. Commissioner DuLaney pulled item 6h, SPU AI/LLM Usage Policy. Vice President Mocol moved to approve the Consent Agenda as modified, seconded by Commissioner Ranua:

(6a) July 6, 2026 Minutes;
(6b) July 16, 2026 Special Meeting Minutes;
(6c) August 3, 2026 Warrant List;
(6d) Monthly Water Dashboard for June 2026;
(6e) June 2026 Financials Report; and
(6f) Purchasing Policy Changes;
(6g) Amended Easement Agreement for Reliakor Services Inc.
Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

For item 6h, SPU AI/LLM Usage Policy, Commissioner DuLaney noted proposed revisions to the policy. He moved to approve the policy with these revisions. Commissioner Krieg seconded the motion. The Commission also discussed starting with the original policy as presented and revising at a future meeting. Ayes: None. Nays: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Commissioner Krieg moved to approve the policy as presented, with further discussion at future meetings. Vice President Mocol seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

5. Liaison Report. Commissioner DuLaney thanked staff for the work on the FAQ information and responses regarding data centers.

6. Recommendation on Meter Exchange Policy. Sharon Walsh, Director of Marketing/Key Accounts, provided an overview of changes to SPU's Meter Exchange Policy to offer customers alternatives to standard AMI installation. She noted that two customers completed the appeal process because they did not want the AMI meters in their home and then declined the options

offered outside of their home. Most recently, the Commission changed the Meter Exchange Policy to permit a non-radiofrequency meter, which required manual reading, and began a manual meter reading fee of $75/month. Two customers raised concerns with the fee. After months of various communications and staff time without reaching an agreeable solution, staff recommends that the Commission approve an exemption for these two customers, as detailed in the staff memo, in which SPU will manually read their meters without separate charges. Because the existing meters are beyond their lifespan, this exemption requires new non-radiofrequency metering equipment. The exemption is limited to these account holders at their current addresses; future account holders will require an AMI exchange. Commissioner Krieg moved to approve the exemption as presented. Commissioner Ranua seconded the motion. Ayes: Letourneau, DuLaney, Krieg, and Ranua. Nays: Vice President Mocol.

7. Res #2026-15 Resolution in Appreciation of Martin Glynn. Ryan Halverson, Director of Water Engineering and Operations, read the resolution for Martin "Marty" Glynn and expressed thanks for his 24 years of dedicated service to SPU and the entire Shakopee community. Commissioner Ranua moved approval of Resolution #2026-15 in Appreciation of Martin Glynn. Commissioner DuLaney seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

8. East Shakopee Substation Construction Contract Bid Award. Brad Carlson, Director of Electric Engineering and Operations, reported that SPU received two responses to the East Shakopee Substation site work and construction contract bid. He noted that Kevin Favero, Senior Project Manager, Leidos Engineering, LLC, reviewed the responses and recommended awarding the contract to National Conductor as the lowest responsible bidder. Vice President Mocol moved to award the substation construction and site work contract to National Conductor Constructors in the amount of $5,573,202. Commissioner Krieg seconded the motion. Ayes: Letourneau, Mocol, DuLaney, Krieg, and Ranua. Nays: None.

9. Election Operations and Engineering Report. Mr. Carlson provided project updates, including responding to and preventing issues due to the high heat, completed irrigation services in the roundabouts on Marystown and Zumbro Avenue, vegetation management at substations, and adjustments to the entrance at Lions Park. Mr. Carlson reported twenty outages since the last Commission meeting, with five due to overload, five resulting from fiber contractor digs, a few larger outages due to tree contacts from rain/storms, and four animal-related outages.

10. Water Operations and Engineering Report. Mr. Halverson provided an update of water projects, including the Highview Park #4 watermain, Arbor Bluff 3rd, and Bluff View 2nd. SPU completed the service line material inventory and submitted it to the Minnesota Department of Health. Mr. Halverson explained that hydrant flushing has been put on hold in the first high zone as we are hitting water peaks. He reported a peak water day for SPU of about 12,000,000 gallons on July 27. SPU has also completed the Risk and Resiliency Plan, the 228 PVB testing, and the first round of lead sampling. Mr. Halverson noted that SPU extended two offers for water operators.

11. General Manager Report. Greg Drent, General Manager, provided an overview of MMPA items, including renewable projects and bonding for solar projects, as well as larger load rates. He noted that MMPA supplies approximately 51% of its portfolio from carbon free sources, expected

to be 95% by 2035. Mr. Drent noted meeting with City staff to discuss the gravel pit project and potential ties into the homes behind. He reported on service territory discussions with Xcel Energy and MVEC. Mr. Drent noted the recent cyber attacks on Minnesota water systems through SCADA. He explained that SPU was not the subject of a hack; a news story mistakenly showed an SPU water tower. Mr. Drent shared updates on potential water tower designs for Tank 9. He noted that cost information is expected around December.

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

Greg Drent, Commission Secretary

Proposed As Consent Item **6b**

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

September 8, 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 07/31/2026

STACIA ALMENDAREZ	$50.00	REBATE - CLOTHES WASHER
ALTEC INDUSTRIES INC	$7,071.92	NYATRON CABLE GUIDE/CONDUX BAR
APPLE FORD OF SHAKOPEE	$2,107.58	BRAKE SERVICE TRK#610(E)
ARAMARK REFRESHMENT SERVICES INC	$339.92	COFFEE SERVICES
BORDER STATES ELECTRIC SUPPLY	$330.13	FOLDING HEX KEY SET
GLENDA BUNKER	$500.00	REBATE - CENTAC
AUSTIN BURUD	$95.00	REBATE - PUSHMOWER
BRADLEY CARLSON	$18.41	REIMBURSE SPU TIME CLOCK
CHHUN CHEA	$45.00	REBATE - LEAFBLOWER
DAHLEN SIGN COMPANY	$50.00	GROUP WHITE UNITE NUMBERS(W)
DITCHWITCH OF MINNESOTA	$51.93	WATER SEPARATOR(E)
SHIRLEY EIDE	$45.00	REBATE - TRIMMER
GRAINGER INC	$872.46	GATE VALVE LOCKOUT(E)
HAWKINS INC	$6,068.52	DEMURRAGE
HDR ENGINEERING INC	$163,891.01	PHASE 1 DEAN LAKE SUB UPGRADES WO3134
MASON HEINE	$75.00	REBATE - REFRIGERATOR
HERMAN'S LANDSCAPE SUPPLIES INC.	$405.00	YD PULVERIZED DIRT(E)
HIGH POINT NETWORKS, LLC	$110,130.63	ALLETRA SAN
IRBY - STUART C IRBY CO	$121,643.46	1/0 PRIMARY CABLE UG SOL ALUM 15KV EPR
JET-BLACK INTERNATIONAL INC.	$3,165.00	SEAL COATING @ 803 CANTERBURY RD
JAKE LUCE	$179.99	REBATE - IRRIGATION CONTROLLERS
MAGUIRE IRON INC.	$227,749.20	WO#2683 TANK 9 - PYMT#5
MINN VALLEY TESTING LABS INC	$376.10	WATER TESTING NITATE+NITRITE
MMUA	$1,630.00	NW LINEMAN CERT PROGRAM P.COLEMAN
SEAN O'FALLON	$500.00	REBATE - CENTAC
PK COMPANIES	$105.00	REFUND OF BACKFLOW TESTING FEE
PRECISION UTILITIES LLC	$4,750.00	SPOT WATER SERVICE LINES WO3136
RELIAKOR SERVICES INC	$45,000.00	WO2844 LEASE TERM PARAGRAPH 4 TERM FEE
RESCO	$1,014.60	CLAMP STIRRUP 4/0 TO 397.5 MCM
TRAN TRUONG	$75.00	REBATE - REFRIGERATOR
VA CBOC PROPERTIES LLC	$152.00	REBATE - HEAT PUMP
VESTIS FIRST AID & SAFETY SUPPLIES LOCK	$659.12	REPLENISH 1ST AID SUPPLIES
SHARON WALSH	$25.00	REBATE - CHAINSAW
WESCO RECEIVABLES CORP.	$2,333.38	CONNECTOR FOR ARRESTER
LISA WOOD	$500.00	REBATE - CENTAC
ZIEGLER INC	$508.58	REPLACE GLASS DOOR UNTI#624
BORDER STATES ELECTRIC SUPPLY	$168,079.79	GE VERNONVA 115 KV BREAKER WO3163
HEALTH EQUITY INC.	$288.46	DCRA DAYCARE FLEX CLAIM R.L. 7.27.26
VIRGINIA TRANSFORMER CORP.	$2,109,600.00	TRANSFORMERS WO2844 #3163 #3164
ZAYO GROUP, LLC	$4,630.88	JULY T1 LINE
Total Week of 07/31/2026	**$2,985,113.07**	

WEEK OF 08/07/2026

CREDIT REFUNDS	$25,041.75	CREDIT REFUNDS
AAR BUILDING SERVICE CO.	$4,602.69	AUGUST CLEANING SERVICE
ACTION OVERHEAD GARAGE DOOR LLC	$225.00	SHOP GARAGE DOOR REPAIR
AGILEBITS INC.	$5,273.40	1PASSWORD ANNUAL RENEWAL 7.18.26-7.17.27
AMARIL UNIFORM COMPANY	$55.50	SPU CLOTHING ORDER J.HANSON
AMERICAN ENGINEERING TESTING INC	$639.00	WO2683 TANK 9
BARNA GUZY & STEFFEN LTD	$2,120.00	WO3043 ARBOR BLUFF BOOSTER
TARA BREEGGEMANN	$175.00	REBATE - CLOTHES WASHER
CITY OF SAVAGE	$4.47	MTR READ @ 9475 PRESERVE ACCT#030463-002
CITY OF SHAKOPEE/COMMUNITY CENTER	$100.00	COMMUNITY CTR MEMBERSHIP T.HANSON
CORE & MAIN LP	$20,180.43	IPERL+ 3/4S 1G 7.5LL 7WHL 3TS METERS
CRYSTEEL TRUCK EQUIPMENT INC.	$42,435.31	FIBERLINE SVC BODY/E TRK 631 WO3103
STEVE CZECH	$125.00	REBATE - DISHWASHER
PAUL DARFLER	$500.00	REBATE - CENTAC
FLYTE HCM LLC	$132.25	JULY COBRA
WADE FRANSEN	$150.00	REBATE - DISHWASHER
FRSECURE LLC	$7,560.00	RISK ASSESSMENT L2 - (YR 4 OF 5)
PEYTON GEIS	$179.10	REBATE - IRRIGATION CONTROLLERS
GENERAL SECURITY SERVICES CORP	$447.05	8/1/26-10/31/26 MAINT VIDEO SYSTEM
GRAINGER INC	$161.28	SPORTS DRINK MIX
HENNEN'S AUTO SERVICE INC.	$306.98	LT265/70/17 GEOLANDER(E)
KAYLEE HENTGES	$75.00	REBATE - PUSHMOWER
MARK HOUSER	$125.00	REBATE - DISHWASHER
INNOVATIVE OFFICE SOLUTIONS	$788.89	OFFICE SUPPLIES
INT'L UNION OF OPER ENGINEERS LOCAL 49	$1,358.43	JULY MONTHLY DUES
IRBY - STUART C IRBY CO	$1,241.98	CLAMP METER(E)
JET-BLACK INTERNATIONAL INC.	$226.00	SEAL COATING @ 1015 SPENCER ST
SHANVIR JHAWER	$500.00	REBATE - CENTAC
JT SERVICES	$686.66	RED MARKING PAINT
PHU KIEU	$175.00	REBATE - DISHWASHER
LIGHTNING PRINTING INC.	$151.73	BUS. CARDS - B.CARLSON/R.HALVERSON
LLOYD'S CONSTRUCTION SERVICES	$598.75	DEMO & CONSTR RENTAL PD 6.25.26-7.20.26
MAGUIRE IRON INC.	$636,362.25	WO#2683 TANK 9 PYMT#6
MID-COUNTY FABRICATING INC.	$343.55	ALUM BOX FOR TRUCK/SPOOL HOLDER
MINN VALLEY TESTING LABS INC	$590.90	WATER TESTING COLIFORM
MMUA	$2,285.00	ON SITE CHAINSAW TRAINING 1/30/26
MRA-THE MANAGEMENT ASSOCIATION	$84.00	BACKGROUND CHECKS(W)
NCPERS GROUP LIFE INS.	$176.00	AUGUST PREMIUMS
POWERPLAN BF	$873.16	REPAIR ON 500 GALLON VAC
PROMOTION GRAPHICS	$308.87	3" X 6" REFLECTIVE OUTDOOR STICKER
LEON RUETER	$500.00	REBATE - CENTAC
DAN SINNESS	$500.00	REBATE - CENTAC
ULINE, INC.	$664.19	STAINLESS STEEL STRAPPING SEAL(W)
USABLUEBOOK	$1,587.55	P10 SS PROBE/CABLE SOLINST/TAPE
VERTIV CORPORATION	$8,390.01	UPS BATTERY REPLACEMENT
WESCO RECEIVABLES CORP.	$649.97	SLF.ANC.TOOL W/2-5(e)
BILL ZHOU	$175.00	REBATE - CLOTHES WASHER
CENTERPOINT ENERGY - ACH	$475.99	6/5/26-7/8/26 @ 10TH AVE #5230193-4
FIRST DATA CORPORATION	$17,225.57	JULY 2026 CC FEES
PRINCIPAL LIFE INS. COMPANY	$3,385.31	CHARGE MONTH JULY - STD/LTD
HEALTH EQUITY INC.	$229.00	JULY CHARGE MONTH ADMIN FEES
MINNESOTA LIFE	$1,327.45	JULY PREMIUMS
HEALTHPARTNERS	$77,444.48	JULY CHARGE MONTH FOR AUGUST PREMIUMS
DELTA DENTAL PLAN OF MN	$5,714.81	PREMIUMS FOR JULY
PAYROLL DIRECT DEPOSIT 08.07.26	$156,590.83	
BENEFITS & TAXES FOR 08.07.26	$152,243.87	
Total Week of 08/07/2026	**$1,184,469.41**	

WEEK OF 08/14/2026

ABDO LLP	$423.50	JULY FS ACCOUNTING SERVICES
ALTEC INDUSTRIES INC	$371.56	PVC CANISTER KITS WO3103
AMARIL UNIFORM COMPANY	$323.15	SPU CLOTHING ORDER C/VONBANK
AMERICAN ENGINEERING TESTING INC	$425.00	WO2844 E SUB DESIGN & CONSTRUCTION
APPLE FORD OF SHAKOPEE	$95.43	OIL CHANGE TRK#693(E)
BARNA GUZY & STEFFEN LTD	$4,210.00	WO#2844 E SUB PROP 77283-001 JULY
BORDER STATES ELECTRIC SUPPLY	$471.16	CONNECTOR FLOODSEAL ST. LIGHT
CAMFIL USA INC	$1,086.95	RFCMV11PH-A 24X24X12(E)
CITY OF SHAKOPEE	$638,305.13	JULY SD $505,149.90 & SW $133,155.23
CITY OF SHAKOPEE	$370,432.00	PILOT TRANSFER FEE JULY 2026
SHERRIE CONSOER	$75.00	REBATE - REFRIGERATOR
DIVERSIFIED ADJUSTMENT SERVICES INC	$171.97	DUE TO AGENCY JULY STMT
DSI/LSI	$584.50	AUGUST GARBAGE SERVICE
CONNIE DURYEA	$25.00	REBATE - TRIMMER
ECM PUBLISHERS, INC	$119.00	ELECTRIC SUB/DUCT BANK BID
FERGUSON US HOLDINGS, INC.	$417.95	GATE VALVE BOX EXTENSION 14"
FRONTIER ENERGY, INC.	$6,931.65	SHAKO C&I IMPLENTATION - JULY
GOPHER STATE ONE-CALL	$1,278.45	JULY TICKETS
ALICIA GULSETH	$500.00	REBATE - CENTAC
HENNEN'S AUTO SERVICE INC.	$1,901.66	REPAIR TRUCK#646(E)
INTELLISTACK, LLC	$4,553.46	USERS ANNUAL CHARGE 8/1/26-7/31/27
IRBY - STUART C IRBY CO	$2,019.09	TESTING(E)
SHARON KOCINA	$500.00	REBATE - CENTAC
LOFFLER COMPANIES - 131511	$204.51	CONTRACT CHG 2026 MAINT AGREE JULY
MINING AUGER & TOOL WORKS, INC.	$6,852.71	AIR TOOL REPAIR/AIRREX 3200-A ROCK DRILL
MINN VALLEY TESTING LABS INC	$537.75	WATER TESTING COLIFORM
NAGEL COMPANIES LLC	$30,919.00	BORING @ TRINITY DR ST LIGHT WO3170
NISC	$36,298.35	JULY MISC
NORTHERN STATES	$419.00	ACCT#51-5636204-8 VALLEY PK 6/23-7/23
NORTHERN STATES	$29.99	ACCT#51-001264573-3 AMBERGLEN 6/24-7/26
NORTHERN STATES POWER CO	$3,621.29	JULY POWER BILL
PLUNKETT'S PEST CONT, INC.	$1,809.49	GENERAL PEST CONTROL SUB HOUSES
RESCO	$3,706.00	GROUND ROD 5/8" X 8'
RJ KOOL MIDWEST INC	$331.23	SPU WASHING MACHNE REPAIR
RW BECK GROUP, INC, LEIDOS ENG. LL	$51,220.00	WO2844 E SHAKO SUB CIVIL DESIGN-JULY
CHRIS SCHRIEVER	$200.00	REBATE - IRRIGATION CONTROLLERS
SPENCER FANE LLP	$14,832.50	JULY LEGAL FEES
SRF CONSULTING GROUP, INC.	$1,100.75	WO2634 SVCS HAWKINSON PROPERTY-JULY
STAPLES OIL COMPANY, INC.	$1,355.42	#2 DYED SOY DF FUEL(E)
STAR ENERGY SERVICES	$1,320.00	SHAKOPEEPU26093 GIS SERVICES 2026
ULINE, INC.	$913.67	TRASH CAN/STEP LADDER
VERIZON	$675.09	JULY TRUCK TRACKING
VESTIS FIRST AID & SAFETY SUPPLIES LOCK	$1,860.86	TRAUMA BAGS(E)
VIVID IMAGE, INC.	$650.00	ESSENTIAL+PLAN 8/1-8/31 2026
RYAN WERMERSKIRCHEN	$290.98	REIMBURSE SAFETY BOOTS 2026
WESCO RECEIVABLES CORP.	$4,043.16	SLF.ANC.TOOL W/2-5
JAMES WESTER	$500.00	REBATE - CENTAC
AMERICAN NATL BANK_MASTERCARD_ACH	$27,842.03	JULY CC STMT
HEALTH EQUITY INC.	$288.46	DCRA DAYCARE FLEX CLAIM R.L. 8.11.26
MMPA C/O AVANT ENERGY	$5,701,311.67	JULY POWER BILL
MN DEPT OF REVENUE ACH PAYMENTS	$453,802.00	JULY SALES & USE TAX PAYABLE
VERIZON WIRELESS SERVICES LLC	$1,080.74	MONTHLYPEPWAVE POTSOLVE 7/6-8/5 2026
PRINCIPAL LIFE INS. COMPANY	$3,910.81	PREMIUMS FOR CHG MON JULY, 8/26 BANK XFR
VERIZON WIRELESS SERVICES LLC	$2,638.89	JULY CELL PHONE BILL
Total Week of 08/14/2026	**$7,389,787.96**	

WEEK OF 08/21/2026

ALTEC INDUSTRIES INC	$472.50	REPAIR POLE CLAWS(E)
AQUA BLAST	$1,397.65	REFUND HYDRANT METER #223930316 RETURN
B & B TRANSFORMER INC	$9,900.00	300 KVA 3PH TRANSFORMER RP
BOB'S LAWN & LANDSCAPING INC	$67.00	BLACK DIRT(W)
BORDER STATES ELECTRIC SUPPLY	$427.60	MB-4 MOUNTING BRACKET
COMCAST CABLE COMM INC.	$2.27	CABLE FOR BREAKROOMS
CONCRETE CUTTING & CORING INC	$713.61	REPAIR(E)
PETER CONRAD	$400.00	REBATE - HPWH HEAT PUMP WATER HEATER
SHERRIE CONSOER	$25.00	REBATE - TRIMMER
CUSTOMER CONTACT SERVICES	$1,313.55	ANSWERING SERVICE 8/18-9/14 2026
DGR ENGINEERING	$2,295.66	WO#3079 BLUE LK BESS DISTRIB MODS JULY
DITCHWITCH OF MINNESOTA	$153.60	PROSPECTOR NOZZ CA1102(E)
DEREK DOOLITTLE	$500.00	REBATE - CENTAC
GRAINGER INC	$7.74	FG STEPLADDER SAFETY LABELS(W)
HAWKINS INC	$5,898.97	HAWKINS CHEMICAL DELIVERY
HDR ENGINEERING INC	$195,008.41	PHASE 1 DEAN LAKE SUB UPGRADES WO3134
TOM HELLKAMP	$50.00	REBATE - DISHWASHER
LORI HELMEN	$50.00	REBATE - DISHWASHER
HENNEN'S AUTO SERVICE INC.	$96.06	OIL CHANGE TRK#618(E)
HIGH POINT NETWORKS, LLC	$8,755.00	HPE - SAN MIGRATION LEVEL OF EFFORT
IRBY - STUART C IRBY CO	$548.98	BATTERY 2-PACK 4304654(W/2953-20)
J & J CANTERBURY LLC	$6,477.40	WO2800 J&J MPLS SANMAR IND FAC WM PLAN
J & J CANTERBURY LLC	$8,445.17	WO2820 3750 4TH AVE NEW BLDG UG ELECTRIC
JT SERVICES	$100,041.66	RED CONSTRUCTION MARKING PAINT(E)
KEYS WELL DRILLING COMPANY, INC	$23,670.00	REPAIR OF WELL 5
MICHAEL KITTOCK	$45.00	REBATE - LEAFBLOWER
IAN LORAM	$25.00	REBATE - TRIMMER
MICHAEL MALLETT	$1,000.00	REBATE - MSHP MINI SPLIT HEAT PUMP
MCCOYS COPPER PINT	$105.00	REFUND PRIVATE HYDRANT INSPECTION
MINN VALLEY TESTING LABS INC	$457.65	WATER TESTING COLIFORM
MOM'S DESIGN BUILD LLC	$18,524.00	LANDSCAPING FOR TANKS 5 & 6
IRINA MOYSEYEV	$50.00	REBATE - CLOTHES WASHER
NORTHERN STATES POWER CO	$3,452.56	JUNE POWER BILL
OFFICE OF MNIT SERVICES	$776.90	MONTHLY (WAN) SERVICE - JULY
POWERPLAN BF	$1,866.40	VERMEER VACTRON REPAIR#656
PRIORITY 1 SPRINKLERS	$177.50	SERVICE CALL
QUALITY FORKLIFT SALES & SERVICE	$1,198.26	FORKLIFT REPAIR
RESCO	$580.00	SMALL/LARGE SPLICE CONNECTION COVERS
SCOTT COUNTY TREASURER	$2,100.00	AUGUST FIBER
KATHLEEN SELENAK	$75.00	REBATE - REFRIGERATOR
MARK SMITH	$500.00	REBATE - MSHP-MINI SPLIT HEAT PUMP
CHRISTOPHER SPAHN	$105.00	REBATE - REFRIGERATOR
JODI SUDA-MORRIS	$50.00	REBATE - PUSHMOWER
TAM THAI	$150.00	REBATE - DISHWASHER
ULINE, INC.	$1,822.50	RACKABLE PLASTIC PALLET-48 X 40"BLACK
USABLUEBOOK	$1,928.60	HACH DPD 1/FLUORIDE REAGENT
DANIELLE WICKENHAUSER	$500.00	REBATE - CENTAC
PAYROLL DIRECT DEPOSIT 08.21.26	$149,884.87	
BENEFITS & TAXES FOR 08.21.26	$142,348.68	
Total Week of 08/21/2026	**$694,440.75**	

WEEK OF 08/28/2026

AMARIL UNIFORM COMPANY	$60.50	SPU CLOTHING ORDER T.BREZINA
AMAZON.COM SALES INC.	$28,246.00	REBATE - INTERIOR LIGHTING
APPLE FORD OF SHAKOPEE	$304.86	MAINT TRK#630(W)
ARAMARK REFRESHMENT SERVICES INC	$289.18	COFFEE SERVICES
BARR ENGINEERING CO.	$83,767.00	WO#2683 TANK 9 ENG 7/11-8/7 2026
BORDER STATES ELECTRIC SUPPLY	$792.81	NON CONTACT PHASE ROTATION TESTER
CITY OF SHAKOPEE	$1,616.81	WO3139 VALLEY CREST PK IRRIGATION REFUND
PRESTON COLEMAN	$140.00	D.O.T HEALTH CARD
DAHLEN SIGN COMPANY	$522.90	TRUCK DECALS(W)
DEAN SNYDER CONSTRUCTION CO.	$142.82	HYDRANT MTR #13213765 RETURN REFUND DUE
GREG DRENT	$322.00	PER DIEM MMUA CONF ST CLOUD MN
JAMES DULANEY	$640.10	PER DIEM MMUA CONF/REIMB HOTEL/MILES
FERGUSON US HOLDINGS, INC.	$1,179.00	HYD PRES LOGGER W/ STD CONN
HAWKINS INC	$41,161.85	HALOGEN GEMINI DUAL S/O SYS WO3133
JIM HENNES	$500.00	REBATE - CENTAC
KATHLEEN HOFER-MOCOL	$230.00	PER DIEM MMUA CONF ST CLOUD MN
HOMESTEAD ENGRAVING LLC	$494.00	SPU LOGO CLOTHING ORDER
OLGA HUBIN	$175.00	REBATE - CLOTHES WASHER
INNOVATIVE OFFICE SOLUTIONS	$732.49	OFFICE SUPPLIES
INTEGRATED PROCESS SOLUTIONS, INC	$1,823.13	KELLER LEVEL TRANSDUCER QUOTED(W)
INTERSTATE POWER SYSTEMS	$1,392.01	GENERATOR INSPECTION(W)
LOCATORS & SUPPLIES INC	$108.08	SAFETY VESTS(W)
MICHELS UTILITY SERVICES INC.	$991.93	HYDRANT MTR RET REFUND JOB#22141837
MINN VALLEY TESTING LABS INC	$822.50	WATER TESTING COPPER & LEAD
ANDRE MONTGOMERY	$500.00	REBATE - CENTAC
PLUNKETT'S PEST CONT, INC.	$159.80	PEST CONTROL WELL/P.H. 4
GABE REITER	$125.34	REIMBURSE MILEAGE/PARKING
RESCO	$4,058.40	CLAMP STIRRUP 4/0 TO 397.5 MCM
RW BECK GROUP, INC, LEIDOS ENG. LL	$4,064.00	JULY SPU OPERATING STUDIES
JACK SCHINTZ	$420.80	PER DIEM ALEXANDRIA MN/REIMB MILEAGE
PEG SCHONS	$45.00	REBATE - LEAFBLOWER
SCOTT COUNTY CDA	$19,000.00	2026 1ST SUBMITTAL LOW INCOME REBATE
ELLE SEAVER	$295.70	2026 BOOT REIMBURSMENT
STINSON LLP	$872.00	W-JULY LABOR MATTERS NO: 3522418.00
THE TORO COMPANY	$44,140.16	REISSUE LOST CK 10/11/24-REBATE COMP AIR
SATHISH VANKAYALA	$25.00	REBATE - LED LIGHT BULBS
TODD VOLLMERS	$325.00	REBATE - CLOTHES WASHER
MICHAEL VOURLOS	$170.00	PER DIEM ALEXANDRIA MN 8.19-8.21
RYAN WERMERSKIRCHEN	$420.80	PER DIEM ALEXANDRIA MN/REIMB MILEAGE
WESCO RECEIVABLES CORP.	$2,719.13	VT PACK 20' WIRING HARNESS
HEALTH EQUITY INC.	$288.46	DCRA DAYCARE FLEX CLAIM R.L.8.25.26 BANK
ZAYO GROUP, LLC	$4,635.50	AUGUST T1 LINE
Total Week of 08/28/2026	**$248,720.06**	
Grand Total	**$12,502,531.25**	

Kelley Willemssen

Presented for approval by: Director of Finance & Administration

Approved by General Manager

Approved by Commission President

Proposed As Consent Item

Monthly Water Dashboard

As of: July 2026

Shakopee Public Utilities Commission

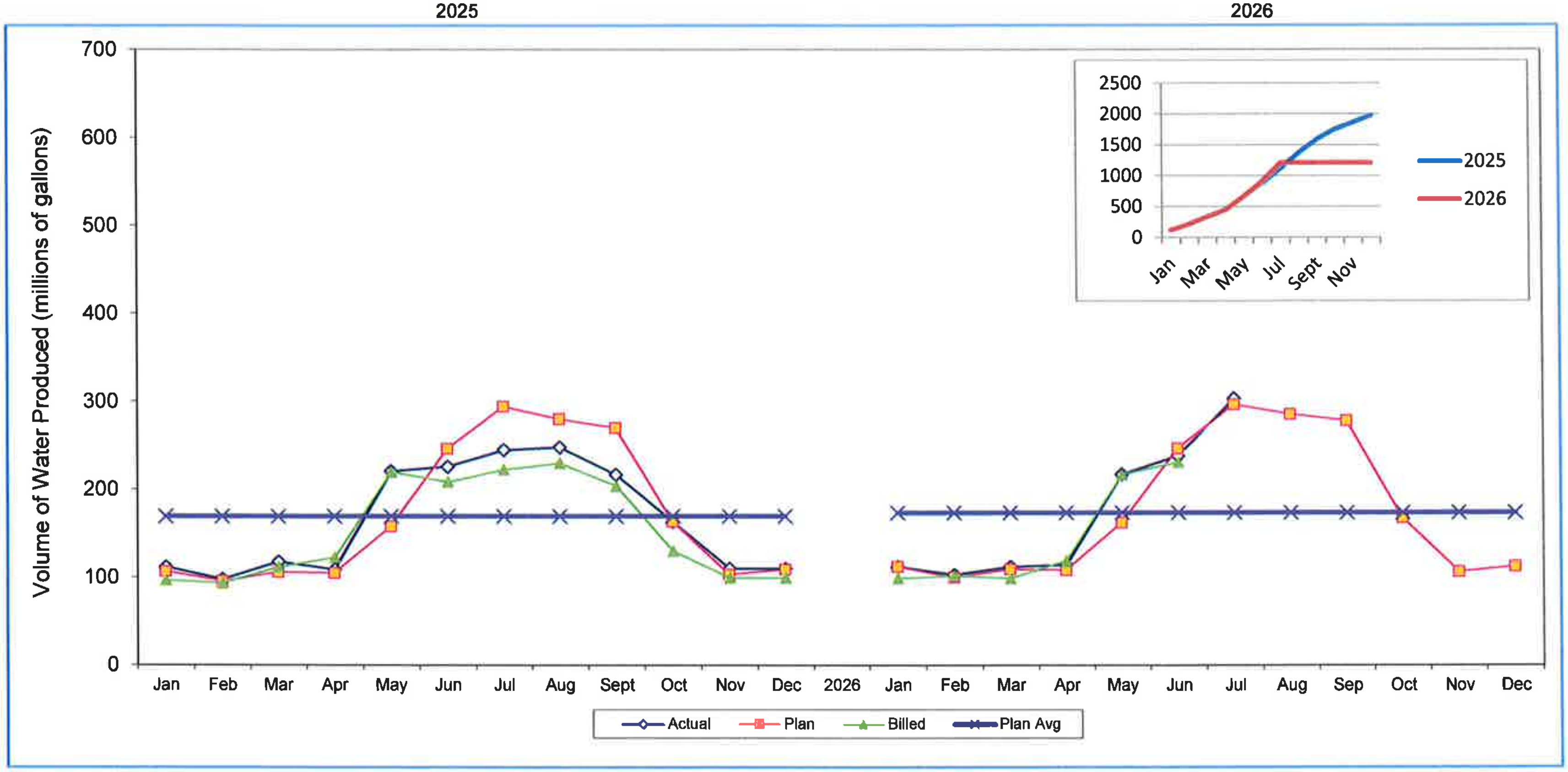
ALL VALUES IN MILLIONS OF GALLONS

Element/Measure — Water Pumped/Metered

Last 6 months actuals	103	112	114	217	238	303

Monthly Avg

2024	161
2025	165
2026	171



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	114	217	238	303					
Plan	112	100	109	108	162	246	296	285	278	167	106	112
YTD % *	100%	101%	102%	103%	111%	107%	106%					
Billed	99	102	99	119	217	231						

* Actual gallons pumped vs. Plan

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

Proposed As Consent Item **6d**

DATE: September 8, 2026

TO: Greg Drent, General Manager GD

FROM: Kelley Willemssen, Director of Finance & Administration KW

SUBJECT: July Financials Reports

As part of the July 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 July reports equates to 58% of the annual budget.

Key Takeaways for YTD Actuals to Budget

- Electric revenues were 4.91% under budget, mainly due to lower than budgeted power cost adjustment revenue from lower than budgeted purchased power costs through July.
- Electric expenses were 4.66% under budget, mainly from higher variances in energy conservation and outside services.
- Water revenues were 9.77% under budget due to seasonal usage patterns and should stabilize beginning in August with the hotter temperatures.
- Water expenses were 13.79% under budget mainly due to pumping and distribution expenses being lower than budgeted through July. This variance should stabilize as usage increases.
- Change in Net Position for the electric division as of 07/31/26 is $3.55M.
- Change in Net Position for the water division as of 07/31/26 is $2.72M.

Key Takeaways for YTD Actuals to Prior Year

- YTD electric operating revenues are up 6.18% from the prior year.
- YTD total electric operating expenses are up 2.51% from the previous year.
- YTD water operating revenues are up 11.62% from the prior year.
- YTD total water operating expenses are up .01% 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 07/31/2026.

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

	Year to Date Actual - Jul 31, 2026			Year to Date Budget - Jul 31, 2026			Electric YTD Actual v. Budget B/(W)		Water YTD Actual v. Budget B/(W)		Total Utility YTD Actual v. Budget B/(W)	
	Electric	Water	Total Utility	Electric	Water	Total Utility	$	%	$	%	$	%
OPERATING REVENUES	$ 36,376,548	4,591,779	40,968,327	38,255,759	5,088,963	43,344,722	(1,879,211)	-4.91%	(497,184)	-9.77%	(2,376,395)	-5.5%
OPERATING EXPENSES												
Operation, Customer and Administrative	29,858,058	2,464,000	32,322,058	31,362,893	3,213,930	34,576,823	1,504,835	4.8%	749,930	23.3%	2,254,765	6.5%
Depreciation	2,343,842	1,933,620	4,277,461	2,411,844	1,887,018	4,298,862	68,002	2.8%	(46,602)	-2.5%	21,400	0.5%
Total Operating Expenses	32,201,899	4,397,620	36,599,519	33,774,736	5,100,948	38,875,685	1,572,837	4.66%	703,329	13.79%	2,276,166	5.9%
Operating Income	4,174,649	194,159	4,368,808	4,481,023	(11,986)	4,469,037	(306,374)	-6.8%	206,145	-1719.9%	(100,229)	-2.2%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	148,854	589,040	737,894	231,952	206,532	438,485	(83,098)	-35.8%	382,507	185.2%	299,409	68.3%
Interdepartment Rent from Water	52,500	-	52,500	52,500	-	52,500	-	0.0%	-	0.0%	-	0.0%
Investment Income	788,720	636,889	1,425,609	862,722	287,574	1,150,295	(74,002)	-8.6%	349,315	121.5%	275,313	23.9%
Interest Expense	(34,943)	(1,582)	(36,525)	(52,889)	(2,783)	(55,672)	17,946	33.9%	1,201	43.2%	19,147	34.4%
Gain/(Loss) on the Disposition of Property	28,104	2,875	30,979	27,225	-	27,225	879	0.0%	2,875	-	3,754	-
Total Non-Operating Revenue (Expense)	983,235	1,227,222	2,210,457	1,121,510	491,324	1,612,834	(138,275)	-12.3%	735,898	149.8%	597,623	37.1%
Income Before Contributions and Transfers	5,157,884	1,421,381	6,579,265	5,602,533	479,338	6,081,871	(444,649)	-7.9%	942,043	196.5%	497,394	8.2%
CAPITAL CONTRIBUTIONS	384,333	1,913,884.64	2,298,217	451,420	2,064,595	2,516,015	(67,087)	14.9%	(150,711)	-7.3%	(217,798)	-8.7%
FREE SERVICE TO THE CITY OF SHAKOPEE	95,593	-	95,593	85,051	-	85,051	10,543	-12.4%	-	-	10,543	12.4%
CONTRIBUTIONS TO CITY OF SHAKOPEE	(2,079,061)	(609,556.00)	(2,688,617)	(2,314,048)	(278,972)	(2,593,020)	234,987	10.2%	(330,584)	-118.5%	(95,597)	-3.7%
CHANGE IN NET POSITION	$ 3,558,748	2,725,710	6,284,458	3,824,955	2,264,961	6,089,916	(266,206)	-7.0%	460,748	20.3%	194,542	3.2%

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

		YTD Actual 7/31/2026	YTD Budget 7/31/2026	YTD Actual v. Budget Increase (decrease) $	%	
OPERATING REVENUES						
Sales of Electricity						
Residential	$	13,994,483	14,902,639	(908,156)	93.9	
Commercial and Industrial		21,732,773	22,727,072	(994,299)	95.6	
Total Sales of Electricity		35,727,256	37,583,044	(1,855,789)	95.1	
Forfeited Discounts		118,075	128,720	(10,644)	91.7	
Conservation program		531,217	543,995	(12,778)	97.7	
Total Operating Revenues		36,376,548	38,255,759	(1,879,211)	95.1	
OPERATING EXPENSES						
Operations and Maintenance						
Purchased power		25,135,731	25,520,365	(384,634)	98.5	
Distribution operation expenses		424,339	481,483	(57,145)	88.1	
Distribution system maintenance		859,104	800,998	58,105	107.3	
Maintenance of general plant		237,055	283,253	(46,198)	83.7	
Total Operation and Maintenance		26,656,228	27,086,099	(429,871)	98.4	
Customer Accounts						
Customer records and collection		347,633	423,197	(75,564)	82.1	
Energy conservation		(205,621)	516,250	(721,871)	(39.8)	(1)
Total Customer Accounts		142,012	939,447	(797,435)	15.1	
Administrative and General						
Administrative and general salaries		768,184	781,339	(13,155)	98.3	
Office supplies and expense		322,596	402,449	(79,854)	80.2	
Outside services employed		203,338	333,845	(130,507)	60.9	(2)
Insurance		84,836	103,833	(18,997)	81.7	
Employee Benefits		1,303,144	1,324,959	(21,815)	98.4	
Miscellaneous general		377,720	390,921	(13,200)	96.6	
Total Administrative and General		3,059,818	3,337,347	(277,529)	91.7	
Total Operation, Customer, & Admin Expenses		29,858,058	31,362,893	(1,504,835)	95.2	
Depreciation		2,343,842	2,411,844	68,002	97.2	
Total Operating Expenses	$	32,201,899	33,774,736	(1,572,837)	95.3	
Operating Income	$	4,174,649	4,481,023	(306,374)	93.2	

Item	Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and $ Variance Greater than $15,000.
(1)	Variance due to less conservation expenses than budgeted through July.
(2)	Variance due to less outside service expenses than budgeted through July.

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

		YTD Actual 7/31/2026	YTD Budget 7/31/2026	YTD Actual v. Budget Increase (decrease) $	%	
OPERATING REVENUES						
Sales of Water	$	4,577,593	5,080,830	(503,236)	90.1	
Forfeited Discounts		14,185	14,258	(72)	99.5	
Total Operating Revenues		4,591,779	5,088,963	(497,184)	90.2	
OPERATING EXPENSES						
Operations and Maintenance						
Pumping and distribution operation		506,077	628,031	(121,954)	80.6	
Pumping and distribution maintenance		322,889	608,206	(285,317)	53.1	(1)
Power for pumping		220,080	219,947	133	100.1	
Maintenance of general plant		29,899	38,747	(8,848)	77.2	(2)
Total Operation and Maintenance		1,078,944	1,494,931	(415,986)	72.2	
Customer Accounts						
Customer records and collection		123,470	105,269	18,201	117.3	
Energy conservation		921	3,707	(2,785)	24.9	(3)
Total Customer Accounts		124,503	108,975	15,527	114.2	
Administrative and General						
Administrative and general salaries		306,996	359,006	(52,010)	85.5	
Office supplies and expense		115,850	136,807	(20,957)	84.7	
Outside services employed		108,002	213,385	(105,382)	50.6	(4)
Insurance		28,279	26,443	1,836	106.9	
Employee Benefits		578,622	603,083	(24,461)	95.9	
Miscellaneous general		122,804	271,300	(148,497)	45.3	(5)
Total Administrative and General		1,260,553	1,610,025	(349,472)	78.3	
Total Operation, Customer, & Admin Expenses		2,464,000	3,213,930	(749,930)	76.7	
Depreciation		1,933,620	1,887,018	46,602	102.5	
Total Operating Expenses	$	4,397,620	5,100,948	(703,329)	86.2	
Operating Income	$	194,159	(11,986)	206,145	(1,620)	

Item	Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and $ Variance Greater than $15,000.
(1)	Variance due to lower than budgeted pumping maintenance expenses through July, should stabilize throughout the year.
(2)	Variance due to lower than budgeted general plant expenses through July.
(3)	Variance due to lower than budgeted water rebate expenses through July.
(4)	Variance due to less outside service expenses than budgeted for through July,should stabilize throughout the year.
(5)	Variance due to timing of a larger invoice for regulatory expenses that posts in December '26.

SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE

	2026	2025	2025-2026 Increase (decrease) $	%
OPERATING REVENUES				
Sales of Electricity				
Residential	$ 13,994,483	12,916,892	1,077,591	108.3
Commercial and Industrial	21,732,773	20,724,145	1,008,628	104.9
Total Sales of Electricity	35,727,256	33,641,037	2,086,219	106.2
Forfeited Discounts	118,075	118,220	(145)	99.9
Conservation program	531,217	500,408	30,809	106.2
Total Operating Revenues	36,376,548	34,259,665	2,116,883	106.2
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	25,135,731	24,481,982	653,749	102.7
Distribution operation expenses	424,339	395,526	28,813	107.3
Distribution system maintenance	859,104	596,210	262,894	144.1
Maintenance of general plant	237,055	247,672	(10,617)	95.7
Total Operation and Maintenance	26,656,228	25,721,390	934,838	103.6
Customer Accounts				
Meter Reading	-	11,033	(11,033)	-
Customer records and collection	347,633	318,270	29,363	109.2
Energy conservation	(205,621)	66,761	(272,382)	(308.0)
Total Customer Accounts	142,012	396,064	(254,052)	35.9
Administrative and General				
Administrative and general salaries	768,184	690,176	78,008	111.3
Office supplies and expense	322,596	352,569	(29,973)	91.5
Outside services employed	203,338	247,741	(44,403)	82.1
Insurance	84,836	97,369	(12,533)	87.1
Employee Benefits	1,303,144	1,155,328	147,816	112.8
Miscellaneous general	377,720	349,561	28,159	108.1
Total Administrative and General	3,059,818	2,892,744	167,074	105.8
Total Operation, Customer, & Admin Expenses	29,858,058	29,010,198	847,860	102.9
Depreciation	2,343,842	2,403,882	(60,040)	97.5
Total Operating Expenses	$ 32,201,899	31,414,080	787,819	102.51
Operating Income	$ 4,174,649	2,845,585	1,329,064	146.7

SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE

	2026	2025	2025-2026 Increase (decrease) $	%
OPERATING REVENUES	$			
Sales of Water	4,577,593	4,098,323	479,270	111.7
Forfeited Discounts	14,185	15,302	(1,117)	92.7
Total Operating Revenues	4,591,779	4,113,625	478,154	111.6
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	506,077	480,616	25,461	105.3
Pumping and distribution maintenance	322,889	227,560	95,329	141.9
Power for pumping	220,080	211,487	8,593	104.1
Maintenance of general plant	29,899	21,348	8,551	140.1
Total Operation and Maintenance	1,078,944	941,011	137,933	114.7
Customer Accounts				
Meter Reading	111	6,852	(6,741)	1.6
Customer records and collection	123,470	104,090	19,380	118.6
Energy conservation	921	1,937	(1,016)	47.6
Total Customer Accounts	124,503	112,879	11,624	110.3
Administrative and General				
Administrative and general salaries	306,996	342,964	(35,968)	89.5
Office supplies and expense	115,850	125,553	(9,703)	92.3
Outside services employed	108,002	70,484	37,518	153.2
Insurance	28,279	32,456	(4,177)	87.1
Employee Benefits	578,622	555,415	23,207	104.2
Miscellaneous general	122,804	141,478	(18,675)	86.8
Total Administrative and General	1,260,553	1,268,350	(7,797)	99.4
Total Operating Expenses	2,464,000	2,322,240	141,760	106.1
Depreciation	1,933,620	2,075,108	(141,488)	93.2
Total Operating Expenses	4,397,620	4,397,348	272	100.01
Operating Income	$ 194,159	(283,723)	477,882	(68.4)

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

DATE: September 8, 2026

TO: Commissioners

FROM: Greg Drent, General Manager

SUBJECT: Succession Plan Review & Updates

The Succession Plan has been reviewed and updated to reflect current staffing information as of August 1, 2026. The Plan was last updated in 2023. As part of this review, employee demographic, years-of-service, and potential retirement information was updated to reflect current staffing levels and anticipated workforce changes.

Other than updating this information from 2023 to 2026, no substantive changes have been made to the Succession Plan. The existing framework for developing future leaders and managing General Manager, management team, and key field staff vacancies remains unchanged. The Plan continues to provide both a process for developing potential internal successors and procedures for addressing planned and unexpected vacancies.

The updated workforce analysis indicates that seven current employees may become eligible for retirement within the next five years, with an additional seven employees potentially becoming eligible during years six through ten. These projections are based on full Social Security retirement age and/or the Rule of 90.

Given these anticipated staffing changes, management should continue to monitor workforce needs and succession readiness. Attention will be given to:

- **Retirement eligibility and anticipated departures**, especially positions where a vacancy could significantly affect operations or continuity of service.
- **Critical and difficult-to-fill positions**, including areas currently identified for future attention such as Meter Technician/Electrician and Building & Fleet Management.
- **Knowledge transfer and cross-training** to ensure critical institutional and operational knowledge is shared before experienced employees leave.
- **Development of internal staff**, including training, certifications, education, job shadowing, and other development opportunities identified in the Succession Plan.
- **Depth of staffing and internal succession readiness** for key management and field positions, including whether qualified employees are prepared to assume additional responsibilities on either an interim or permanent basis.
- **Annual review of workforce data** so that retirement projections, areas of concern, and succession priorities remain current as staffing changes occur.

Shakopee Public Utilities

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www.shakopeeutilities.com

The Succession Plan should continue to serve as a working document and be reviewed periodically as staffing conditions evolve. Management will continue to monitor these areas and bring forward recommended changes to the Plan when workforce conditions or organizational needs warrant Commission consideration.

Attached is a redline version and a final draft version for your review.

Action Requested: Approve SPU Succession Plan

Shakopee Public Utilities

Shakopee Public Utilities Commission

Succession Plan

2026

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SPU Succession Plan Table of Contents

Section I

Background Materials

1. Introduction

SPU's Succession Plan is intended to assist the organization in anticipating and planning for staff turnover, as well as analyzing historic turnover to see whether the organization is experiencing an unhealthy level of turnover in any areas.

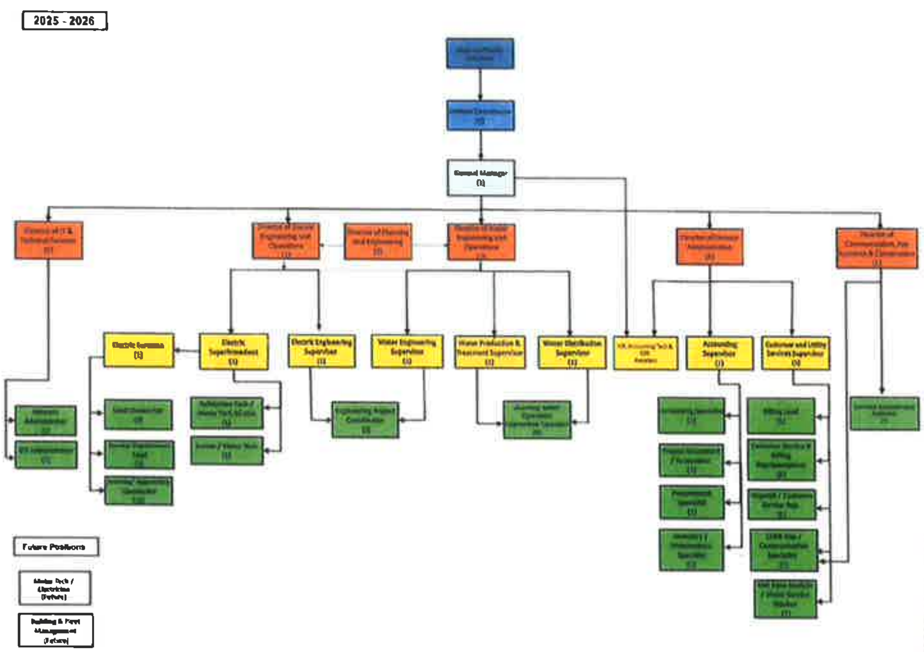
The program also outlines SPU's program for "building the bench" at the staff level to ensure that existing staff members are well-prepared to move into key positions when vacancies occur. The plan contemplates preparing candidates for succession at three levels: General Manager, management team positions, and key field staff positions. Field staff positions are included in the plan because they provide valuable services to our ratepayers. Extended vacancies can cause hardship both to the ratepayers and to SPU.

Finally, the plan contains the playbook for filling vacancies when they occur. The most detailed plans address General Manager succession. The other plans are simpler and more in the nature of checklists, since they assume that General Manager will be in place to oversee the candidate selection process.

The components of the plan and timeline are as follows:

- Section I includes the current Organizational Chart, an analysis of past and potential future SPU staff turnover and a list of key positions that are covered by the Plan.
- Section II outlines SPU's program for developing the next generation of leadership.
- Section III provides a step-by-step guide for replacing key staff members. Included are plans and timelines for:

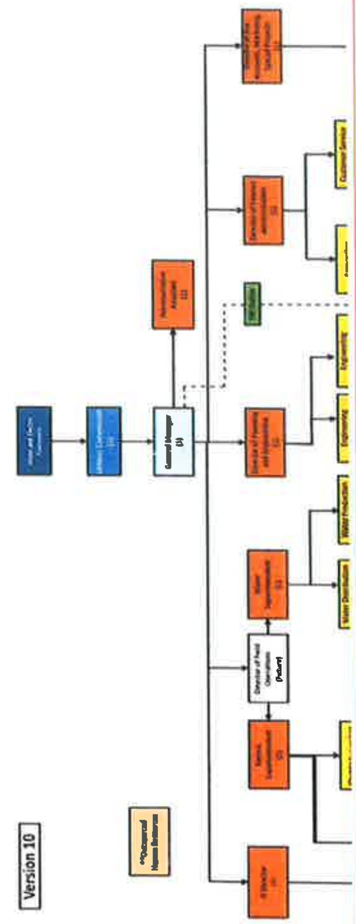
    - Emergency General Manager Succession
    - Emergency General Manager Succession Timeline
    - Departure-Defined General Manager Succession
    - “Planned” Departure-Defined General Manager Succession Timeline
    - Departure-Defined Management Team Member Succession
    - Emergency Management Team Member Succession
    - Departure-Defined Field Staff Member Succession
    - Emergency Field Staff Member Succession



3. Staff Turnover Analysis

Staffing Levels

As of August 1, 2026:



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	Authrorized FT Staffing Levels	Staff Employed Today	2026 Open Additions	Authorized Summer Positions Left Unfilled	Total ft/pt
General Manager	1	1	0	0	1
Department Heads	5	6	0	0	6
Customer Service	10	9	1	0	9
Finance & Administration	6	7	0	0	7
Water Department	10	9	2	0	9
Electric Department	18	20	0	0	20
Planning & Engineering	5	3	2	0	3
IT Department	2	2	0	0	2
Marketing, Key Accts, -Dir's Adm. Assist	1	1	0	0	1
Total	**58**	**58**	**5**	**0**	**58**

Current Outlook:

- Number of current employees today is ~~57~~ 55(excluding commissioners & summer help).
- Average age is ~~45.56~~.50.08
- Average years of service is ~~11.18~~ 12.77 years.

Over the next five years:

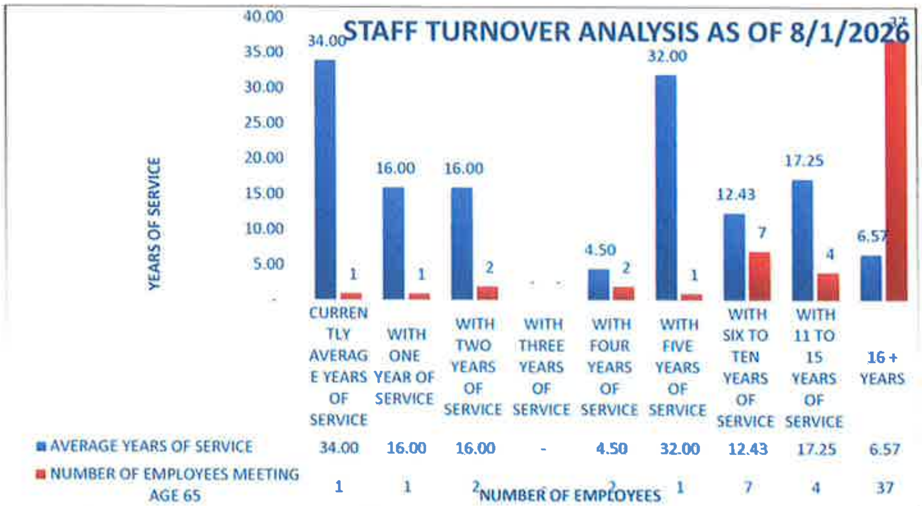
- Number of potential retirements is ~~14~~ 7.
- Average age of those employees is ~~63.14~~ 62.14 years.
- Average years of service is ~~14.43~~ 17.57 years.
- This information is based on full social security retirement age (65) and/or Rule of 90.

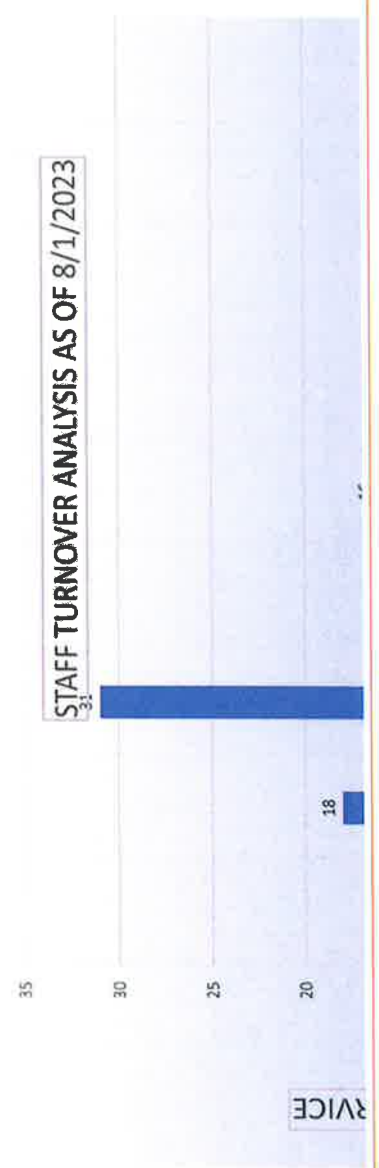
Over the next ten years:

- Number of potential retirements is ~~5~~ 7.
- Average employee age is ~~52.8~~ 56.71 years.
- Average years of service is ~~10.60~~ 12.43years.
- Estimated number of employees eligible to retire in the next 10 years based on full social security retirement age and/or Rule of 90 include:

Current focus and areas of concern:

- ~~Department Heads – Two Department Heads are at retirement age. Need to hire Director of Field Operations~~. Meter Tech/Electrician - Future
- ~~Customer Service – 8 potential retirements within the next 5 years~~ Building & Fleet Management - Future


STAFF TURNOVER ANALYSIS AS OF 8/1/2026
YEARS OF SERVICE
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
34.00
16.00
16.00
4.50
32.00
12.43
17.25
6.57
1
1
2
2
1
7
4
37
CURRENTLY AVERAGE YEARS OF SERVICE
WITH ONE YEAR OF SERVICE
WITH TWO YEARS OF SERVICE
WITH THREE YEARS OF SERVICE
WITH FOUR YEARS OF SERVICE
WITH FIVE YEARS OF SERVICE
WITH SIX TO TEN YEARS OF SERVICE
WITH 11 TO 15 YEARS OF SERVICE
16 + YEARS
AVERAGE YEARS OF SERVICE 34.00 16.00 16.00 - 4.50 32.00 12.43 17.25 6.57
NUMBER OF EMPLOYEES MEETING AGE 65 1 1 2 2 1 7 4 37
NUMBER OF EMPLOYEES


STAFF TURNOVER ANALYSIS AS OF 8/1/2023
31
18
35
30
25
20

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Section II

Developing the Next Generation of Leadership

4. Program Overview

1. **Positions.** The General Manager may decide to open a staff position to the succession planning program at any time.

2. **Eligibility.** SPU has an established process for identifying and developing potential candidates for leadership positions. This process may include training and performance review evaluation & goals, development opportunities, as well as structured opportunities for individuals to be selected.

3. **Candidates.** More than one individual may participate in the succession planning program for a position.

4. **Supervision.** The General Manager will serve as the succession planning program director for candidates for the General Manager position, as well as candidates for management team positions.

5. **Plan.** The Department Manager/Director will work with the employee to create the development Plan. Field staff plans will be approved by the General Manager. Plans will be tailored to the specific needs of the candidate and should include specific goals and objectives.

6. **Meetings.** The General Manager and the candidate should plan to meet if possible to discuss the candidate's progress and future activities. The General Manager may also schedule meetings with multiple succession planning candidates to discuss subjects of common interest. The General Manager participate in meetings with field staff succession candidates on a quarterly basis. Meetings may include a presentation or briefing provided by a third party.

7. **Withdrawal.** A candidate may choose to withdraw from the program at any time for any reason. Withdrawal will have no adverse consequences regarding candidates' continued employment in their current position.

5. Potential Succession Plan Activities

Examples for Management Team Member

- Developing action plan for employee pertinent for position
- Regular meetings with General Manager or Department Director establishing progress, achievements and objectives
- Further education
- Certification programs
- Job shadowing
- AWWA, APPA, MMUA training courses

Examples for Field Staff

- Developing action plan for employee for pertinent requirements of position
- Regular Meetings with Department Director establishing progress, achievements and objectives
- Further Education
- Certification programs
- Job shadowing
- AWWA, APPA, MMUA training courses

Section III

Managing General Manager and Key Staff Turnover

6. Emergency General Manager Succession Plan

Purpose
The purpose of the emergency succession plan is to ensure continuous coverage of executive duties, critical to the ongoing operations and organization's sustainability, in the event of an emergency departure of the General Manager.

This plan addresses issues related to both permanent (General Manager will not return) and temporary (General Manager will return after unplanned such as illness, etc.) replacement. Issue specific to temporary absence are denoted in the plan.

1. **General Manager Core Responsibilities**
   a. Manages all aspects of the utilities operations
   b. Sustains sound fiscal management
   c. Plans for long-term service needs
   d. Maintains and enhances human resources
   e. Provides leadership to department personnel
   f. Facilitates utility commission decision-making
   g. Promotes positive customer and community relations which will drive customer satisfaction

2. **Key Competencies**
   a. *Strategic Thinking*. Maintains a visionary approach while maintaining attractive rates compared to surrounding utilities.
   b. *Communication Skills*. Demonstrates exceptional communication skills, both written and orally.
   c. *Business / Industry Knowledge*. Ability to manage complex utilities operations.
   d. *Interpersonal Skills*. Works effectively with local, state and federal regulatory officials, consultants, developers, contractors and customers.
   e. *Relationship/Team Building*. Demonstrates excellent communication and public relations skills, and the ability to maintain positive working relationships with employees, customers, the utility commission, the community, the City of Shakopee, and other groups, agencies and boards; the ability to persuade and negotiate agreements; and establish the overall tone and content for mass communications.

f. *Delegation.* Demonstrates proven ability (experience) in successfully influencing and leading multi-faceted, diverse teams/perspectives to a common goal.
g. *Integrity/Values*. Conducts utility business with the highest ethical standards at all times.
h. *Legislative/Public Policy*. Evaluates new legislation related to operations and recommends and implements policies and procedures for compliance with new legislation into utilities programs.
i. *Human Resources Development Culture.* Leads utilities management in creating and maintaining a positive work environment, fostering effective performance of staff, and maintaining effective communications with staff.
j. *Priority Management*. Develops, recommends and implements operating policies, procedures and programs within the Utility in order to accomplish goals and objectives.

3. Expertise and Experience

a. Organizational management.
b. Legislation and public policy development.
c. Financial management.
d. Utility industry.

4. Required Leadership Style

a. In organization like Shakopee Public Utilities, we have a Visionary Management Style. General Manager is focused on motivating the team by setting goals and outlining a clear vision for the future.

5. Interim General Manager

The commission shall appoint an individual to serve as the interim General Manager to fulfill the General Manager's duties until the position is filled or the General Manager returns, if the vacancy is temporary. The interim General Manager may be a key staff member or an experienced utilities leader on a contract basis.

6. Key Interim General Manager Responsibilities:

a. Serve, with integrity and strength, as the organization's primary leader, representative and spokesperson to SPU customers and the greater community.
b. Support the commission, including preparing executive reports and attending meetings.
c. Lead the management team.
d. Responsible in the recruitment and selection for directly supervised staff.
e. Manage initiatives related to organizational capacity, annual goals and strategic plan.
f. Maintain accountability for current year operating budget and financial performance.
g. Establish, maintain and cultivate relations with customers, the City of Shakopee and other stakeholders.

h. Promote resource development goals.

7. Interim General Manager Authority

The person appointed as interim General Manager shall have full authority for decision making and independent action outlined above, except for the following which must be approved by the board:

a. Expenditures that exceed the SPU operating or capital budget.
b. Any decision that would normally be subject to commission approval.

8. Interim General Manager Compensation

The Interim General Manager, if a staff member, shall receive a temporary salary increase while serving in that capacity and as determined by the SPU Commission.

9. Communication Plan

Communication is a key function of a healthy organization and is integral to the success of a transition. Effective communications, both internal and external, will be crucial to a successful transition.

Internal communications. Immediately upon departure, the commission should communicate the following information to SPU staff:

a. Effective departure date (or pending departure date).
b. Implementation of the approved succession plan and process to address transition and replacement issues.
c. The identity of the Interim General Manager.

External communications. The General Manager with input from the commission will maintain an updated list of key contacts to be notified in the event of a General Manager transition. In coordination with the Interim General Manager, the transition spokesperson will provide notice of the transition to the key contacts.

10. Commission Oversight

The Commission will have responsibility for monitoring and supporting the work of the Interim General Manager. The President or full Commission should hold regular conference calls with the Interim General Manager to discuss key issues and upcoming SPU projects, ongoing construction and operations.

11. Selection of New General Manager

An outside search will be conducted by an executive consulting firm like Baker Tilly or Versique unless there is a designated internal successor approved by the commission within the six months prior to the executive's departure. The commission president shall appoint an executive search committee, to identify and recommend candidates to the board for approval. The interim General Manager should not be included on the search committee if they are a potential candidate.

12. Process to Transition and Assimilate New General Manager

Within the first two weeks of the new General Manager's employment, the board president and/or designated consultant will work with the new General Manager to develop and implement an initial 6-month plan to ensure the new General Manager has the resources and information for a successful transition. The plan should include:

a. The commission's written goals and expectations for the successor for the first 6 to 12 months.
b. Participation in meetings with commission members, staff, SPU committees and the City of Shakopee.
c. A structured feedback mechanism to assess progress and potential barriers to a successful transition.
d. Access to development resources for the new executive, such as reading materials and/or leadership training programs.
e. Depending on the complexity of the challenges, a transition consultant may be considered.

7. Emergency General Manager Succession Timeline

Week 1-2:

1. SPU Commission meets to begin implementation of the succession plan.
2. Commission appoints Interim General Manager.
3 Commission determines whether an outside search is appropriate.
4. Interim General Manager provides notification of the transition to appropriate parties.
5. Review and refine the interim executive's responsibilities, authority, and decision-making limitations.
6. SPU Commission members appoint search committee.

Week 2-3

1. If appropriate, the President contacts search firms and asks for proposals.
2. The search committee and the Interim General Manager review the General Manager job description and list of core responsibilities.
3. Define internal and external communication plan.
4. Identify the required Commission support and supervision process of the interim executive.

End of Week 3:

1. Outline process to recruit and select new executive.
2. Appoint executive search task force committee.
3. Develop transition plan for new executive.

8. Departure-Defined General Manager Succession Plan

Purpose

The purpose of this departure-defined succession plan is to ensure continuous coverage of the General Manager duties, critical to the ongoing operation and utilities' sustainability, when a long-term General Manager plans a future retirement or departure date. The objective for this process is to share the expertise of the departing General Manager with the successor while simultaneously preparing the organization and departing General Manager to fully support the successor.

Ideally the departing General Manager's input, along with involvement from the commission and successor will make this an effective plan to ensure continuity in external relationships and with staff, while promoting an environment of operational effectiveness under new leadership.

1. **Address personal and professional barriers for the departing General Manager.**
    a. Understand and address "founder syndrome," if applicable. Consider the challenges associated with the departure of a long-term General Manager who has overseen the development of the organization in its current form.
    b. Agree on the parameters of the General Manager's emeritus role. In collaboration with the long-term executive, the board should identify strategies and boundaries to facilitate a successful transition. If there is a need for the outgoing General Manager to remain directly involved in the organization, then clearly define his/her role in supporting the successor's decisions and direction even if different than the outgoing General Manager's. The outgoing General Manager's prior mentor role should change to a resource role for incoming General Manager. The support would be offsite and the outgoing General Manager would not continue to be onsite at the same time as the incoming General Manager/Interim General Manager.

2. **Update job description to ensure executive responsibilities and hiring requirements promote SPU's sustainability and continuity.**
    a. Identify the top five to seven strategic objectives and/or challenges that fall under the General Manager's core responsibilities.
    b. Based on these objectives and/or challenges, is there an impact of the General Manager' s job description?
        i. Key competencies (e.g., skills — core leadership and management, strategic thinking, board oversight, staff management, agility skills, etc.).
        ii. Expertise and experience (e.g., financial, political, utility industry).
        iii. Required leadership style (e.g., high control or collaborative).

3. **Form a succession-planning committee with clear roles and accountability.**
    a. Determine the executive search strategy.
    b. Update the job description.

4. **Define internal and external communication plan.**

   a. The plan should address communication with stakeholders, including staff, the City of Shakopee, national affiliates, state affiliates, past board members, key accounts and the community at large.
   b. The plan should include rationale for change, steps to achieve success and commitment to the successor, and a plan for SPU's continued future success.
   c. The plan should also provide for stakeholders, particularly staff, to help identify transition issues as well as recognize successes.

5. **Position SPU for future success by conducting a sustainability audit.**
   a. Gather input from stakeholders such as the departing General Manager, commission members, key staff, and the City of Shakopee.
      i. Assess SPU's greatest strengths and areas for improvement.
      ii. Identify major upcoming issues that may impact SPU's ability to successfully provide services.
      iii. Identify potential changes that might be needed to address those issues.
   b. Additional items to explore to gather data about effectiveness, financial position.
      i. Operational effectiveness of administrative functions: How effective are the human resources and financial functions?
      ii. Resource relationships: Are key resource relationships held by more than one staff member?
      iii. Financial resources: Does the organization have sufficient financial reserves?
      iv. Leadership and staff resources: Are leadership responsibilities shared appropriately within SPU? Have future leaders been identified for development?
      v. Commission-effectiveness: Should the commission meet more frequently during the transition?

6. **Promote a successful transition of the new General Manager. The transition plan for the first 6 months should include:**
   a. The board's written goals and expectations for the successor for the first 6 to 12 months.
   b. Participation in meetings with commission members, staff, MMUA, MMPA and the City of Shakopee.
   c. A structured feedback mechanism to assess progress and potential barriers to a successful transition.
   d. Access to development resources for the new General Manager, such as reading materials and/or leadership development programs.
   e. Depending on the complexity of the challenges, a transition coach may be considered.

9. "Planned" Departure-Defined General Manager Succession Timeline

Week 1:

1. Current General Manager meets with Commission President to discuss intent for a future departure.

Week 2-3:

1. Current SPU Commission members discuss "planned" departure-defined succession planning process and assign roles and responsibilities.

Week 4-5:

1. Identify the top three to five strategic objectives that fall under the General Manager's core responsibilities.
2. Review leadership skills desired and leadership traits not desired for new executive.
3. Review job description for General Manager.

Week 6-7:

1. Define internal and external communication plan.

Week 8-9:

1. Form a succession planning committee and define roles and responsibilities, including the support role of the departing General Manager.
2. Develop a timetable for the executive search strategy.

Week 10-16:

1. Define internal and external communication plan to be used during the recruiting, hiring and transition process.
2. Conduct a sustainability audit of the organization and develop strategies to address organizational and leadership vulnerabilities.

Week 17-TBD:

1. Conduct executive search for successor.
2. Provide regular updates to the Commission and SPU staff about the selection and hiring process.
3. Identify successor and officially hire them.

10. Emergency Management Team Member Succession Plan

1. **Management Team Member Core Responsibilities**
   a. Review the core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
   b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.
   c. Consider engaging temporary or consulting help if necessary to ensure that core responsibilities are met.

2. **Key Competencies**
   a. Review the key competencies for the position and make changes as necessary.
   b. Update the job description as appropriate.

3. **Communication Plan**
   a. Develop a plan for communicating information about the vacancy to staff, members, and other stakeholders as appropriate.
   b. Provide updates during the selection and transition process.

4. **Candidates**
   a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
   b. Determine whether it is appropriate to advertise for the position.
   c. Advertise if necessary.
      i. MMUA website.
      ii. APPA and AWWA if appropriate.
      iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.
      iv. Other outlets appropriate to the nature of the position.

5. **Selection**
   a. Initial interviews will be conducted by the General Manager.
   b. Final interviews may include additional participants, including other senior staff, commission members, or outside consultants as appropriate to the nature of the position. If the position involves public speaking in any capacity, it is advisable to ask candidates to make a short presentation as part of the interview process.
   c. Final selection is made by the General Manager.

11. Departure-Defined Management Team Member Succession Plan

1. Coordination between General Manager and Management Team Member

a. Hopefully, the management team member and the General Manager are able to discuss the timing of the management team member's departure in advance

b. Steps 2, 3 and 4 below should be carried out jointly by the General Manager and the departing management team member.

2. Management Team Member Core Responsibilities

a. Review core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.

b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

c. The General Manager should consider engaging temporary or consulting help if necessary to ensure that core responsibilities are met.

a. **Key Competencies**

a. Review the key competencies for the position and make changes as necessary.

b. Update the job description as appropriate.

b. Communication Plan

a. Develop a plan for communicating information about the vacancy to staff, members, and other stakeholders as appropriate.

b. Provide updates during the selection and transition process.

5. Candidates

a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.

b. Determine whether it is appropriate to advertise for the position.

c. Advertise if necessary.

   i. MMUA website.

   ii. APPA and AWWA if appropriate.

   iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.

   iv. Other outlets appropriate to the nature of the position.

6. Selection

a. Interviews will be conducted by Human Resource or the outside search firm and the General Manager.

12. Departure — Defined Field Staff Member Succession Plan

1. **Coordination between Department Director and Field Staff Member**
   a. Department Director and the Field Staff should discuss the timing of the management team member's departure in advance
   b. Steps 2, 3 and 4 below should be carried out jointly by the Department Director and the departing Field Staff member.

2. **Field Staff Member Core Responsibilities**
   a. Review core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
   b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

3. **Key Competencies**
   a. Review the key competencies for the position and make changes as necessary.
   b. Update the job description as appropriate.

4. **Communication Plan**
   a. Develop a plan for communicating information about the vacancy to staff,
   b. Provide updates during the selection and transition process.

5. **Candidates**
   a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
   b. Post position internally & externally for 2 weeks.
   c. Advertise if necessary.
      i. MMUA website.
      ii. APPA and AWWA if appropriate.
      iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.
      iv. Other outlets appropriate to the nature of the position.

6. **Selection**
   a. Initial interviews will be conducted by Human Resources and the Department Director.
   b. Initial screening interviews are done by Human Resources. Final interviews will be done by Department Manager/Director and Human Resources. A meet and greet can be done with the staff but they would not have a voice in final selection. If the position involves public speaking in any capacity, it is advisable to ask candidates to make a short presentation as part of the interview process.

c. Final selection is made by the Department Manager/Director in consultation with the General Manager. Final selection in approved by the General Manager (in essence a veto power exists to ensure that a strong candidate is selected.)

13. Emergency Field Staff Member Succession Plan

1. **Field Staff Member Core Responsibilities**
   a. Review the core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
   b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

2. **Key Competencies**
   a. Review the key competencies for the position and make changes as necessary.
   b. Update the job description as appropriate.

3. **Communication Plan**
   a. Develop a plan for communicating information about the vacancy to staff.
   b. Provide updates during the selection and transition process.

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   a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
   b. Post position internally & externally for 2 weeks.
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      i. MMUA website.
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      iv. Other outlets appropriate to the nature of the position.

5. **Selection**
   a. Initial screening interviews are done by Human Resources or outside search firm. Final interviews are done by the Department Manager/Director. A meet and greet can be done with the staff but they would not have a voice in final selection.

14. Executive Search Firms

1. **Baker Tilly – Minneapolis, MN – or St. Paul, MN**
2. **Versique - Minneapolis, MN**

Shakopee Public Utilities

Succession Plan
2026

SPU Succession Plan Table of Contents

Section I — Background

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The program also outlines SPU's program for "building the bench" at the staff level to ensure that existing staff members are well-prepared to move into key positions when vacancies occur. The plan contemplates preparing candidates for succession at three levels: General Manager, management team positions, and key field staff positions. Field staff positions are included in the plan because they provide valuable services to our ratepayers. Extended vacancies can cause hardship both to the ratepayers and to SPU.

Finally, the plan contains the playbook for filling vacancies when they occur. The most detailed plans address General Manager succession. The other plans are simpler and more in the nature of checklists, since they assume that General Manager will be in place to oversee the candidate selection process.

The components of the plan and timeline are as follows:

- Section I includes the current Organizational Chart, an analysis of past and potential future SPU staff turnover and a list of key positions that are covered by the Plan.
- Section Il outlines SPU's program for developing the next generation of leadership.
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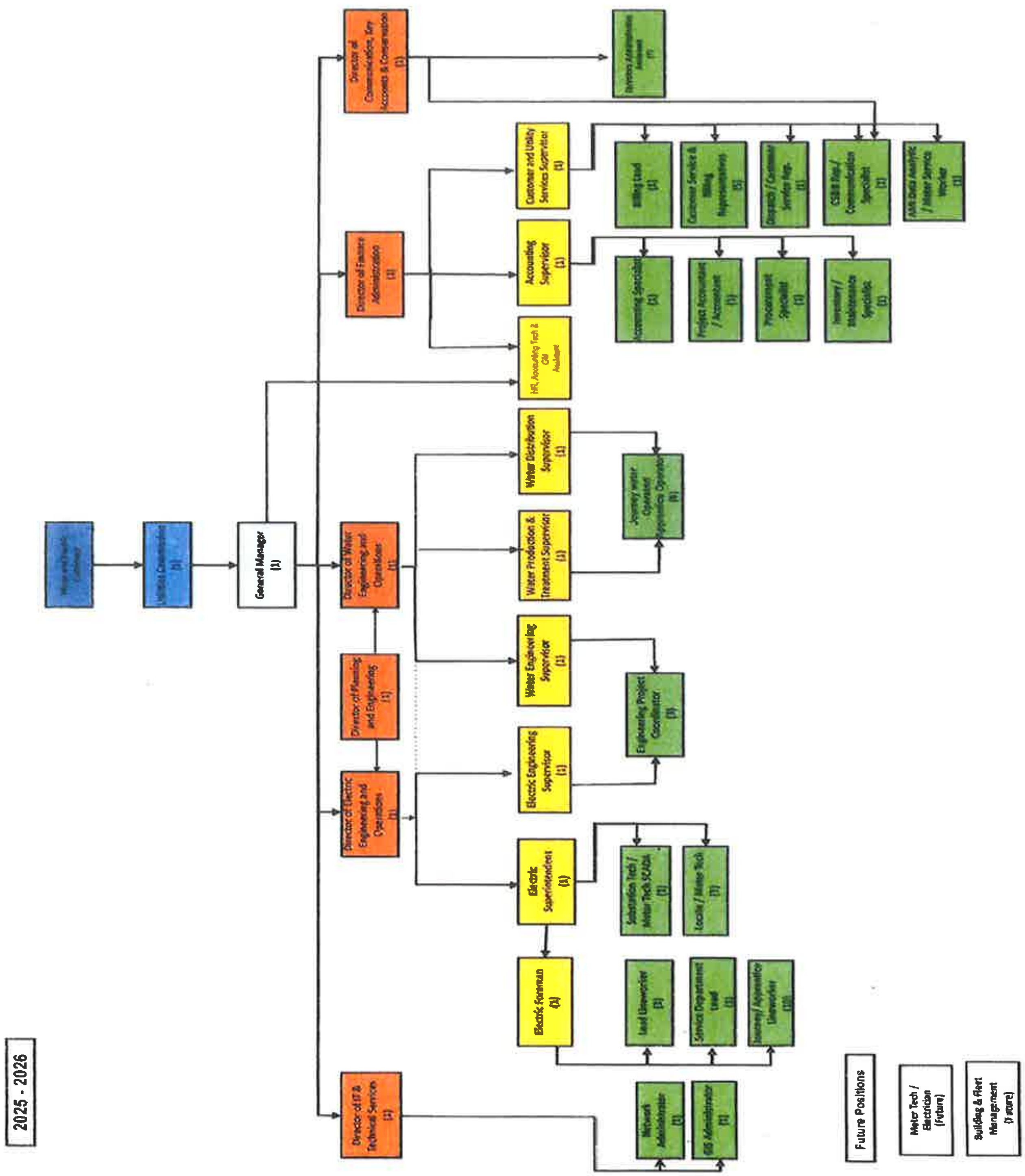
2. SPU Organization Chart



3. Staff Turnover Analysis

Staffing Levels

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Finance & Administration	6	7	0	0	7
Water Department	10	9	2	0	9
Electric Department	18	20	0	0	20
Planning & Engineering	5	3	2	0	3
IT Department	2	2	0	0	2
Marketing, Key Accts, -Dir's Adm. Assist	1	1	0	0	1
Total	**58**	**58**	**5**	**0**	**58**

Current Outlook:

- Number of current employees today is 55 (excluding commissioners & summer help).
- Average age is 50.08.
- Average years of service is 12.77 years.

Within the next five years (1-5):

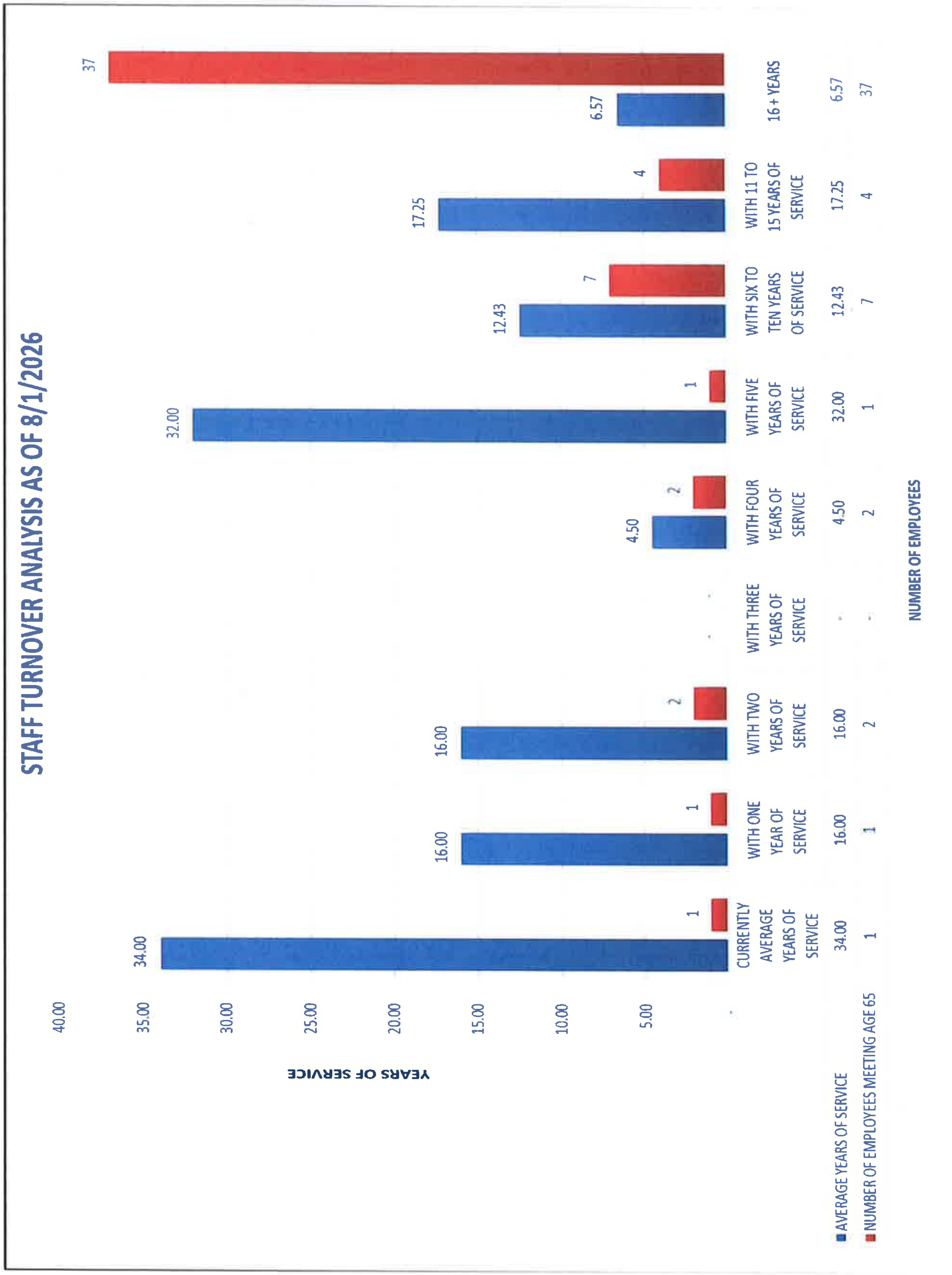
- Number of potential retirements is 7.
- Average age of those employees is 62.14 years.
- Average years of service is 17.57 years.
- This information is based on full social security retirement age (65) and/or Rule of 90.

Within the next ten years (6-10):

- Number of potential retirements is 7.
- Average employee age is 56.71 years.
- Average years of service is 12.43 years.
- Estimated number of employees eligible to retire in the next 10 years based on full social security retirement age and/or Rule of 90 include:

Current focus and areas of concern:

- Meter Tech/Electrician – Future
- Building & Fleet Management – Future


STAFF TURNOVER ANALYSIS AS OF 8/1/2026
YEARS OF SERVICE
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
-
34.00
1
16.00
1
16.00
2
4.50
2
32.00
1
12.43
7
17.25
4
6.57
37
CURRENTLY AVERAGE YEARS OF SERVICE
WITH ONE YEAR OF SERVICE
WITH TWO YEARS OF SERVICE
WITH THREE YEARS OF SERVICE
WITH FOUR YEARS OF SERVICE
WITH FIVE YEARS OF SERVICE
WITH SIX TO TEN YEARS OF SERVICE
WITH 11 TO 15 YEARS OF SERVICE
16 + YEARS
AVERAGE YEARS OF SERVICE 34.00 16.00 16.00 - 4.50 32.00 12.43 17.25 6.57
NUMBER OF EMPLOYEES MEETING AGE 65 1 1 2 - 2 1 7 4 37
NUMBER OF EMPLOYEES

Section II – Developing the Next Generation of Leadership

4. Program Overview

1. **Positions.** The General Manager may decide to open a staff position to the succession planning program at any time.

2. **Eligibility.** SPU has an established process for identifying and developing potential candidates for leadership positions. This process may include training and performance review evaluation & goals, development opportunities, as well as structured opportunities for individuals to be selected.

3. **Candidates.** More than one individual may participate in the succession planning program for a position.

4. **Supervision.** The General Manager will serve as the succession planning program director for candidates for the General Manager position, as well as candidates for management team positions.

5. **Plan.** The Department Manager/Director will work with the employee to create the development Plan. Field staff plans will be approved by the General Manager. Plans will be tailored to the specific needs of the candidate and should include specific goals and objectives.

6. **Meetings.** The General Manager and the candidate should plan to meet if possible to discuss the candidate's progress and future activities. The General Manager may also schedule meetings with multiple succession planning candidates to discuss subjects of common interest. The General Manager participate in meetings with field staff succession candidates on a quarterly basis. Meetings may include a presentation or briefing provided by a third party.

7. **Withdrawal.** A candidate may choose to withdraw from the program at any time for any reason. Withdrawal will have no adverse consequences regarding candidates' continued employment in their current position.

5. Potential Succession Plan Activities

Examples for Management Team Member

- Developing action plan for employee pertinent for position
- Regular meetings with General Manager or Department Director establishing progress, achievements and objectives
- Further education
- Certification programs
- Job shadowing
- AWWA, APPA, MMUA training courses

Examples for Field Staff

- Developing action plan for employee for pertinent requirements of position
- Regular Meetings with Department Director establishing progress, achievements and objectives
- Further Education
- Certification programs
- Job shadowing
- AWWA, APPA, MMUA training courses

Section III – Managing General Manager and Key Staff Turnover

6. Emergency General Manager Succession Plan

Purpose
The purpose of the emergency succession plan is to ensure continuous coverage of executive duties, critical to the ongoing operations and organization's sustainability, in the event of an emergency departure of the General Manager.

This plan addresses issues related to both permanent (General Manager will not return) and temporary (General Manager will return after unplanned such as illness, etc.) replacement. Issue specific to temporary absence are denoted in the plan.

1. **General Manager Core Responsibilities**
   a. Manages all aspects of the utility's operations
   b. Sustains sound fiscal management
   c. Plans for long-term service needs
   d. Maintains and enhances human resources
   e. Provides leadership to department personnel
   f. Facilitates utility commission decision-making
   g. Promotes positive customer and community relations which will drive customer satisfaction

2. **Key Competencies**
   a. *Strategic Thinking*. Maintains a visionary approach while maintaining attractive rates compared to surrounding utilities.
   b. *Communication Skills*. Demonstrates exceptional communication skills, both written and orally.
   c. *Business / Industry Knowledge*. Ability to manage complex utilities operations.
   d. *Interpersonal Skills*. Works effectively with local, state and federal regulatory officials, consultants, developers, contractors and customers.
   e. *Relationship/Team Building*. Demonstrates excellent communication and public relations skills, and the ability to maintain positive working relationships with employees, customers, the utility commission, the community, the City of Shakopee, and other groups, agencies and boards; the ability to persuade and negotiate agreements; and establish the overall tone and content for mass communications.
   f. *Delegation*. Demonstrates proven ability (experience) in successfully influencing and leading multi-faceted, diverse teams/perspectives to a common goal.
   g. *Integrity/Values*. Conducts utility business with the highest ethical standards at all times.

h. *Legislative/Public Policy*. Evaluates new legislation related to operations and recommends and implements policies and procedures for compliance with new legislation into utilities programs.
i. *Human Resources Development Culture*. Leads utilities management in creating and maintaining a positive work environment, fostering effective performance of staff, and maintaining effective communications with staff.
j. *Priority Management*. Develops, recommends and implements operating policies, procedures and programs within the Utility in order to accomplish goals and objectives.

3. Expertise and Experience

a. Organizational management.
b. Legislation and public policy development.
c. Financial management.
d. Utility industry.

4. Required Leadership Style

a. In organization like Shakopee Public Utilities, we have a Visionary Management Style. General Manager is focused on motivating the team by setting goals and outlining a clear vision for the future.

5. Interim General Manager

The commission shall appoint an individual to serve as the interim General Manager to fulfill the General Manager's duties until the position is filled or the General Manager returns, if the vacancy is temporary. The interim General Manager may be a key staff member or an experienced utilities leader on a contract basis.

6. Key Interim General Manager Responsibilities:

a. Serve, with integrity and strength, as the organization's primary leader, representative and spokesperson to SPU customers and the greater community.
b. Support the commission, including preparing executive reports and attending meetings.
c. Lead the management team.
d. Responsible in the recruitment and selection of directly supervised staff.
e. Manage initiatives related to organizational capacity, annual goals and strategic plan.
f. Maintain accountability for current year operating budget and financial performance.
g. Establish, maintain and cultivate relations with customers, the City of Shakopee and other stakeholders.
h. Promote resource development goals.

7. Interim General Manager Authority

The person appointed as interim General Manager shall have the full authority for decision making and independent action outlined above, except for the following which must be approved by the board:

a. Expenditures that exceed the SPU operating or capital budget.
b. Any decision that would normally be subject to commission approval.

8. Interim General Manager Compensation

The Interim General Manager, if a staff member, shall receive a temporary salary increase while serving in that capacity and as determined by the SPU Commission.

9. Communication Plan

Communication is a key function of a healthy organization and is integral to the success of a transition. Effective communications, both internal and external, will be crucial to a successful transition.

Internal communications. Immediately upon departure, the commission should communicate the following information to SPU staff:

a. Effective departure date (or pending departure date).
b. Implementation of the approved succession plan and process to address transition and replacement issues.
c. The identity of the Interim General Manager.

External communications. The General Manager with input from the commission will maintain an updated list of key contacts to be notified in the event of a General Manager transition. In coordination with the Interim General Manager, the transition spokesperson will provide notice of the transition to the key contacts.

10. Commission Oversight

The Commission will have responsibility for monitoring and supporting the work of the Interim General Manager. The President or full Commission should hold regular conference calls with the Interim General Manager to discuss key issues and upcoming SPU projects, ongoing construction and operations.

11. Selection of New General Manager

An outside search will be conducted by an executive consulting firm like Baker Tilly or Versique unless there is a designated internal successor approved by the commission within six months prior to the executive's departure. The commission president shall appoint an executive search committee, to identify and recommend candidates to the board for approval. The interim General Manager should not be included on the search committee if they are a potential candidate.

12. Process to Transition and Assimilate New General Manager

Within the first two weeks of the new General Manager's employment, the board president and/or designated consultant will work with the new General Manager to develop and implement an initial 6-month plan to ensure the new General Manager has the resources and information for a successful transition. The plan should include:

a. The commission's written goals and expectations for the successor for the first 6 to 12 months.
b. Participation in meetings with commission members, staff, SPU committees and the City of Shakopee.
c. A structured feedback mechanism to assess progress and potential barriers to a successful transition.
d. Access to development resources for the new executive, such as reading materials and/or leadership training programs.
e. Depending on the complexity of the challenges, a transition consultant may be considered.

7. Emergency General Manager Succession Timeline

Week 1-2:

1. SPU Commission meets to begin implementation of the succession plan.
2. Commission appoints Interim General Manager.
3 Commission determines whether an outside search is appropriate.
4. Interim General Manager provides notification of the transition to appropriate parties.
5. Review and refine the interim executive's responsibilities, authority, and decision-making limitations.
6. SPU Commission members appoint search committee.

Week 2-3

1. If appropriate, the President contacts search firms and asks for proposals.
2. The search committee and the Interim General Manager review the General Manager job description and list of core responsibilities.
3. Define internal and external communication plan.
4. Identify the required Commission support and supervision process of the interim executive.

End of Week 3:

1. Outline process to recruit and select new executive.
2. Appoint executive search task force committee.
3. Develop transition plan for new executive.

8. Departure-Defined General Manager Succession Plan

Purpose

The purpose of this departure-defined succession plan is to ensure continuous coverage of the General Manager duties, critical to the ongoing operation and utilities' sustainability, when a long-term General Manager plans a future retirement or departure date. The objective for this process is to share the expertise of the departing General Manager with the successor while simultaneously preparing the organization and departing General Manager to fully support the successor.

Ideally the departing General Manager's input, along with involvement from the commission and successor will make this an effective plan to ensure continuity in external relationships and with staff, while promoting an environment of operational effectiveness under new leadership.

1. **Address personal and professional barriers for the departing General Manager.**
   a. Understand and address "founder syndrome," if applicable. Consider the challenges associated with the departure of a long-term General Manager who has overseen the development of the organization in its current form.
   b. Agree on the parameters of the General Manager's emeritus role. In collaboration with the long-term executive, the board should identify strategies and boundaries to facilitate a successful transition. If there is a need for the outgoing General Manager to remain directly involved in the organization, then clearly define his/her role in supporting the successor's decisions and direction even if different than the outgoing General Manager's. The outgoing General Manager's prior mentor role should change to a resource role for incoming General Manager. The support would be offsite and the outgoing General Manager would not continue to be onsite at the same time as the incoming General Manager/Interim General Manager.

2. **Update job description to ensure executive responsibilities and hiring requirements promote SPU's sustainability and continuity.**
   a. Identify the top five to seven strategic objectives and/or challenges that fall under the General Manager's core responsibilities.
   b. Based on these objectives and/or challenges, is there an impact of the General Manager' s job description?
      i. Key competencies (e.g., skills — core leadership and management, strategic thinking, board oversight, staff management, agility skills, etc.).
      ii. Expertise and experience (e.g., financial, political, utility industry).
      iii. Required leadership style (e.g., high control or collaborative).

3. **Form a succession-planning committee with clear roles and accountability.**
   a. Determine the executive search strategy.
   b. Update the job description.

4. **Define internal and external communication plan.**
   a. The plan should address communication with stakeholders, including staff, the City of Shakopee, national affiliates, state affiliates, past board members, key accounts and the community at large.
   b. The plan should include rationale for change, steps to achieve success and commitment to the successor, and a plan for SPU's continued future success.
   c. The plan should also provide stakeholders, particularly staff, to help identify transition issues as well as recognizing successes.

5. **Position SPU for future success by conducting a sustainability audit.**
   a. Gather input from stakeholders such as the departing General Manager, commission members, key staff, and the City of Shakopee.
      i. Assess SPU's greatest strengths and areas for improvement.
      ii. Identify major upcoming issues that may impact SPU's ability to successfully provide services.
      iii. Identify potential changes that might be needed to address those issues.
   b. Additional items to explore to gather data about effectiveness and financial position.
      i. Operational effectiveness of administrative functions: How effective are human resources and financial functions?
      ii. Resource relationships: Are key resource relationships held by more than one staff member?
      iii. Financial resources: Does the organization have sufficient financial reserves?
      iv. Leadership and staff resources: Are leadership responsibilities shared appropriately within SPU? Have future leaders been identified for development?
      v. Commission-effectiveness: Should the commission meet more frequently during the transition?

6. **Promote a successful transition of the new General Manager. The transition plan for the first 6 months should include:**

   a. The board's written goals and expectations for the successor for the first 6 to 12 months.
   b. Participation in meetings with commission members, staff, MMUA, MMPA and the City of Shakopee.
   c. A structured feedback mechanism to assess progress and potential barriers to a successful transition.
   d. Access to development resources for the new General Manager, such as reading materials and/or leadership development programs.
   e. Depending on the complexity of the challenges, a transition coach may be considered.

9. "Planned" Departure-Defined General Manager Succession Timeline

Week 1:

1. Current General Manager meets with Commission President to discuss intent for a future departure.

Week 2-3:

1. Current SPU Commission members discuss "planned" departure-defined succession planning process and assign roles and responsibilities.

Week 4-5:

1. Identify the top three to five strategic objectives that fall under the General Manager's core responsibilities.
2. Review leadership skills desired and leadership traits not desired for new executive.
3. Review job description for General Manager.

Week 6-7:

1. Define internal and external communication plan.

Week 8-9:

1. Form a succession planning committee and define roles and responsibilities, including the support role of the departing General Manager.
2. Develop a timetable for the executive search strategy.

Week 10-16:

1. Define internal and external communication plan to be used during the recruiting, hiring and transition process.
2. Conduct a sustainability audit of the organization and develop strategies to address organizational and leadership vulnerabilities.

Week 17-TBD:

1. Conduct executive search for successor.
2. Provide regular updates to the Commission and SPU staff about the selection and hiring process.
3. Identify successor and officially hire them.

10. Emergency Management Team Member Succession Plan

1. **Management Team Member Core Responsibilities**
    a. Review the core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
    b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.
    c. Consider engaging temporary or consulting help if necessary to ensure that core responsibilities are met.

2. **Key Competencies**
    a. Review the key competencies for the position and make changes as necessary.
    b. Update the job description as appropriate.

3. **Communication Plan**
    a. Develop a plan for communicating information about the vacancy to staff, members, and other stakeholders as appropriate.
    b. Provide updates during the selection and transition process.

4. **Candidates**
    a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
    b. Determine whether it is appropriate to advertise for the position.
    c. Advertise if necessary.
        i. MMUA website.
        ii. APPA and AWWA if appropriate.
        iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.
        iv. Other outlets appropriate to the nature of the position.

5. **Selection**
    a. Initial interviews will be conducted by the General Manager.
    b. Final interviews may include additional participants, including other senior staff, commission members, or outside consultants as appropriate to the nature of the position. If the position involves public speaking in any capacity, it is advisable to ask candidates to make a short presentation as part of the interview process.
    c. Final selection is made by the General Manager.

11. Departure-Defined Management Team Member Succession Plan

1. Coordination between General Manager and Management Team Member

a. Hopefully, the management team member and the General Manager are able to discuss the timing of the management team member's departure in advance

b. Steps 2, 3 and 4 below should be carried out jointly by the General Manager and the departing management team member.

2. Management Team Member Core Responsibilities

a. Review core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.

b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

c. The General Manager should consider engaging temporary or consulting help if necessary to ensure that core responsibilities are met.

a. **Key Competencies**

a. Review the key competencies for the position and make changes as necessary.

b. Update the job description as appropriate.

b. Communication Plan

a. Develop a plan for communicating information about the vacancy to staff, members, and other stakeholders as appropriate.

b. Provide updates during the selection and transition process.

5. Candidates

a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.

b. Determine whether it is appropriate to advertise for the position.

c. Advertise if necessary.

i. MMUA website.

ii. APPA and AWWA if appropriate.

iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.

iv. Other outlets appropriate to the nature of the position.

6. Selection

a. Interviews will be conducted by Human Resource or the outside search firm and the General Manager.

12. Departure — Defined Field Staff Member Succession Plan

1. **Coordination between Department Director and Field Staff Member**
   a. Department Director and the Field Staff should discuss the timing of the management team member's departure in advance
   b. Steps 2, 3 and 4 below should be carried out jointly by the Department Director and the departing Field Staff member.

2. **Field Staff Member Core Responsibilities**
   a. Review core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
   b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

3. **Key Competencies**
   a. Review the key competencies for the position and make changes as necessary.
   b. Update the job description as appropriate.

4. **Communication Plan**
   a. Develop a plan for communicating information about the vacancy to staff,
   b. Provide updates during the selection and transition process.

5. **Candidates**
   a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
   b. Post position internally & externally for 2 weeks.
   c. Advertise if necessary.
      i. MMUA website.
      ii. APPA and AWWA if appropriate.
      iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.
      iv. Other outlets appropriate to the nature of the position.

6. **Selection**
   a. Initial interviews will be conducted by Human Resources and the Department Director.
   b. Initial screening interviews are done by Human Resources. Final interviews will be done by Department Manager/Director and Human Resources. A meet and greet can be done with the staff but they would not have a voice in final selection. If the position involves public speaking in any capacity, it is advisable to ask candidates to make a short presentation as part of the interview process.

c. Final selection is made by the Department Manager/Director in consultation with the General Manager. Final selection in approved by the General Manager (in essence a veto power exists to ensure that a strong candidate is selected.)

13. Emergency Field Staff Member Succession Plan

1. **Field Staff Member Core Responsibilities**
    a. Review the core responsibilities of the position and develop a plan to ensure that the responsibilities will be carried out during the time before a replacement is on board.
    b. Consider appointing a temporary replacement from among the staff to assume some of the core responsibilities if a qualified individual is available.

2. **Key Competencies**
    a. Review the key competencies for the position and make changes as necessary.
    b. Update the job description as appropriate.

3. **Communication Plan**
    a. Develop a plan for communicating information about the vacancy to staff.
    b. Provide updates during the selection and transition process.

4. **Candidates**
    a. Determine whether one or more potential successors have been prepared to assume the vacant position through the succession planning process.
    b. Post position internally & externally for 2 weeks.
    c. Advertise if necessary.
        i. MMUA website.
        ii. APPA and AWWA if appropriate.
        iii. LMC, Indeed, Southwest Suburban Publishing & SPU Website.
        iv. Other outlets appropriate to the nature of the position.

5. **Selection**
    a. Initial screening interviews are done by Human Resources or outside search firm. Final interviews are done by the Department Manager/Director. A meet and greet can be done with the staff but they would not have a voice in final selection.

14. Executive Search Firms

1. Baker Tilly – Minneapolis, MN – or St. Paul, MN
2. Versique - Minneapolis, MN

Proposed As Consent Item 6f

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

DATE: September 8, 2026

TO: Greg Drent, General Manager GD

FROM: Kelley Willemssen, Director of Finance & Administration KW

SUBJECT: 2027 Budget Timeline

The purpose of this memo is to outline the major components of the 2027 budget development process and the key dates associated with each component.

Budget Development – Operating, Wages/Benefits, and Capital Improvement Plan

The 2027 budget process will include the development and review of the operating budget, including wages and benefits, and the Capital Improvement Program (CIP). Departments will identify operating needs, staffing and wage changes, equipment needs, and capital projects as part of their budget submissions.

- **Operating Budget & Revenue Projections –** Operating expenses are being reviewed and evaluated to identify anticipated changes and ensure appropriate funding levels, with a 4% inflationary factor applied to applicable operating expenses for budget planning purposes. At the same time, revenue projections are being developed using historical trends, current-year activity, anticipated growth, rate assumptions, and other known factors. These projections will be evaluated together to assess overall financial performance and build the proposed budget.

- **Wage Range Market Review –** A market review is currently being completed with HR Expertise. The results of this review will be returned in mid-September. The purpose of the review is to evaluate the organization's wage range structure and how current positions and pay ranges compare with the external market. The final APPA and MRA salary surveys are expected to be available for review in early October. These surveys will provide additional market information to assist in evaluating the competitiveness of current pay ranges.

- **Pay-for-Performance Process** - The annual pay-for-performance process is being coordinated with the budget process, with employee performance reviews scheduled to be completed by September 30. Once performance reviews are completed, the pay-for-performance matrix/grid will be reviewed to provide a consistent framework for compensation recommendations based on both employee performance and current position within the salary range. The grid

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considers where each employee's pay falls relative to the midpoint, with a general compensation goal of maintaining employees within 96%–104% of midpoint, while allowing for individual experience, performance, and market considerations.

- **Employee Benefits Review –** A benefits RFP is currently out for group health and welfare benefits as part of the organization's review of employee benefit costs and plan competitiveness. The RFP results are expected to come back on September 18. These results and the final medical and dental rates will be incorporated into the personnel budget and will provide updated information regarding projected benefit costs for 2027.

- **Capital Improvement Program (CIP)** - The CIP process has been underway since mid-August, beginning with the identification and evaluation of capital requests based on project need, timing, estimated cost, funding sources, cash flow, and potential impacts on future operating expenses. Projects are prioritized and incorporated into the multi-year CIP. Finance integrates the capital program into overall financial projections to ensure operating requirements, capital investments, debt, cash reserves, and available funding are considered together when developing the proposed budget. The CIP is reviewed and approved as part of the budget process, with project costs, schedules, funding, and priorities monitored and updated annually.

Requested Action:
No action required, informational only

2027 Budget Schedule

DATE	Milestone/Activity	Owner
8/10/2026	Performance Reviews Delivered to Department Heads	HR
8/13/2026	Budget Kickoff Meeting	Finance
8/14/2026	Distribute Capital Improvement Workbooks to Department Heads	Denise Nelson
8/21/2026	Wage Range Market Review - HR Expertise - Results Due 9/11th	Finance & Greg
8/24/2026	Distribute Operating Budget Workbooks to Department Heads - Meetings to review current year spending and prepare 2027 budgets	Finance
8/24/2026	Develop Revenue Forecasts & Meet with Engineering 2027 Projects	Finance
9/18/2026	Preliminary/Rough Draft CIP & Operating Budgets to Finance	Finance
9/28/2026	Review Revenue Projections, Budgets & Cash Flows	Finance & Greg
9/30/2026	Share forecasts and results with Department Heads	Finance
9/30/2026	Update/Modify capital and operating plans if necessary - Meetings to discuss results	Department Heads
9/30/2026	Performance Reviews Due to HR	Department Heads
10/5/2026	Wage & Benefit Cost Review - Updates to Operating Budget	Finance & Greg
10/8/2026	Wage & Benefit Informal Working Group Meeting(s)	Finance & Greg
10/12/2026	Preparation for Commission Workshop	Finance/Engineering
10/19/2026	Finance Workshop	Finance/Engineering
10/26/2026	Modifications/Updates from Finance Workshop	Finance/Department Heads
11/2/2026	Commission Meeting - Semi Final CIP/Operating Budget Presentation	Finance/Department Heads
12/7/2026	Commission Meeting -Final CIP/Operating Budget Presentation	Finance/Department Heads

Proposed As Consent Item

RESOLUTION #2026-16

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

HIGHVIEW PARK 6^{TH} ADDITION

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

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

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

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

NOW THEREFORE, BE IT RESOLVED, that the total amount of the oversizing to be paid by the Shakopee Public Utilities Commission is approved in the amount of approximately $43,748.99, and

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

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

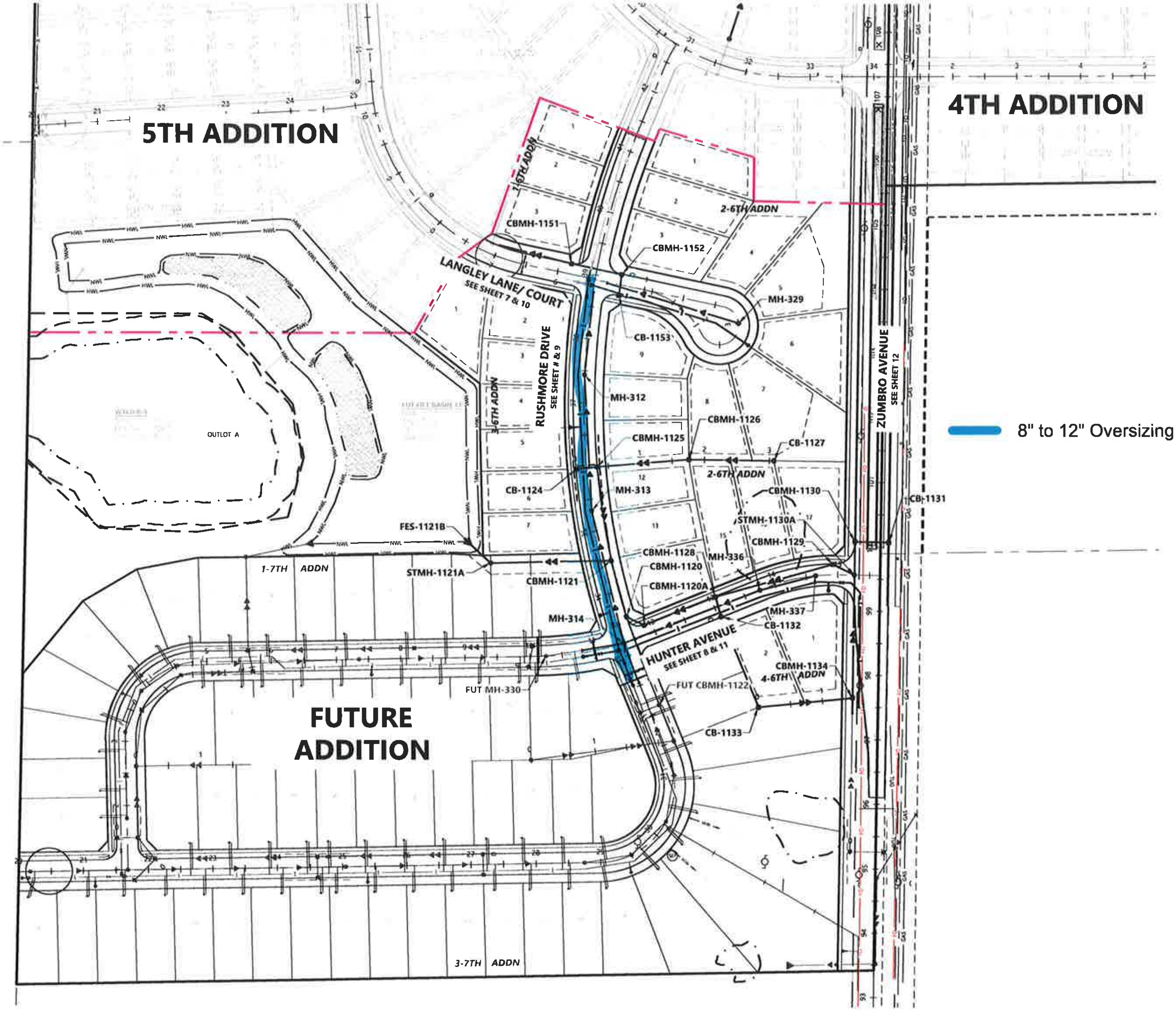
Passed in regular session of the Shakopee Public Utilities Commission, this 8^{th} day of September, 2026.

Commission President: BJ Letourneau

ATTEST:

Commission Secretary: Greg Drent

Attachment to Resolution #2026-16



RESOLUTION #2026-17

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

HIGHVIEW PARK 6TH ADDITION
Block 1, Lots 1-3; Block 2, Lots 1-17; Block 3, Lots 1-7; Block 4, Lots 1-2; Outlot A

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 $61,384.82 based on 9.82 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:

HIGHVIEW PARK 6TH ADDITION
Block 1, Lots 1-3; Block 2, Lots 1-17; Block 3, Lots 1-7; Block 4, Lots 1-2; Outlot A

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 8th day of September, 2026.

____
Commission President: BJ Letourneau

ATTEST:

____
Commission Secretary: Greg Drent

Proposed As Consent Item **6i**

Shakopee Public Utilities

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TO: Greg Drent, General Manager GD

FROM: Joseph D. Adams, Planning & Engineering Director JD Adams

SUBJECT: Amended Easement Agreement with Reliakor Services Inc.

DATE: September 2, 2026

ISSUE

The existing amended easement agreement with the adjoining property owner, Reliakor Services, Inc. must be amended a final time to be consistent with the construction plans and Reliakor's request for clarity.

BACKGROUND

The Commission previously approved an amended easement agreement to be consistent with the construction plans, however Reliakor requested further revisions and clarification prior to their approval.

DISCUSSION

The revision is necessary to clarify the fencing SPU agrees to install on the common property line is in exchange for <u>both</u> the relocated and expanded permanent easement areas <u>and</u> the temporary grading and construction easement areas as more accurately described on the revised attachment. There is no additional compensation provided with the revision, just clarity on what's being exchanged.

REQUESTED ACTION

Staff requests the Commission approve the Revised Amendment to the Easement Agreement and authorize its execution.

RP3

FIRST AMENDMENT TO ELECTRIC UTILITY EASEMENT AGREEMENT

THIS FIRST AMENDMENT TO ELECTRIC UTILITY EASEMENT AGREEMENT (this "**First Amendment**") is made the ___ day of ______________, 2026 (the "**Effective Date**"), by and between Hansen Avenue, LLC, a Minnesota limited liability company ("**Owner**"), and Shakopee Public Utilities Commission, a municipal utility commission organized under Minnesota law ("**SPUC**"). Owner and SPUC may hereinafter be collectively referred to as the "**Parties**."

Recitals

A. Owner is the fee owner of certain real estate (the "**Owner Parcel**") in Scott County, Minnesota legally described on **Exhibit A** attached hereto and incorporated herein.

B. The Parties entered into that certain Electric Utility Easement Agreement dated November 8, 2023, and filed in the Office of the Scott County Recorder on November 17, 2023, as Document No. A1181693 (the "**Agreement**"), wherein Owner granted to SPUC a perpetual easement for electrical utility purposes over a portion of the Owner Parcel legally described and depicted in Exhibit B to the Agreement.

C. SPUC has requested and Owner has agreed to amend the Agreement to change the location of the Easement Area.

Amendment

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Recitals**. The foregoing recitals are hereby incorporated into this First Amendment as if fully set forth herein.

2. **Definitions**. Except as otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Agreement.

3. **Amendment to Easement Area**. The legal description and depiction of the Easement Area referenced in Section 1 of the Agreement and attached to the Agreement as Exhibit B is deleted in its entirety and replaced with the legal description and depiction of the Easement Area in **Exhibit B** attached to this First Amendment.

4. **Amendment to Scope of Easement Rights**. Section 2 of the Agreement is amended to add the following:

> The Easement also includes the right to: (i) remove fill, dirt and earth within the Easement Area and to grade the Easement Area; and (ii) improve and make such changes, alterations, substitutions and additions in and to the grade, slope or topography within the Easement Area as SPUC may deem advisable or expedient.

5. **Amendment to Restoration Requirement**. Section 6 of the Agreement is hereby deleted in its entirety and replaced with the following:

> 6. Restoration. SPUC will, at its sole cost and expense and promptly after completion of its work, replace the surface and subsurface of the soil as may be disturbed in the use, operation, maintenance, repair and reconstruction of SPUC's electrical facilities in substantially the same condition that existed prior to such work, repair all driveways and other paved areas, and replace gravel and sod which may be damaged by work in the Easement Area or which is a direct result of the exercise of the rights granted in this Agreement. Owner specifically agrees that SPUC shall have no obligation to replace or repair surface improvements installed by Owner within the Easement Area, other than paved areas, gravel and sod.

7. **Temporary Easement**. Owner hereby grants and conveys to SPUC a temporary easement of ten feet (10') in width lying directly adjacent to the Easement Area (i) along the easterly line thereof adjacent to the drainage and utility easement as dedicated by the plat of RELIAKOR FIRST ADDITION, Scott County, Minnesota (the "**D&U Easement**") for a distance of two hundred fifty-five feet (255') and (ii) along the northerly line thereof where the Easement Area is no longer adjacent to the D&U Easement for a distance of approximately two hundred ninety-eight feet (298') to the westerly line of the D&U Easement (the "**Temporary Easement**") for the temporary storage of soil excavated by SPUC for its duct bank construction. The Temporary Easement shall expire once the duct bank is fully constructed and storage of the soil is no longer required. The restoration provisions of Section 6 of the Agreement, as amended by this First Amendment, shall apply to the areas within the Temporary Easement.

8. **Construction of Fence**. As consideration for the expanded Easement Area and the Temporary Easement, SPUC will construct an approximately two hundred and twenty-five feet (225') long fence along the westerly property line of SPUC's property (the easterly property line of the Owner Parcel) to the northerly property line of SPUC's property that is adjacent to the Owner Parcel. The fence shall be an eight foot (8') high fabric covered chain link fence and shall connect to the existing fence on the northerly common property line.

9. **Ratification of Agreement**. Except as provided in this First Amendment, all of the provisions of the Agreement are hereby ratified and confirmed and continue in full force and effect without change.

10. **Successors and Assigns**. This First Amendment is binding on and inures to the benefit of Owner and SPUC and their respective successors and assigns.

11. **Exhibits**. All Exhibits to this First Amendment are incorporated herein by reference as if fully set forth herein.

12. **Counterparts**. This First Amendment may be executed in any number of counterparts, each of which is deemed an original and all of which together constitute one document.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Owner has executed this First Amendment as of the date first set forth above.

OWNER:

HANSEN AVENUE, LLC,
a Minnesota limited liability company

By:______________________________________

Its: ______________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2026, by ___________________________, the ___________________ of Hansen Avenue, LLC, a Minnesota limited liability company, on behalf of said limited liability company.

____
Notary Public

SPUC:

SHAKOPEE PUBLIC UTILITIES COMMISSION

By: ____

Its: ____

STATE OF MINNESOTA)
) ss.
COUNTY OF ___________)

The foregoing instrument was acknowledged before me this _____ day of ______________, 2026, by __________________________________ the _________________________ of the Shakopee Public Utilities Commission, a municipal utility commission under the laws of Minnesota, by and on behalf of said utility commission.

____
Notary Public

This instrument drafted by:

Barna, Guzy & Steffen, Ltd. (CJP)
200 Coon Rapids Boulevard, Suite 400
Minneapolis, MN 55433
(763) 780-8500

4859164.9

CONSENT

The undersigned, an owner of an encumbrance or encumbrances on the land described in Exhibit A hereto attached, hereby consents and joins in this First Amendment.

STERLING STATE BANK

____
By: ______________________________________
Its: ______________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF __________)

The foregoing instrument was acknowledged before me this _____ day of __________, 2026, by ____________________, the __________________ of Sterling State Bank, by and on behalf of said bank.

____
Notary Public

CONSENT

The undersigned, an owner of an encumbrance or encumbrances on the land described in Exhibit A hereto attached, hereby consents and joins in First Amendment.

____________________, **INC.**

____

By: ____________________________________

Its: ____________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF____________)

The foregoing instrument was acknowledged before me this ____ day of _______________, 2026, by ______________________, the ________________ of ______________________, Inc., by and on behalf of said bank.

____

Notary Public

EXHIBIT A

OWNER PARCEL LEGAL DESCRIPTION

Lot 1, Block 2, RELIAKOR FIRST ADDITION, according to the recorded plat thereof, Scott County, Minnesota.

EXHIBIT B

EASEMENT AREA DESCRIPTION AND DEPICTION

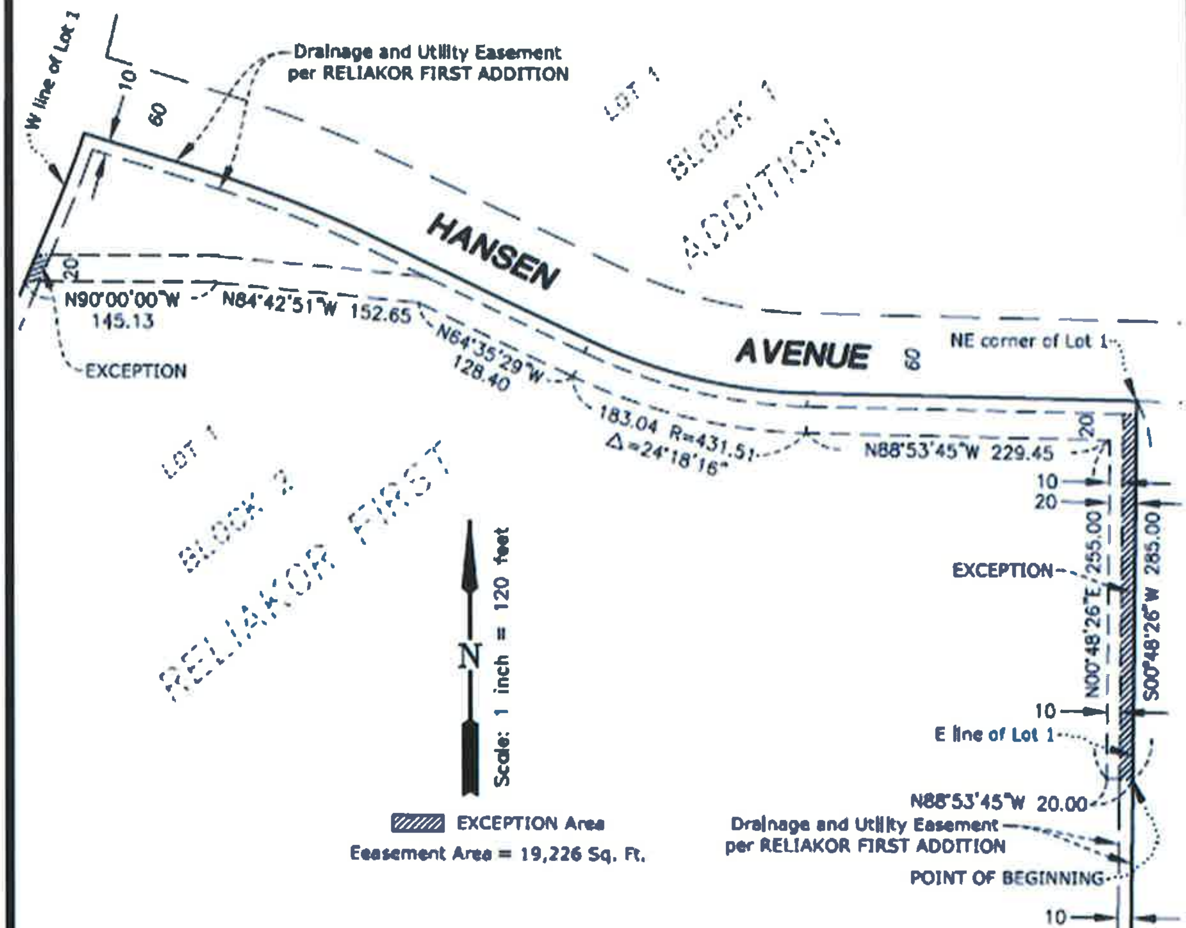
A 20 foot wide easement for utility purposes over, under and across that part of Lot 1, Block 2, RELIAKOR FIRST ADDITION, Scott County, Minnesota, lying east and north of the following described line:

> Commencing at the northeast corner of said Lot 1; thence South 00 degrees 48 minutes 26 seconds West, along the east line of the lot, 285.00 feet to the point of beginning of said described line; thence North 88 degrees 53 minutes 45 seconds West 20.00 feet; thence North 00 degrees 48 minutes 26 seconds East 255.00 feet; thence North 88 degrees 53 minutes 45 seconds West 229.45 feet; thence westerly 183.04 feet along a tangential curve concave to the north, having a radius of 431.51 feet and a central angle of 24 degrees 18 minutes 16 seconds; thence North 64 degrees 35 minutes 29 seconds West, tangent to the last described curve, 128.40 feet; thence North 84 degrees 42 minutes 51 seconds West 152.65 feet; thence North 90 degrees 00 minutes 00 seconds West 145.13 feet to the west line of the lot and there terminating.

Except the drainage and utility easement as dedicated by the plat of RELIAKOR FIRST ADDITION, Scott County, Minnesota.

[See attached depiction.]

Easement Sketch for:
SHAKOPEE PUBLIC UTILITIES



DESCRIPTION

A 20 foot wide easement for utility purposes over, under and across that part of Lot 1, Block 2, RELIAKOR FIRST ADDITION, Scott County, Minnesota, lying east and north of the following described line:

> Commencing at the northeast corner of said Lot 1; thence South 00 degrees 48 minutes 26 seconds West, along the east line of the lot, 285.00 feet to the point of beginning of said described line; thence North 88 degrees 53 minutes 45 seconds West 20.00 feet; thence North 00 degrees 48 minutes 26 seconds East 255.00 feet; thence North 88 degrees 53 minutes 45 seconds West 229.45 feet; thence westerly 183.04 feet along a tangential curve concave to the north, having a radius of 431.51 feet and a central angle of 24 degrees 18 minutes 16 seconds; thence North 64 degrees 35 minutes 29 seconds West, tangent to the last described curve, 128.40 feet; thence North 84 degrees 42 minutes 51 seconds West 152.65 feet; thence North 90 degrees 00 minutes 00 seconds West 145.13 feet to the west line of the lot and there terminating.

Except the drainage and utility easement as dedicated by the plat of RELIAKOR FIRST ADDITION, Scott County, Minnesota.

REHDER & ASSOCIATES, INC.
Civil Engineers & Land Surveyors

JOB: 254-3521.010

SPU
Shakopee Public Utilities

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

September 3, 2026

TO: Greg Drent, General Manager

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

SUBJECT: Response to Appeal from the Gavins – Manual Meter Reading Fees Exemption

---

Overview

At the August 3, 2026 commission meeting an exemption was approved for the two remaining customers/account holders who have non-AMI legacy equipment. This exemption stated these two accounts would be manually read each month with no manual meter reading fees assessed, as long as the current customers are the SPU account holders. In addition, the old legacy metering equipment currently installed would need to be replaced with new non-RF equipment. Both customers attended this meeting (so they knew of the exemption), but a formal written notice was sent the following day, informing them of the exemption and that staff would be contacting them to schedule the meter exchanges.

SPU later received a letter (dated August 13, 2026) from one of the customer households, seeking to appeal the exemption under SPU's appeal process. A response was drafted and sent to this customer on August 24th from the General Manager, denying their appeal. SPU noted the customer's option to be added to the agenda for the September 8, 2026 commission meeting if they did not agree with the General Manager's decision. This customer has requested to be on the agenda.

Following months (nearly two years) of discussions, adjustments, penalties and payment disputes, the options below exist to close this currently unresolvable situation.

Option #1

Modify the exemption to allow this customer to keep their outdated metering equipment. All other provisions of the exemption apply.

Option #2

Request staff to explore responses to the broader demands of the customer appeal letter—systemwide Tennessen Warnings, changes to SPU's data policies, elimination of fees for all customers, neighboring RF meters, and a general right to electromechanical meters—even though these are not necessarily associated with the manual meter reading fee exemption being appealed.

Option #3

Schedule a date for the changeout of both electric and water meters to new non-RF meters under the terms of the exemption. If the customer denies access to SPU's meters, utility services will be disconnected until such time meters can be exchanged. Given the extended nature of this

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disagreement, staff recommends disconnection without the three months of financial penalties and timing stated in the Right to Access SPU-Owned Equipment Penalty Policy.

Action Requested

Staff is requesting the Commission select one of the three options presented so staff can proceed with appropriate actions *(i.e., modify the exemption to allow existing metering equipment and proceed with other terms of the exemption; instruct staff to explore responses to the broader concerns cited in the appeal that are not associated with the exemption; or proceed with the exchange of meters under the terms of the approved exemption, updating the commission with the outcome of actions taken at a later meeting)* or provide alternative direction to staff as the commission wishes.

Enclosures:

Appeal Letter from Customer
GM Response to Appeal

Shakopee Public Utilities

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August 24, 2026

Re: Appeal to Exemption from Manual Meter Reading Fees

Dear

Thank you for your response to my letter dated August 4, 2026, informing you of the Commission's decision to allow an exemption from manual meter reading fees for your account. We accept your August 13th letter as a formal request to appeal to the General Manager regarding the Commission's decision to grant an exemption.

Although we realize that not every customer agrees with our policies and practices, SPU established multiple alternatives for AMI installation. SPU permitted installation outside a customer building, use of a faraday cage, and on the property away from the building through underground wiring. You declined to accept any of these options. SPU amended its policy to include an additional option that provides manual meter reading, using a non-RF meter, with a fee designed to cover SPU's overall expenses. Upon hearing concerns about the impact of the manual reading fee on your monthly utility bill, the Commission approved an exemption in which no manual meter reading fees would be applied to your utility bill. SPU has made several good faith efforts to address your concerns within our control.

We want to reiterate that SPU follows standards set by federal governmental agencies responsible for the control and safety of RF devices. We further rely on the manufacturer's compliance with RF standards. We can confidently share that the meters being installed in our service territory comply with federal agency and manufacturer requirements. We can further share, with great confidence, the new non-RF meters to be used under the exemption (Itron C1S) do not contain RF, do not transmit data, and are not considered part of our AMI mesh system. This meter will be manually read under the terms of the exemption approved by the Commission.

Because the exemption approved by the Commission addresses radio frequency (a non-RF, non-transmitting meter will be installed) and financial burden (no fees assessed for manual reading), I respectfully deny your appeal of this exemption. Other concerns cited in your letter do not apply to the exemption.

If you do not agree with this decision, you have the right to attend a public Commission meeting. If you choose to do so, please contact me by phone or email and request to be added to the September 8, 2026 agenda.

Sincerely,

Gregory L Drent

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

August 13, 2026

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

Dear Mr. Drent,

We are responding to your most recent decision regarding "Exemption to manual meter reading fees", as presented in the August 4, 2026 letter we received.

We are invoking our right to appeal the Commission's decision. We find the "approved grandfathering" invalid because it does not appropriately address the issues we have consistently presented to you over the course of the appeal process. This newest policy attempts to address only radio frequency and financial concerns (which we would more accurately describe as coercive threat measures to induce acceptance of the AMI technology). However, the proposed solution still does not address:

1. Data Collection

   Although the proposed equipment (Itron C1S) is non-RF communicating, it is still part of the AMI system which collects personal usage data and is designed with a flexible platform where "personality modules" can be added, "including demand, time-of-use (TOU), load profile and various communication options".

   We retain our lawful right to refuse data collection devices attached to our home and property as the only option for utility metering in order to receive electric and water utility services. If our currently installed meters are in fact "beyond their useful lifespan" (although we have not seen test results showing this to be true), analog/electromechanical/non-AMI meters are available. [We note the May 4, 2026 warrant list from a recent SPUC meeting showing the purchase of 28 non-AMI meters, at a cost of $672.01.]

2. Unlawful Policy and Practices Concerning Data Collection Devices

   SPU failed to provide a Tennessen Warning (MN Statue 13.04, Subd. 2) to any of Shakopee Public Utilities' customers prior to installation of AMI metering devices.

According to Itron's SEC 10K 2025 report filing, "Itron provides an integrated, intelligent portfolio of endpoints (such as sensors, switches, and meters) **that collect and analyze data**, control devices, and take action in the field. Our multi-purpose multi-tenant communication networks **harvest that data** and deliver where and when needed; **our software and services then turn that data** into insights for analysis and action. With Itron, our customers achieve more efficient operations, improve operating resilience, better engage consumers, increase capacity, and enhance profitability."

3. Personal Safety Concerns

   a. Dirty Electricity

   The proposed equipment (Itron C1S) is still part of the AMI system, which is problematic for creating dirty electricity. Dirty electricity is an industry term that describes electrical noise that spreads through power lines and creates or impacts electromagnetic fields around them. This "electrical noise" had been proven deleterious to health and well-being.

   It is well documented that very low frequencies consisting of "bursts" or "pulses" or "spikes" or "peaks" found in such "dirty electricity" affects living biological systems by altering the brain's sleep pattern, by opening cell wall calcium channels (VGCCs) resulting in increased production of oxidants (ROS), and by creating extra signaling in the nervous system. Such effects happen even at very weak pulses and result in a myriad of health problems.

   b. RF Emissions

   The proposed equipment (Itron C1S) is still part of the AMI system and has the capability to be modified to include an RF module. In addition, current AMI equipment installed on neighboring properties utilizes RF frequencies, which negatively impacts adjacent properties and the well-being of their residents.

4. Personal Property and Cost Concerns

   AMI meters are associated with increased fire risk and security issues, in addition to increased utility bills and shorter technology life span.

We request changes to existing SPU policies that will provide:

1. Notification to all present and future customers of the Tennessen Warning along with a clear, full disclosure of the AMI equipment's data collection platform.
2. A true and accurate opt-out, which must represent that you are offering to provide a safe and lawful electromechanical/non-AMI meter.
3. No additional fees for choosing the opt-out. Any such fees charged are unlawful coercion and extortion.

Although the above request may not initially seem a satisfactory solution to SPU, when all things are considered, we hope SPU and the Commission will agree it is in the best interests of all parties in order to maintain sound legal standing and good public relations.

Sincerely,

SPU
Shakopee Public Utilities

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DATE: August 24, 2026

TO: Greg Drent, General Manager

FROM: Brad Carlson, Director of Electric Engineering and Operations

Subject: HDR Engineering Amendment No.02 Dean Lake 13.8 Underground Distribution

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Background:

SPU has requested additional tasks to be included in our original contract with HDR Engineering.

This amendment will expand the scope of Task Order & Amendment No.1.

- Design of additional routes between Pike Lake Substation and Data Center.
- Connections from the final underground vaults into the SPU-owned pad-mounted switchgear placed by the developer south of the data center

Scope of services to be performed by the Engineer on the project to include Engineering time spent switching design for Phase 1 from 1000 MCM cable to 1100 MCM + Ground wire and back to 1000 MCM cable at the direction of OWNER.

- Additional subconsultant utility survey, LiDAR, and imaging
- Additional subconsultant soil borings for thermal resistivity
- Permitting, Wetland Delineation & tree inventory
- Engineering design of the additional route to 50% design level to 75% & 100% design.
- Phase A- Connection of Dean Lake duct bank to pad-mounted switchgear, and connections between switchgear
- Phase B- Connection of Pike Lake & East Shakopee duct banks to switchgear exits as installed in Phase A

Action:

Approve the proposal to perform the tasks described in Amendment N0.2 on a time-and-materials basis for $394,890, not to exceed a total of $2,219,843 without prior authorization.

EXHIBIT C

AMENDMENT NO. 2 TO TASK ORDER

This AMENDMENT pertains to an Agreement by and between **Shakopee Public Utilities(SPU),** ("OWNER"), and HDR Engineering, Inc. ("ENGINEER"), dated April 21st, 2026, ("the Agreement"). Engineer shall perform services on the project described below as provided herein and in the Agreement. This Amendment shall not be binding until it has been properly signed by both parties. Upon execution, this Amendment shall supplement the Agreement as it pertains to the project described below.

AMENDMENT NUMBER: **02**
PROJECT NAME: **Dean Lake Area 13.8kV Underground Distribution Improvements**

PART 1.0 AMMENDMENT DESCRIPTION:

At the request of Shakopee Public Utilities, the below scope is to be added to the original Task Order & Amendment No. 1 to support the project needs.

- Design of additional routes between Pike Lake Substation and Data Center.
- Connections from final underground vaults into SPU owned pad mount switchgear placed by the developer south of data center.

PART 2.0 SCOPE OF SERVICES TO BE PERFORMED BY ENGINEER ON THE PROJECT:

Conductor changes

- Engineering time spent switching design for phase 1 from 1,000MCM to 1,100MCM + Ground wire and back to 1,000MCM at direction of OWNER.

Additional duct bank route design - Pike Lake to Data Center

- Additional sub-consultant Utility Survey, Lidar, & imaging
- Additional sub-consultant soil borings for thermal resistivity
- Permitting, Wetland delineation, & tree inventory
- Engineering design of additional route to ~50% design level to facilitate cost analysis and decision by OWNER.
  - Assumption that only one route will progress past 50% design to 75% & 100% design.

Final duct bank vault to SPU owned switchgear design

Work performed in this section will be billed under unique Task #07 on project invoices to support OWNER cost sharing plans. All other work will continue to be billed under Tasks #01-06.

- Thermal analysis of concrete encased ducts between vault and switchgear
- Incorporation & drafting of SPU developed "phased" One-Line Switching Diagram.
- Electrical Detail Drawings

- Civil Plan & Detail Drawings
- Construction Support

Deliverables will consist of 2 phases, each issuing a single 100% design package following a page turn with OWNER engineering team.

Phase A – Connection of Dean Lake duct bank to pad mounted switchgear, connections between switchgears, and provisions for switchgear feeder exits for developer design team to tie into at the pad-mount switchgear. Ducts associated with feeds from Pike Lake & East Shakopee will be stubbed outside the data center security fence as a provision for below "Phase B" design.

Phase B – Connection of Pike Lake & East Shakopee duct banks to switchgear exits as installed in "Phase A".

No Permitting support is scoped for this deliverable. Project Specifications from the original task order will be re-used for this scope as reference documents.

Scope of services is limited to below grade improvements. The Developer will remain responsible for surface improvements (concrete, asphalt, landscaping, etc.)

PART 3.0 OWNER'S RESPONSIBILITIES:

- OWNER to provide final One-Line Switching Diagram for pad-mount switchgear to be located outside data center, and any relevant SPU electrical specs/details within 1-week of signed task order to maintain proposed schedule.
- Environmental, DOT, County and City permits will be paid directly to permitting agencies by SPU/Developer as required.

PART 4.0 PERIODS OF SERVICE:

This amendment covers work anticipated to be completed between 8/3/2026 and 03/01/2027.

PART 5.0 ENGINEER'S FEE:

We propose to perform the tasks described in this amendment No. 2 on a time and materials basis for a fee of **$394,890**, not to exceed a total fee of **$2,219,843** without prior authorization. The total fee includes the sum of **$1,824,953** as shown in the initial Task Order and Amendment No 1. Environmental, DOT, County and City permits will be paid directly to permitting agencies by SPU. The fee includes anticipated expenses at cost, in addition to subcontractor fees which are subject to a 10% markup.

PART 6.0 SCHEUDLE:

"Phase A" – Page turn w/ OWNER engineering team 3 weeks after receipt of signed amendment. Delivery of 100% design drawings 4 weeks after receipt of signed amendment.

"Phase B" – Delivery of 100% design drawings with Phase 2 design of Pike Lake Duct Bank 100% IFC set in January 2027 (See original proposal for details).

This Amendment is executed this __________ day of ________________, 20___.

Shakopee Public Utilities (SPU) "OWNER"		HDR ENGINEERING, INC. "ENGINEER"	
BY:	____________	BY:	____________
NAME:	____________	NAME:	Christine Wiegert
TITLE:	____________	TITLE:	Sr. Vice President
ADDRESS:	255 Sarazin Street Shakopee, MN 55379	ADDRESS:	1601 Utica Ave S, Suite 600 St. Louis Park, MN 55416

EXHIBIT C

TERMS AND CONDITIONS

HDR Engineering, Inc. Terms and Conditions for Professional Services

1. STANDARD OF PERFORMANCE
The standard of care for all professional engineering, consulting and related services performed or furnished by ENGINEER and its employees under this Agreement will be the care and skill ordinarily used by members of ENGINEER's profession practicing under the same or similar circumstances at the same time and in the same locality. ENGINEER makes no warranties, express or implied, under this Agreement or otherwise, in connection with ENGINEER's services.

2. INSURANCE/INDEMNITY
ENGINEER agrees to procure and maintain, at its expense, Workers' Compensation insurance as required by statute; Employer's Liability of $250,000; Automobile Liability insurance of $1,000,000 combined single limit for bodily injury and property damage covering all vehicles, including hired vehicles, owned and non-owned vehicles; Commercial General Liability insurance of $1,000,000 combined single limit for personal injury and property damage; and Professional Liability insurance of $1,000,000 per claim for protection against claims arising out of the performance of services under this Agreement caused by negligent acts, errors, or omissions for which ENGINEER is legally liable. If flying an Unmanned Aerial System (UAS or drone), ENGINEER will procure and maintain aircraft unmanned aerial systems insurance of $1,000,000 per occurrence. OWNER shall be made an additional insured on Commercial General and Automobile Liability insurance policies and certificates of insurance will be furnished to the OWNER. ENGINEER agrees to indemnify OWNER for third party personal injury and property damage claims to the extent caused by ENGINEER's negligent acts, errors or omissions. However, neither Party to this Agreement shall be liable to the other Party for any special, incidental, indirect, or consequential damages (including but not limited to loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; and/or fines or penalties), loss of profits or revenue arising out of, resulting from, or in any way related to the Project or the Agreement from any cause or causes, including but not limited to any such damages caused by the negligence, errors or omissions, strict liability or breach of contract. The employees of both parties are intended third party beneficiaries of this waiver of consequential damages.

3. OPINIONS OF PROBABLE COST
Any opinions of probable project cost or probable construction cost provided by ENGINEER are made on the basis of information available to ENGINEER and on the basis of ENGINEER's experience and qualifications, and represents its judgment as an experienced and qualified professional engineer. However, since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the contractor(s') methods of determining prices, or over competitive bidding or market conditions, ENGINEER does not guarantee that proposals, bids or actual project or construction cost will not vary from opinions of probable cost ENGINEER prepares.

4. CONSTRUCTION PROCEDURES
ENGINEER's observation or monitoring portions of the work performed under construction contracts shall not relieve the contractor from its responsibility for performing work in accordance with applicable contract documents. ENGINEER shall not control or have charge of, and shall not be responsible for, construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the work and shall not manage, supervise, control or have charge of construction. ENGINEER shall not be responsible for the acts or omissions of the contractor or other parties on the project. ENGINEER shall be entitled to review all construction contract documents and to require that no provisions extend the duties or liabilities of ENGINEER beyond those set forth in this Agreement. OWNER agrees to include ENGINEER as an indemnified party in OWNER's construction contracts for the work, which shall protect ENGINEER to the same degree as OWNER. Further, OWNER agrees that ENGINEER shall be listed as an additional insured under the construction contractor's liability insurance policies.

5. CONTROLLING LAW
This Agreement is to be governed by the law of the state where ENGINEER's services are performed.

6. SERVICES AND INFORMATION
OWNER will provide all criteria and information pertaining to OWNER's requirements for the project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations. OWNER will also provide copies of any OWNER-furnished Standard Details, Standard Specifications, or Standard Bidding Documents which are to be incorporated into the project.

OWNER will furnish the services of soils/geotechnical engineers or other consultants that include reports and appropriate professional recommendations when such services are deemed necessary by ENGINEER. The OWNER agrees to bear full responsibility for the technical accuracy and content of OWNER-furnished documents and services.

In performing professional engineering and related services hereunder, it is understood by OWNER that ENGINEER is not engaged in rendering any type of legal, insurance or accounting services, opinions or advice. Further, it is the OWNER's sole responsibility to obtain the advice of an attorney, insurance counselor or accountant to protect the OWNER's legal and financial interests. To that end, the OWNER agrees that OWNER or the OWNER's representative will examine all studies, reports, sketches, drawings, specifications, proposals and other documents, opinions or advice prepared or provided by ENGINEER, and will obtain the advice of an attorney, insurance counselor or other consultant as the OWNER deems necessary to protect the OWNER's interests before OWNER takes action or forebears to take action based upon or relying upon the services provided by ENGINEER.

7. SUCCESSORS, ASSIGNS AND BENEFICIARIES
OWNER and ENGINEER, respectively, bind themselves, their partners, successors, assigns, and legal representatives to the covenants of this Agreement. Neither OWNER nor ENGINEER will assign, sublet, or transfer any interest in this Agreement or claims arising therefrom without the written consent of the other. No third party beneficiaries are intended under this Agreement.

8. RE-USE OF DOCUMENTS
All documents, including all reports, drawings, specifications, computer software or other items prepared or furnished by ENGINEER pursuant to this Agreement, are instruments of service with respect to the project. ENGINEER retains ownership of all such documents. OWNER may retain copies of the documents for its information and reference in connection with the project; however, none of the documents are intended or represented to be suitable for reuse by OWNER or others on extensions of the project or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at OWNER's sole risk and without liability or legal exposure to ENGINEER, and OWNER will defend, indemnify and hold harmless ENGINEER from all claims, damages, losses and expenses, including attorney's fees,

arising or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

9. TERMINATION OF AGREEMENT
OWNER or ENGINEER may terminate the Agreement, in whole or in part, by giving seven (7) days written notice to the other party. Where the method of payment is "lump sum," or cost reimbursement, the final invoice will include all services and expenses associated with the project up to the effective date of termination. An equitable adjustment shall also be made to provide for termination settlement costs ENGINEER incurs as a result of commitments that had become firm before termination, and for a reasonable profit for services performed.

10. SEVERABILITY
If any provision of this agreement is held invalid or unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by either party of any provision, term or condition shall not be construed by the other party as a waiver of any subsequent breach of the same provision, term or condition.

11. INVOICES
ENGINEER will submit monthly invoices for services rendered and OWNER will make payments to ENGINEER within thirty (30) days of OWNER's receipt of ENGINEER's invoice.

ENGINEER will retain receipts for reimbursable expenses in general accordance with Internal Revenue Service rules pertaining to the support of expenditures for income tax purposes. Receipts will be available for inspection by OWNER's auditors upon request.

If OWNER disputes any items in ENGINEER's invoice for any reason, including the lack of supporting documentation, OWNER may temporarily delete the disputed item and pay the remaining amount of the invoice. OWNER will promptly notify ENGINEER of the dispute and request clarification and/or correction. After any dispute has been settled, ENGINEER will include the disputed item on a subsequent, regularly scheduled invoice, or on a special invoice for the disputed item only.

OWNER recognizes that late payment of invoices results in extra expenses for ENGINEER. ENGINEER retains the right to assess OWNER interest at the rate of one percent (1%) per month, but not to exceed the maximum rate allowed by law, on invoices which are not paid within thirty (30) days from the date OWNER receives ENGINEER's invoice. In the event undisputed portions of ENGINEER's invoices are not paid when due, ENGINEER also reserves the right, after seven (7) days prior written notice, to suspend the performance of its services under this Agreement until all past due amounts have been paid in full.

12. CHANGES
The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement. Adjustments in the period of services and in compensation shall be in accordance with applicable paragraphs and sections of this Agreement. Any proposed fees by ENGINEER are estimates to perform the services required to complete the project as ENGINEER understands it to be defined. For those projects involving conceptual or process development services, activities often are not fully definable in the initial planning. In any event, as the project progresses, the facts developed may dictate a change in the services to be performed, which may alter the scope. ENGINEER will inform OWNER of such situations so that changes in scope and adjustments to the time of performance and compensation can be made as required. If such change, additional services, or suspension of services results in an increase or decrease in the cost of or time required for performance of the services, an equitable adjustment shall be made, and the Agreement modified accordingly.

13. CONTROLLING AGREEMENT
These Terms and Conditions shall take precedence over any inconsistent or contradictory provisions contained in any proposal, contract, purchase order, requisition, notice-to-proceed, or like document.

14. EQUAL EMPLOYMENT AND NONDISCRIMINATION
In connection with the services under this Agreement, ENGINEER agrees to comply with the applicable provisions of federal and state Equal Employment Opportunity for individuals based on color, religion, sex, or national origin, or disabled veteran, recently separated veteran, other protected veteran and armed forces service medal veteran status, disabilities under provisions of executive order 11246, and other employment, statutes and regulations, as stated in Title 41 Part 60 of the Code of Federal Regulations § 60-1.4 (a-f), § 60-300.5 (a-e), § 60-741 (a-e).

15. HAZARDOUS MATERIALS
OWNER represents to ENGINEER that, to the best of its knowledge, no hazardous materials are present at the project site. However, in the event hazardous materials are known to be present, OWNER represents that to the best of its knowledge it has disclosed to ENGINEER the existence of all such hazardous materials, including but not limited to asbestos, PCB's, petroleum, hazardous waste, or radioactive material located at or near the project site, including type, quantity and location of such hazardous materials. It is acknowledged by both parties that ENGINEER's scope of services do not include services related in any way to hazardous materials. In the event ENGINEER or any other party encounters undisclosed hazardous materials, ENGINEER shall have the obligation to notify OWNER and, to the extent required by law or regulation, the appropriate governmental officials, and ENGINEER may, at its option and without liability for delay, consequential or any other damages to OWNER, suspend performance of services on that portion of the project affected by hazardous materials until OWNER: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the hazardous materials; and (ii) warrants that the project site is in full compliance with all applicable laws and regulations. OWNER acknowledges that ENGINEER is performing professional services for OWNER and that ENGINEER is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous materials, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 (CERCLA), which are or may be encountered at or near the project site in connection with ENGINEER's services under this Agreement. If ENGINEER's services hereunder cannot be performed because of the existence of hazardous materials, ENGINEER shall be entitled to terminate this Agreement for cause on 30 days written notice. To the fullest extent permitted by law, OWNER shall indemnify and hold harmless ENGINEER, its officers, directors, partners, employees, and subconsultants from and against all costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from hazardous materials, provided that (i) any such cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property (other than completed Work), including the loss of use resulting therefrom, and (ii) nothing in this paragraph shall obligate OWNER to indemnify any individual or entity from and against the consequences of that individual's or entity's sole negligence or willful misconduct.

16. EXECUTION
This Agreement, including the exhibits and schedules made part hereof, constitute the entire Agreement between ENGINEER and

OWNER, supersedes and controls over all prior written or oral understandings. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by the parties.

17. ALLOCATION OF RISK

OWNER AND ENGINEER HAVE EVALUATED THE RISKS AND REWARDS ASSOCIATED WITH THIS PROJECT, INCLUDING ENGINEER'S FEE RELATIVE TO THE RISKS ASSUMED, AND AGREE TO ALLOCATE CERTAIN OF THE RISKS, SO, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF ENGINEER (AND ITS RELATED CORPORATIONS, SUBCONSULTANTS AND EMPLOYEES) TO OWNER AND THIRD PARTIES GRANTED RELIANCE IS LIMITED TO THE LESSER OF $1,000,000 OR ITS FEE, FOR ANY AND ALL INJURIES, DAMAGES, CLAIMS, LOSSES, OR EXPENSES (INCLUDING ATTORNEY AND EXPERT FEES) ARISING OUT OF ENGINEER'S SERVICES OR THIS AGREEMENT REGARDLESS OF CAUSE(S) OR THE THEORY OF LIABILITY, INCLUDING NEGLIGENCE, INDEMNITY, OR OTHER RECOVERY. ENGINEER'S AND SUBCONSULTANTS' EMPLOYEES ARE INTENDED THIRD PARTY BENEFICIARIES OF THIS ALLOCATION OF RISK.

18. LITIGATION SUPPORT

In the event ENGINEER is required to respond to a subpoena, government inquiry or other legal process related to the services in connection with a legal or dispute resolution proceeding to which ENGINEER is not a party, OWNER shall reimburse ENGINEER for reasonable costs in responding and compensate ENGINEER at its then standard rates for reasonable time incurred in gathering information and documents and attending depositions, hearings, and trial.

19. NO THIRD PARTY BENEFICIARIES

Except as otherwise provided in this Agreement, no third party beneficiaries are intended under this Agreement. In the event a reliance letter or certification is required under the scope of services, the parties agree to use a form that is mutually acceptable to both parties.

20. UTILITY LOCATION

If underground sampling/testing is to be performed, a local utility locating service shall be contacted to make arrangements for all utilities to determine the location of underground utilities. In addition, OWNER shall notify ENGINEER of the presence and location of any underground utilities located on the OWNER's property which are not the responsibility of private/public utilities. ENGINEER shall take reasonable precautions to avoid damaging underground utilities that are properly marked. The OWNER agrees to waive any claim against ENGINEER and will indemnify and hold ENGINEER harmless from any claim of liability, injury or loss caused by or allegedly caused by ENGINEER's damaging of underground utilities that are not properly marked or are not called to ENGINEER's attention prior to beginning the underground sampling/testing.

21. UNMANNED AERIAL SYSTEMS

If operating UAS, ENGINEER will obtain all permits or exemptions required by law to operate any UAS included in the services. ENGINEER's operators have completed the training, certifications and licensure as required by the applicable jurisdiction in which the UAS will be operated. OWNER will obtain any necessary permissions for ENGINEER to operate over private property, and assist, as necessary, with all other necessary permissions for operations.

22. OPERATIONAL TECHNOLOGY SYSTEMS

OWNER agrees that the effectiveness of operational technology systems and features designed, recommended or assessed by ENGINEER (collectively "OT Systems") are dependent upon OWNER's continued operation and maintenance of the OT Systems in accordance with all standards, best practices, laws, and regulations that govern the operation and maintenance of the OT Systems. OWNER shall be solely responsible for operating and maintaining the OT Systems in accordance with applicable laws, regulations, and industry standards (e.g. ISA, NIST, etc.) and best practices, which generally include but are not limited to, cyber security policies and procedures, documentation and training requirements, continuous monitoring of assets for tampering and intrusion, periodic evaluation for asset vulnerabilities, implementation and update of appropriate technical, physical, and operational standards, and offline testing of all software/firmware patches/updates prior to placing updates into production. Additionally, OWNER recognizes and agrees that OT Systems are subject to internal and external breach, compromise, and similar incidents. Security features designed, recommended or assessed by ENGINEER are intended to reduce the likelihood that OT Systems will be compromised by such incidents. However, ENGINEER does not guarantee that OWNER's OT Systems are impenetrable and OWNER agrees to waive any claims against ENGINEER resulting from any such incidents that relate to or affect OWNER's OT Systems.

23. FORCE MAJEURE

ENGINEER shall not be responsible for delays caused by factors beyond ENGINEER's reasonable control, including but not limited to delays because of strikes, lockouts, work slowdowns or stoppages, government ordered industry shutdowns, power or server outages, acts of nature, widespread infectious disease outbreaks (including, but not limited to epidemics and pandemics), failure of any governmental or other regulatory authority to act in a timely manner, failure of the OWNER to furnish timely information or approve or disapprove of ENGINEER's services or work product, or delays caused by faulty performance by the OWNER's or by contractors of any level or any other events or circumstances not within the reasonable control of the party affected, whether similar or dissimilar to any of the foregoing. When such delays beyond ENGINEER's reasonable control occur, the OWNER agrees that ENGINEER shall not be responsible for damages, nor shall ENGINEER be deemed in default of this Agreement, and the parties will negotiate an equitable adjustment to ENGINEER's schedule and/or compensation if impacted by the force majeure event or condition.

24. EMPLOYEE IMMUNITY

The parties to this Agreement acknowledge that an individual employee or agent may not be held individually liable for negligence with regard to services provided under this Agreement. To the maximum extent permitted by law, the parties intend i) that this limitation on the liability of employees and agents shall include directors, officers, employees, agents and representatives of each party and of any entity for whom a party is legally responsible, and ii) that any such employee or agent identified by name in this Agreement shall not be deemed a party. Specifically, in the event that all or a portion of the services is performed in the State of Florida, the following provision shall be applicable:

THE PARTIES ACKNOWLEDGE THAT PURSUANT TO APPLICABLE FLORIDA STATUTES AN INDIVIDUAL EMPLOYEE OR AGENT MAY NOT BE HELD INDIVIDUALLY LIABLE FOR NEGLIGENCE WITH REGARD TO SERVICES PROVIDED UNDER THIS AGREEMENT. To the maximum extent permitted by law, the Parties intend i) that this limitation on the liability of employees

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DATE: August 31, 2026

TO: Greg Drent, General Manager

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

Subject: Dean Lake Distribution Improvements Phase 1 Bid Award

Issue

The Commission is asked to consider awarding the contract for the duct bank construction along the 169 corridor. This work involves installing underground electric feeder circuits as part of the Phase 1 feeder improvements, which will provide the first 25 MW of capacity to the Data Center located on Dean Lake BLVD.

BACKGROUND

Sealed bids were opened on August 27th at SPU offices, with five bids were submitted and evaluated for responsiveness, completeness, bid security, acknowledgment of the addenda, contractor qualifications, and conformity with the requirements of the Contract documents.

Following our review, HDR has determined that JL Theis, Inc submitted the lowest responsive and responsible bid for the project, amounting to $3,665,056.35. The JL Theis proposal was lower than all other bids received and represents the best value to Shakopee Utilities while satisfying the requirements of the bidding documents.

The SPU staff is working with JL Theis to complete the Construction Agreement and submit all required bonds, insurance certificates, and other post-award contract documentation.

DISCUSSION

HDR's Project Engineer, Tyler Tetrault, has summarized the bid results and included the bid tabulation for your reference. According to the bid documents, SPU has 30 days to make a decision and award a bid for the contract. One issue still outstanding is the MNDOT permitting for right-of-way access. Staff is diligently working through the details with assistance from the City of Shakopee staff and HDR Engineering to finalize the permitting.

Staff agrees with Tyler's analysis, and his conclusion to the Commission is best served by awarding the bid to JL Theis for $3,665,056.35 with an expected completion date of January 2027.

ACTION:

Award the contract to construct the duct bank to JL Theis Inc,Improvements for $3,665,056.35.

HDR

August 31st, 2026

RE: Shakopee Public Utilities – Dean Lake Distribution Improvements Phase 1

General Manager and Commissioners:

HDR Engineering, Inc., as Engineer of Record for the Dean Lake Distribution Improvements – Phase 1 project, has completed its review of the bids received for this project. Five bids were submitted and evaluated for responsiveness, completeness, bid security, acknowledgment of addenda, contractor qualifications, and conformity with the requirements of the Contract Documents.

Following our review, HDR has determined that JL Theis, Inc. submitted the lowest responsive and responsible bid for the project with a base bid of $3,665,056.35. The JL Theis proposal was lower than all other bids received and represents the best value to Shakopee Public Utilities while satisfying the requirements of the bidding documents.

In addition to providing the lowest bid, JL Theis submitted the required bid security, acknowledged all issued addenda, and furnished qualifications demonstrating experience and capability relevant to the proposed work. Based on our evaluation, JL Theis possesses the personnel, resources, and experience necessary to successfully complete the project.

Accordingly, HDR Engineering recommends that the Shakopee Public Utilities Commission award the construction contract for the Dean Lake Distribution Improvements – Phase 1 project to:

JL Theis, Inc.
Contract Amount: **$3,665,056.35**

This recommendation is contingent upon successful execution of the Construction Agreement and submission of all required bonds, insurance certificates, and other post-award contract documentation.

Respectfully,

HDR Engineering, Inc.

Tyler Tetrault

Tyler Tetrault
Project Manager

hdrinc.com

1601 Utica Avenue South, Suite 600, St. Louis Park, MN 55416-3400
(763) 591-5400

Table 1 – Bid Tabulation

Rank	Bidder	Base Bid(Unit Price)	Alt #1 Conductor	Alt #2 Tree & Grub
1	JL Theis, Inc.	$3,665,056.35	$96,202	$46.490
2	NPL Construction Co	$4,143,809.06	$2.25/LF (~$172,500)	No Bid
3	Pember Companies, Inc	$4,295,772.35	$688,325	No Bid
4	S.M. Hentges & Sons, Inc.	$4,388,998.50	No Bid	No Bid
5	New Look Contracting, Inc.	$4,953,320.25	$685,000	$37,500

Table 2 – Base Bid Unit Price Comparison

Item	Description	QTY Required	JL Theis	NPL	Pember	S.M. Hentges	New Look
1	Mobilization (LS)	1	$152,000.00	$800,000.00**	$449,200.00	$275,000.00	$680,000.00
2	Temporary Traffic Control (LS)	1	$5,950.00	$9,500.00	$16,000.00	$7,300.00	$10,000.00
3	Portable Precast Concrete Barrier (LF)	4,338	$15.00	$18.75	$15.90	$18.00	$16.00
4	Portable Barrier Delineator (EA)	174	$8.00	$10.00	$8.50	$10.00	$8.00
5	Temporary Impact Attenuator (Assembly)	1	$2,950.00	$3,687.50	$3,130.00	$3,600.00	$3,500.00
6	Removable Pavement Marking Tape (LF)	1,995	$2.05	$2.56	$2.15	$2.50	$2.25
7	Removable Plastic Mask (LF)	132	$2.35	$2.94	$2.45	$3.00	$5.00
8	Tree Protection Fence (LF)	1,020	$11.50	$5.25	$3.70	$13.00	$4.00
9	Stabilized Construction Exit (EA)	3	$5,500.00	$3,500.00	$1,565.00	$3,300.00	$1,600.00
10	Sediment Control Log (LF)	4,640	$3.75	$8.25	$2.40	$5.00	$4.50
11	Inlet Protection (EA)	20	$695.00	$75.00	$160.00	$355.00	$200.00
12	Temp ECB Cat. 15 (SY)	667	$2.00	$2.98	$2.40	$2.40	$2.75
13	Temp ECB Cat. 20 (SY)	50,336	$0.75	$2.41	$2.45	$2.40	$1.00
14	Perm ECB Cat. 20 (SY)	8,906	$1.90	$2.52	$2.45	$2.40	$1.00
15	Perm ECB Cat. 25 (SY)	14,714	$2.00	$2.78	$3.10	$2.40	$1.75
16	Remove Bituminous Pavement (SY)	2,344	$11.00	$55.00	$5.80	$10.20	$6.75
17	Remove Concrete Pavement (SF)	2,400	$2.50	$5.25	$1.55	$1.00	$1.75
18	Remove Curb & Gutter (LF)	1,150	$3.50	$10.00	$5.15	$5.00	$5.25
19	Clear & Grub (LS)	1	$46,490.00	$25,658.00	$42,000.00	$18,500.00	$42,700.00
20	Fence Reinstall (LF)	125	$23.00	$115.00	$56.20	$112.00	$85.00
21	Storm Sewer Pipe Reinstall (LF)	150	$103.00	$350.00	$170.00	$206.00	$1.00
22	Storm Sewer Flared End Reinstall (EA)	3	$1,908.00	$5,800.00	$1,230.00	$4,700.00	$1.00
23	Storm Sewer Casting Reinstall (EA)	8	$959.00	$1,450.00	$810.00	$2,000.00	$975.00
24	Irrigation System Reinstall (LS)	1	$1,500.00	$5,500.00	$5,000.00	$6,100.00	$15,000.00
25	Light Pole Reinstall (EA)	2	$7,025.00	$4,500.00	$4,850.00	$12,000.00	$6,000.00
26	Rock Excavation (CY)	1,150	$78.00	$245.00	$150.00	$0.01	$150.00

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27	Connect Existing Duct Bank (LS)	1	$18,810.00	$18,500.00	$7,500.00	$108,000.00	$10,000.00
28	4-Way Concrete Manhole (EA)	7	$50,273.00	$42,000.00	$46,000.00	$48,000.00	$50,000.00
29	30x21 CIP Duct Bank (LF)	5,060	$215.00	$184.00	$195.00	$304.00	$260.00
30	Jack/Bore Steel Casing (LS)	1	$947,969.00	$885,000.00	$920,000.00	$1,080,000.00	$1,000,000.00
31	6in Sch. 40 PVC Conduit (LF)	30,495	$13.00	$10.00	$22.55	$10.50	$27.00
32	6in Sch. 80 PVC Conduit (LF)	1,848	$19.00	$15.00	$31.90	$21.00	$38.00
33	Medium Duty Bituminous Pavement (SY)	1,135	$37.00	$47.00	$41.75	$44.00	$38.25
34	Heavy Duty Bituminous Pavement (SY)	1,208	$48.00	$57.00	$53.25	$45.00	$50.50
35	Concrete Sidewalk (SF)	2,400	$16.00	$131.00	$12.15	$12.00	$10.25
36	B612 Curb & Gutter (LF)	1,150	$35.00	$79.00	$32.90	$25.00	$30.25
37	Pedestrian Curb Ramp (EA)	1	$2,500.00	$2,100.00	$980.00	$1,500.00	$1,950.00
38	Fertilizer Type 3 (LB)	1,500	$1.20	$1.85	$1.00	$2.00	$1.25
39	Fertilizer Type 4 (LB)	365	$1.20	$1.75	$1.00	$2.00	$1.50
40	Seeding HTI (AC)	1.5	$2,600.00	$11,566.00	$7,350.00	$2,500.00	$2,250.00
41	Seeding STR (AC)	5.9	$2,600.00	$10,454.00	$5,800.00	$2,500.00	$1,425.00
42	Seeding WD (AC)	3	$4,500.00	$13,939.00	$6,300.00	$2,500.00	$3,375.00
43	Sodding (SY)	667	$20.00	$42.91	$18.00	$20.00	$22.00
44	Striping (LS)	1	$1,475.00	$5,325.00	$1,565.00	$2,000.00	$2,500.00
Bidder Listed Base Bid Total:			$3,665,056.35	$4,143,809.06	$4,295,772.35	$4,388,998.50	$4,953,320.25
Calculated Base Bid Total: (QTY * Unit Price)			$3,665,056.35	$4,863,809.06	$4,295,772.35	$4,388,998.50	$4,953,320.25
Difference:			$0.00	$720,000.00	$0.00	$0.00	$0.00

*** Total stated in NPL Construction Co Bid does not match unit price multiplied by QTY required, NPL Clarified on 08/28/2026 that the Mobilization cost should be $80,000 not $800,000.

Shakopee Public Utilities

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September 2nd, 2026

TO: Greg Drent, General Manager

FROM: Philip Dubbe, IT Director

SUBJECT: SPU AI/LLM Usage Policy

Overview

Attached is the proposed updated policy for SPU's Artificial Intelligence (AI)/Large Language Model (LLM) Internal Use Policy. This policy will set standards for employee use of AI/LLM platforms, whether integrated with an application or public platforms such as ChatGPT or Claude. This Policy will also set guidelines for IT to review and monitor use of these tools to protect SPU's data.

Action Requested

Staff is requesting commission approval of the updated AI/LLM Usage Policy.

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Generative AI/LLM Usage Policy

Purpose

The purpose of the Shakopee Public Utilities Generative AI and LLM Usage Policy is to establish the acceptable use of Generative AI (Artificial Intelligence) and LLM (Large Language Models) technologies within the operations of SPU. Generative AI is defined as AI that creates new content like text, images, video and code by learning patterns from existing data.

Policy

1. Only approved Enterprise Generative AI tools may be used by SPU staff. The list will be published in the SPU IT Shared folder in the Policies Directory. Public/Consumer grade platforms may not be used for SPU Data. This includes but is not limited to ChatGPT, Gemini, Claude, or other systems that transmit data externally.

2. Employees may use low-risk (public) data with approved AI tools for legitimate Utility business purposes. Employees shall never share moderate or high-risk data as defined by the Minnesota Government Data Practices Act which can be found below. Uploading, sharing or disseminating moderate or high-risk data to an AI platform can be considered a data breach. If an employee is unsure of the data classification, they must review the data with the Utility's responsible authority.

3. Exercise caution when relying on AI and LLM responses for critical decisions. These models should be used as a support tool rather than a sole source of information. This content should be considered a draft or iteration of the employee's work product.

4. Due to human influence, AI models can contain biases, SPU employees will use discretion considering if the results have a discriminatory effect due to flawed data.

5. AI Platform usage and/or integration into existing tools will require review and approval by the SPU IT Department and must meet the security and privacy requirements.

6. Conduct periodic audits/assessments of AI and LLM usage, including access controls, data handling practices, and compliance with policies and regulations.

7. Implement monitoring mechanisms to track and record interactions with AI and LLM platforms for security, compliance and quality assurance purposes.

8. All data created with the use of AI is to be retained according to the Utility's records and retention schedule.

9. Regularly review and update the policy as needed to address emerging risks, changes in regulations, or advancements in technology.

10. Educate employees on the appropriate usage of AI and LLM platforms, including data privacy, security best practices, and the importance of adhering to the established policies.

Information Classifications

1. Low Risk: Data defined as "public" by Minnesota Statutes Chapter 13.
2. Moderate Risk: Data that is not considered public like system security information, not public names, not public addresses, and not public phone numbers.
3. High Risk: Highly sensitive data that is protected by law or regulations. This includes but is not limited to Social Security Numbers, Feder Tax Information, Account Data, and Bank Account Numbers.

Enforcement

Personnel found to have violated this policy may be subject to disciplinary action, up to and including termination of employment, and related civil or criminal penalties.

Any vendor, consultant, or contractor found to have violated this policy may be subject to sanctions up to and including removal of access rights, termination of contract(s), and related civil or criminal penalties.

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DATE: September 2, 2026

TO: Commissioners

FROM: Greg Drent, General Manager

Subject: Large Industrial Electric Service Agreement

Purpose

Staff is presenting for Commission consideration a Large Industrial Electric Service Agreement (ESA) between Shakopee Public Utilities (SPU) and XXX customer for electric service to a proposed 20-megawatt data center load at Emery Way in Shakopee and old brickyard road.

Because this load is significant compared with SPU's existing electric system, the ESA has been structured to ensure that the costs and risks associated with serving the project are borne by the customer and do not negatively impact SPU's existing customers.

Key Agreement Terms

The project is anticipated to have electric capacity of up to 20 MW, with operations expected in July 2027. The initial term of the ESA is 12 years beginning when the customer provides notice of operational capacity, with additional five-year renewal terms thereafter.

Teh customer will be responsible for a monthly minimum demand equal to 80% of the project's 20 MW capacity, or 16,000 kW, regardless of actual demand. If actual demand exceeds that amount, the customer will be billed on actual demand.

Electric service will be provided under SPU's Large Industrial Service Tariff. The tariff is intended to recover SPU's costs of serving the project, including power supply, demand, energy, transmission, renewable-energy requirements, MISO costs, facilities, operations and maintenance, administrative costs, and other applicable expenses. The ESA also allows SPU to recover future governmental or regulatory costs attributable to serving the customer.

Infrastructure Costs

Serving the project requires significant electric infrastructure improvements, including facilities associated with the West Shakopee Substation.

The current estimated infrastructure cost is $11,094,000, with Customer responsible for 100% of the estimated costs payable upfront. The current payment schedule is:

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

- October 15, 2026 – $2,880,000
- January 15, 2027 – $4,014,000
- June 15, 2027 – $4,200,000

The estimated costs are subject to a final true-up based on actual costs. SPU is not required to order materials or incur project infrastructure expenses until the required customer payments have been received. The first payment is also a condition that must be satisfied before SPU's obligations under the ESA become effective.

SPU will own and operate the completed infrastructure.

Customer Performance and Financial Protections

The ESA contains several provisions designed to protect SPU and its existing customers. In addition to the 16 MW minimum demand commitment, the customer will prepay approximately 45 days of estimated electric usage, with monthly reconciliation based on actual usage.

The agreement includes late payment provisions, additional performance-assurance requirements when appropriate, disconnect rights, and other remedies in the event of default.

If the customer is the defaulting party and early termination occurs under the applicable provisions of the ESA, the termination payment includes amounts owed and an additional $1 million for each Contract Year remaining in the initial term, prorated for partial years. This provision helps protect SPU from long-term financial commitments made to serve the project.

Infrastructure Rebate

The customer may earn up to five annual rebates related to off-site infrastructure costs during 2029 through 2033. Each potential rebate equals 10% of eligible off-site costs, with total rebates capped at 50%.

The rebates are performance based and are not guaranteed. Customer must remain in compliance with the ESA and achieve the required electric usage and load factor during each applicable year to qualify.

System and Water Protections

SPU retains the ability to interrupt or curtail service when necessary for system emergencies, transmission constraints, MISO requirements, or other conditions identified in the ESA. SPU is also not obligated to provide capacity beyond the 20 MW contemplated by the agreement without further evaluation.

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The project is prohibited from using ongoing SPU water service for cooling or other non-domestic purposes. The facility must use a closed-loop cooling system. Domestic water service will be addressed separately under SPU's applicable policies.

Overall Assessment and Recommendation

This project represents a significant new electric load for SPU and requires substantial infrastructure investment. Staff's primary objective in negotiating the ESA has been to ensure that SPU can serve the project while protecting the utility and its existing customers.

The agreement requires the customer to fund the infrastructure necessary to serve the project, establishes a significant minimum demand commitment, provides for recovery of SPU's costs through the applicable tariff, requires prepayment for electric service, and provides SPU with appropriate protection in the event of nonpayment, default, or early termination.

Subject to final legal review and completion of the remaining exhibits and administrative details, staff recommends that the Shakopee Public Utilities Commission approve the Large Industrial Electric Service Agreement with the customer and authorize the appropriate SPU representatives to execute the agreement.

Recommendation: Approve Large Industrial Electric Service Agreement

Email:

IF TO THE CUSTOMER:

15.2. Change of Contact Information. The Parties shall provide each other with written notice to any change or updated contact information for notice purposes under this Agreement, as soon as reasonably practicable after such change. SPU shall provide the Customer with any updated contact information for its Wholesale Provider.

15.3. Protected Data. The Parties acknowledge and agree that SPU is subject to the Minnesota Governmental Data Practices Act, Minnesota Statutes, Chapter 13 (the "Act"). The Customer's electric usage levels and other identifying information of the Customer "customer data" is governed by the Act. The Customer acknowledges and agrees that this Agreement requires close communication with the Wholesale Provider and SPU's authorized agents. The Customer authorizes and consents to SPU to providing customer data to Wholesale Provider and SPU's authorized agents for the purpose of design, planning, engineering, construction, installation, performing, billing, collecting, and enforcing this Agreement. Any data that a Party provides that is not generally available to the public and that contains value in remaining confidential shall be marked "trade secret."

15.4. Forward Contract. The Parties acknowledge and agree that transactions under this Agreement constitute forward contracts within the meaning of the United States Bankruptcy Code.

16. GENERAL

16.1. Entire Agreement. This Agreement, including exhibits and recitals, constitutes the entire Agreement and, with respect to provision of electric service to the Project, supersedes all prior agreements and understandings, oral and written, all prior oral and written communications, proposals, agreements, representations, statements, negotiations, and undertakings, whether express or implied, between the Parties hereto with respect to electric service to the Project. The Customer acknowledges and agrees that: (a) this Agreement is not entered into in reliance, in whole or in part, upon any statement or representation made by or on behalf of SPU, or its agents, except any such statement or representation expressly set out in this Agreement. Headings are for convenience and are not a part of this Agreement.

16.2. Successors and Assigns. This Agreement shall be binding upon the respective Parties, their successors and assigns, on and after the Effective Date hereof; provided, however, that neither this Agreement, nor any interest herein, shall be transferred, sold, or otherwise conveyed by the Customer to a third party, except upon: (a) written notice to SPU and written consent by SPU to same, which consent shall not be unreasonably withheld, conditioned, or delayed; and (b) the express written assumption by the proposed assignee to the terms and conditions of this Agreement. The Customer shall remain obligated to continue payments under Section 5.3 through the end of the Term unless and until conditions (a) and (b) in this Section are satisfied.

16.3. Joint Drafting. The Parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either Party.

16.4. Captions. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing or interpreting this Agreement.

16.5. Modification. No term or provision of this Agreement may be changed, revised, altered, or waived, except by an instrument in writing signed by both of the Parties.

16.6. Choice of Law; Venue. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Minnesota without regard to its conflicts of law principles. The Parties agree that any claim, action, or proceeding seeking any relief in connection with this Agreement shall be brought in a court of competent jurisdiction located in the Scott County, Minnesota. The Customer hereby waives any objection that it may have to the venue of any such suit, action, or proceeding, arising under or related to this Agreement and hereby irrevocably consents to the personal jurisdiction of the District Courts for the State of Minnesota in any such suit, action, or proceeding.

16.7. Counsel. Each Party understands, acknowledges, and agrees that they have had the opportunity to consult with legal counsel of their choice regarding this Agreement. Customer agrees and acknowledges that it has read and understands this Agreement, is entering into it freely and voluntarily, has been advised to seek counsel prior to entering into this Agreement and has had ample opportunity to do so.

16.8. Severability. If any provision in this Agreement is determined by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired and they shall remain in force and effect.

16.9. Duly Authorized Signatories; Binding Effect of Execution. Each Party represents and warrants that the person executing this Agreement on its respective behalf is duly authorized to do so, and that, by such execution set forth on the following page of this Agreement, such Party is hereby duly and lawfully bound by this Agreement.

16.10. Counterparts. This Agreement may be executed in counterpart copies by the Parties and each counterpart, when taken together with the other, shall be deemed one and the same executed Agreement.

[Signature page follows.]

DRAFT SUBJECT TO COMMISSION APPROVAL

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by the duly authorized signatories the _______ day of_________, 2026.

SHAKOPEE PUBLIC UTILITIES COMMISSION

By: ____

Title: ____

By: ____

Title: ____

By: ____

Title: Chief Manager

EXHIBIT A
to
LARGE INDUSTRIAL ELECTRIC SERVICE AGREEMENT
BETWEEN SHAKOPEE PUBLIC UTILITIES AND

Estimate of Customer's Portion of Infrastructure Costs

Estimated Timing	Description of Work	Estimated Amount
Completed	Xcel system impact study	$15,000.00
Completed	Procured: West Shakopee Transformer 47MVA & circuit breaker	$2,865,000.00
January 2027	Engineering service for completion of substation & design of duct bank	$587,000.00
January 2027	West Shakopee switchgear building ordered	$2,000,000.00
January 2027	Cable and solid dielectric switchgear ordered or use in stock cable	$1,427,000.00
June 2027	Duct bank contract and construction begins	$2,000,000.00
June 2027	Site work for new transformer control building and exit circuits	$2,000,000.00
June 2027	Additional breakers and metering in existing substation building	$200,000.00

EXHIBIT B
to
LARGE INDUSTRIAL ELECTRIC SERVICE AGREEMENT
BETWEEN SHAKOPEE PUBLIC UTILITIES AND

Delivery Points

<u>EXHIBIT C</u>

<u>to</u>

<u>LARGE INDUSTRIAL ELECTRIC SERVICE AGREEMENT BETWEEN SHAKOPEE PUBLIC UTILITIES AND</u>

Map

LARGE INDUSTRIAL ELECTRIC SERVICE AGREEMENT BETWEEN SHAKOPEE PUBLIC UTILITIES AND

This Large Industrial Electric Service Agreement ("Agreement") is made and entered into the ____ day of __________, 2026, by and between the Shakopee Public Utilities Commission d/b/a Shakopee Public Utilities ("SPU"), a municipal utility under the laws of the State of Minnesota, and , a limited liability company duly organized and existing under the laws of Minnesota (the "Customer"), individually referred to as a "Party" and collectively as the "Parties."

WHEREAS, the Customer is developing a 20-megawatt data center located at 3000 Emery Way, Shakopee (the "Project"), as further described herein;

WHEREAS the Customer has requested that SPU arrange three-phase electric service with capacity sufficient to serve the Project's total capacity of up to 20-megawatts when completed

WHEREAS, the Parties wish to set forth the terms and conditions under which SPU will provide electric service to the Project, (an Electric Services Agreement),

NOW THEREFORE, in consideration of the commitments herein and for other good and valuable consideration, the sufficiency of which is acknowledged, SPU and the Customer agree as follows:

1. INTENT AND INTERPRETATION

The Parties acknowledge and agree that Customer's anticipated load is significant as compared to SPU's current electrical system load. The Parties acknowledge and agree that the Customer shall be responsible for all components of costs attributable to providing or arranging electric service to Customer, except as specifically provided in this Agreement. The Parties acknowledge and agree that SPU's service to Customer shall not prejudice SPU's service to its remaining customers. The Parties acknowledge and agree that SPU's electric service to the Customer shall not interfere with the operation of SPU's system, reduce the quality of electric service provided to SPU's other customers, or create a negative financial impact on SPU's other customers.

2. DEFINITIONS

The Act has the meaning provided in Section 15.3.

Affiliate means any person or entity that directly or indirectly controls, is under the control of, or is under common control with, the named entity by the power to direct or cause the direction of the management of the policies of named entity, whether through ownership interest, by contract or otherwise.

Business Days means Monday through Friday, excluding federal holidays.

Calendar Days means consecutive, daily counting on a calendar, for a full 24-hour period, starting at midnight and ending at the following midnight; and includes all 365/366 days in a year, as applicable.

Capacity of the Project means up to 20-megawatts of capacity expected to be operational in July 1, 2027.

Contract Year shall mean the twelve-month period beginning on January 1 and ending on December 31 of each year of the Term.

Defaulting Party has the meaning provided in Section 14.6.

Delivery Points means the points of delivery under this Agreement for SPU's retail service is specified in Section 6.1.

Disconnect means SPU's stopping the supply of power to the Delivery Points as permitted in this Agreement. For the avoidance of doubt, disconnect does not refer to termination of the Agreement, and the Customer may be eligible for reconnection of power upon satisfying the requirements in Section 7.6.

Due Date has the meaning provided in Section 7.3.

Early Termination Date has the meaning provided in Section 14.6.

Effective Date has the meaning provided in Section 3.

Eligibility Conditions has the meaning provided in Section 8.13.

Event of Default has the meaning provided in Section 14.1.

Force Majeure means an event or circumstance (i) that prevents one Party from performing its obligations under this Agreement (the "Claiming Party"); (ii) that is not within the reasonable control of or the result of the negligence of the Claiming Party; (iii) that was not anticipated as of the effective date of the Agreement; and (iv) that the Claiming Party, by the exercise of due diligence, is unable to overcome, to avoid, or cause to be avoided.

Infrastructure Costs has the meaning provided in Section 8.5.

Infrastructure Modifications mean changes to infrastructure determined by SPU to be required to serve the Project at the Delivery Points, including without limitation: (a) construction of several multi-circuit duct banks from SPU West Shakopee Substation to the Project and (b) any other equipment required to provide service to the Project. A depiction of the facilities noted above is included as Exhibit C.

Load Factor shall mean: [billing period kWh / (number of days of billing period x 24 hours per day x peak demand)] x 100% = % load factor. SPU shall calculate the Load Factor over the course of a calendar year. The Load Factor calculation excludes any interruption due to, caused by, or within the control of MISO, when Customer is either directed to shed load or electric service is interrupted by direction of MISO.

Measurement Period has the meaning provided in Section 8.13.

Metropolitan Council means the regional government agency established in Minnesota Statutes, Section 473.123.

Minimum Demand has the meaning provided in Section 5.3.

MISO shall mean the Midcontinent Independent System Operator, Inc., or any successor thereto.

Non-Defaulting Party has the meaning provided in Section 14.6

Obligations has the meaning provided in Section 5.4.

Off-Site Costs has the meaning provided in Section 8.5(b).

On-Site Costs has the meaning provided in Section 8.5(a).

Party shall mean either the Customer or SPU as a party to this Agreement.

Performance Assurance means a pledge from the Customer to SPU as security for Customer's Obligations under this Agreement, including without limitation, cash deposit, a letter of credit, or other security and/or collateral acceptable to SPU in its sole discretion.

Rebate Payment has the meaning provided in Section 8.13.

Requirements for 15 KV Class Primary Voltage Service Policy has the meaning provided in Section 8.4.

Tariff has the meaning provided in Section 5.14

Term has the meaning provided in Section 4.1

Termination Payment has the meaning provided in Section 14.6

Water Policy Manual means the policy approved by the SPU Commission concerning water service as may be revised.

Wholesale Provider means the Minnesota Municipal Power Agency.

3. CONDITION PRECEDENT.

The following requirement is a condition precedent to the effectiveness of performance by SPU under this Agreement: Delivery of the first scheduled payment of estimated Infrastructure Costs on or before October 15, 2026, as provided in Section 8.8.

Until this condition precedent has occurred, this Agreement shall not become effective and neither Party shall have any rights or obligations by reason of this Agreement, regardless of whether or not it has been executed. The "Effective Date" of this Agreement shall commence upon the Customer making the first scheduled payment, as provided in Section 8.8.

4. TERM OF AGREEMENT

The initial term of this Agreement (the "Initial Term") shall commence upon the Effective Date and shall continue for a period of twelve (12) years from the date Customer delivers notice of operational capacity to SPU. Thereafter, the Agreement will automatically be extended for separate additional terms of five (5) years each (each an "Additional Term" and collectively the "Additional Terms"). The Initial Term and all exercised Additional Terms are collectively referred to herein as the "Term." Notwithstanding the foregoing, the Customer may elect to terminate this Agreement effective at the end of the Initial Term by delivering written notice of such election to SPU at least eighteen (18) months before the last day of the Initial Term. Further, Customer may elect to terminate this Agreement effective at the end of any Additional Term by delivering written notice of such election to SPU at least twelve (12) months before the last day of the Additional Term in effect.

5. ELECTRIC SERVICE CONDITIONS AND RATE COMPONENTS.

5.1. Service. Service shall be provided at three-phase, 60 hertz, alternating current at a voltage of 12470/7200 volts primary.

5.2. Capacity. The Customer acknowledges and agrees that Capacity for the Project shall not exceed 20-megawatts. Any request for additional capacity or services may require a system impact study through Xcel Energy or MISO, as applicable. Capacity is also subject to Sections 5.10 and 8.8. SPU will use commercially reasonable efforts to provide the Capacity in accordance with the dates set forth herein to allow the Project to be operational; however, SPU shall not be liable to Customer for delays in delivering the Capacity or Infrastructure Modifications.

5.3. Minimum Demand Charge. The Customer agrees to pay in each monthly billing period a monthly minimum demand charge (the "Minimum Demand") in an amount equal to 80% of the Project's 20-megawatts (i.e.16,000 kW) all according to the demand charge in the Tariff. The Minimum Demand is due regardless of actual demand usage. If the Project's actual demand usage is higher than the Minimum Demand, the actual demand usage will be billed to and payable by Customer as provided in Section 7.1.

5.4. Other Obligations. In addition to the Minimum Demand, the Customer shall be responsible for monthly electric service under the Tariff and all other costs, fees, and expenses as set forth herein or that may be adopted by SPU, and any other charges or penalties related to providing service or costs that arise due to Customer's use of electric service at the Project. All amounts due by Customer to SPU in accordance with this Agreement, including without limitation SPU's service regulations, shall be referred to as the "Obligations."

5.5. Late Fee. In addition to all other remedies provided herein, the failure to timely pay the Obligations will result in a late fee equal to 5% of the unpaid amount due hereunder. The late fee of 5% is automatically due and owing upon the failure of Customer to timely make any payment required under this Agreement and SPU shall not be obligated to deliver a billing statement for the late fee. In the event SPU delivers a billing statement to customer that does not include an otherwise accrued late fee, such delivery shall not constitute a waiver of SPU's right to collect such late fee from Customer.

5.6. Performance Assurance. If the Customer fails to make a timely payment under this Agreement twice in a Contract Year, then upon the second occurrence of an untimely payment (even if remedied during any applicable cure period), the Customer must provide, within twenty (20) Business Days of SPU's written request, a letter of credit or other Performance Assurance in an amount equal to one-and-one-half times the then applicable monthly prepayment amount due under Section 7.2 at the time of SPU's written request.

5.7. Maximum Permitted Load. SPU shall have no obligation to upgrade its facilities for any electric load above the design load level detailed in this Agreement in Section 5.2.

5.8. Planned Outages and Operations Updates. The Customer will provide SPU with information related to its energy consumption, including any planned outages for operations and any ramping up or ramping down of operations, in writing, at least seven (7) days in advance of such changes in energy consumption.

5.9. Customer's Failure to Take. If the Customer fails to take all or a portion of the power or energy provided under this Agreement, then Customer shall nonetheless remain obligated to pay the Minimum Demand. For the avoidance of doubt, the Customer shall be responsible for any additional costs required by its failure to take all or a portion of the power and energy provided under this Agreement.

5.10. Minimum Load Factor. Starting five years from the Effective Date, SPU will determine the Load Factor of the Project after each Contract Year. If the Customer's Load Factor falls below 50% of the 20 MW Project load level for a Contract Year, the Customer has one year to satisfy this minimum Load Factor; if the Customer fails to satisfy this minimum Load Factor, the Parties will meet and discuss the Customer's two options: (a) the Customer shall pay for the minimum Load Factor for the subsequent Contract Year (regardless of actual Load Factor) and retain the full Capacity of the Project; or (b) the Customer shall forfeit any rights to Capacity that it failed to use under this Agreement.

5.11. Resale Prohibited. As a retail end user under Minnesota law, the Customer is prohibited from reselling any power or energy under this Agreement.

5.12. Conservation Improvement Plan. Under Minnesota law, a conservation improvement plan fee of 1.5% of all electric utility charges (CIP) is required for loads less than 20 MW. SPU will bill and collect this fee until the Customer provides SPU written notice that the Customer's load has reached at least 20 MW and that Customer has received approval from state authorities to opt-out of the CIP program. SPU shall reasonably cooperate with and assist Customer to seek approval from state authorities to opt-out of said program. Until the Department of Commerce approves the Customer's exemption, the CIP applies.

5.13. All Requirements. During the Term of this Agreement the Customer agrees not to purchase electric power or energy within SPU's electric service territory from any person or party other than SPU, and in consideration of the undertakings by SPU to arrange service to the Customer, not to construct generation to serve the Project or the Customer that operates in parallel with SPU's system without SPU's consent. For the avoidance of doubt, the Customer may arrange back-up generation that does not operate in parallel with SPU's system for a portion of Customer's load.

5.14. Tariff. SPU has engaged a third party to conduct an electric rate study to determine the appropriate components and amounts for the large industrial service tariff (the "Tariff") that will apply to the Project. SPU anticipates the Tariff will encompass all of SPU's costs to serve the Project, including, but not limited to, wholesale power supply, demand, energy, transmission, renewable energy requirements, MISO costs and applicable services, such as scheduling and ancillary services, conservation improvement requirements, power cost adjustments, fuel cost adjustments, facilities costs, operation and maintenance, insurance, depreciation, allocable general and administrative, professional services, and financing expenses. The Customer shall be responsible for all taxes and fees, including any franchise fees, from the Delivery Points. The Tariff will be subject to modifications and adjustments, from time to time, at SPU's discretion subject to nondiscriminatory treatment of all customers in the applicable customer class. In addition to the terms and conditions contained in this Agreement, service to the Customer shall also be subject to the terms and conditions contained in SPU's applicable policies and electric service regulations promulgated by SPU's Commission as a local unit of government.

5.15. Future Governmental Impositions. If any governmental authority during the Term of this Agreement imposes any tax, charge, or assessment on SPU, which increases SPU's cost of serving the Customer, SPU shall be entitled to recover those increased costs from the Customer.

5.16. <u>Governmental Mandates or Requirements.</u> If the State of Minnesota or the United States of America or any agency of these governments imposes any renewable generation requirement, conservation improvement mandate, environmental tax or assessment, transmission requirement, and/or any other requirement, tax, or assessment on SPU or the Customer that increases SPU's costs of providing service under this Agreement, SPU shall be entitled to pass such cost through to the Customer. Without limiting the generality of this Section, costs relating to compliance with renewable energy objectives under law such as Minnesota Statutes, Section 216B.1691, as may be amended, shall be Customer's responsibility. If the Parties mutually agree in writing, Customer may meet any requirements under this Section 5.16 through the Customer's own procurement of renewable energy credits or other applicable instruments.

5.17. <u>Character and Continuity of Service.</u> Service to the Customer will be scheduled or dispatched in accordance with prudent utility practice, subject however, to transmission system requirements, MISO rules, regulations, curtailments and availability, and Section 5.18.

5.18. <u>Emergency Interruptions; Curtailment.</u> If there is a constraint on the distribution or transmission system requiring SPU to curtail service to the Customer, then upon being notified by MISO, or SPU determining a system emergency, the Customer will promptly comply with such curtailment within fifteen (15) minutes for no more than four (4) hours of duration. It is the express intention of this provision that any curtailment order issued to SPU shall fall equitably on all similar end use loads within the affected control area and the load served by SPU. If the Customer fails to comply, SPU shall be entitled to limit delivery to the Customer to effectuate the curtailment requirements during the period in which any shortage exists. SPU shall not incur any liability to the Customer with any such action so taken by SPU. SPU may temporarily interrupt, increase, or reduce deliveries of electric energy to the Customer if such action is necessary in case of emergencies, in SPU's reasonable discretion.

5.19. <u>Planned Interruptions.</u> After seven (7) days written notice to the Customer, SPU or its agent will coordinate any planned interruption or reduced deliveries of electric energy to the Customer to install equipment in or make repairs to or replacements, investigations, and inspections of or to perform other maintenance work on the generation or transmission facilities and apparatuses. In the event of any temporary interruption, increase, or reduction of deliveries of electric energy due to such planned interruptions, the Customer shall not be responsible, or required to pay, for any period of temporary interruption, increase, or reduction.

5.20. <u>Force Majeure.</u> To the extent a Claiming Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations under this Agreement and the Claiming Party gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement, other than the obligation to make payments due or becoming due with respect to performance before the Force Majeure. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch.

5.21. Force Majeure Exceptions. Force Majeure shall not be based upon: (1) a decrease in Customer's expected load; (2) the Customer's inability to economically use or receive the power or energy provided; or (3) SPU's ability to resell the power or energy at a price greater than the pricing set forth in the Agreement.

5.22. Wholesale Provider Coordination. SPU is a member of the Wholesale Provider, which also serves as SPU's wholesale power supplier. SPU has coordinated with the Wholesale Provider about the Project and Wholesale Provider plans (a) to purchase Capacity and energy in real-time pricing through the MISO day ahead market to serve the Project and (b) to purchase renewable energy credits to fulfill state mandates related to the Project.

6. DELIVERY AND EQUIPMENT.

6.1. Delivery Points and Metering. The Customer shall have metered Delivery Points as further described in Exhibit B.

6.2. Equipment Ownership. The Customer shall install, own, operate, and maintain, at its sole expense, all facilities necessary to interconnect with SPU's distribution system.

7. OPERATIONAL BILLING AND PAYMENT.

7.1. Prepayment Requirement. Customer must pay SPU an initial prepayment before SPU is obligated to provide any service to Customer. SPU will provide the initial prepayment amount by written notice to Customer at least ten (10) days before the Due Date (as later defined herein). Thereafter, Customer shall make monthly prepayments on an ongoing basis during the Term of the Agreement. The amount of the monthly prepayment may vary depending upon actual usage, as described in Section 7.2. SPU shall establish the amount of the prepayment each month, consistent with an average of forty-five (45) days of usage, based upon the estimated bill amount at 80% of demand and energy of 20-megawatts. SPU will adjust the usage calculation annually in January of each Contract Year.

7.2. Billing Statement. Unless SPU determines, in its sole discretion, to issue billing statements more frequently, SPU will send a billing statement to the Customer on or about the second day of each month. The billing statements may be delivered by email or other electronic transmission. Consistent with the Tariff, each billing statement will include the prior month's actual meter readings, and the application of the prepayment to true-up actual usage. If the prepayment for a month exceeds the actual amount owing under this Agreement and the terms of the Tariff, SPU will credit the Customer's account and adjust the amount of the prepayment due in the applicable billing statement. If the prepayment for a month is less than the actual amount owing under this Agreement and the terms of the Tariff, then the billing statement will state any additional amount due from the Customer.

7.3. Payments. The Customer's payments are due in same day funds five (5) Business Days following issuance of a billing statement (the "Due Date"). Same day funds means funds that are available for SPU's use on the same day as the Due Date. Bills not paid in same day funds on or before such Due Date as printed on the billing statement are past due or delinquent and shall bear a late fee provided in Section 5.5.

7.4. Delinquent Amounts; Disconnect. The Customer's bills become delinquent if not paid on or before the Due Date and SPU may Disconnect service for delinquency upon five (5) Business Days written notice delivered to the Customer by email or other electronic transmission.

7.5. Amounts Owing. SPU's Disconnect of service for any cause shall not release the Customer from any obligation to make payments for any Obligation under this Agreement. Any delinquent amounts will be subject to collection procedures. SPU may employ any and all reasonable methods for collecting unpaid amounts, including assignment to collection agencies, or legal actions against the Customer. If SPU believes the Customer is insolvent, is in financial difficulty or considering bankruptcy, SPU may take appropriate action to secure payment of previous and present Obligations. Such action may include obtaining Performance Assurance, an adequate security deposit, collecting payment on a more frequent basis, or other such actions as may be deemed necessary and reasonable under the circumstances.

7.6. Reconnection Request. Before SPU considers any request by the Customer for reconnection of service, all amounts past due under this Agreement must be paid in full. Before reconnecting service, SPU may require a reconnect charge, deposit, assessment, security, Performance Assurance or other appropriate conditions which provide adequate assurance of future performance in SPU's discretion.

7.7. Billing Disputes. In the event of any dispute as to any portion of any billing statement, the Customer shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to SPU not later than the date such payment is due. Such notice shall identify the amount in dispute and set forth a summary of the grounds on which such dispute is based. SPU shall consider such dispute and shall advise the Customer of SPU's position within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, adjudication, or otherwise) of the correct amount, any difference between such correct amount and such full amount shall be properly reflected in the billing statement next submitted to the Customer after such determination.

7.8. Unconditional Payment Obligation. The Customer shall pay its billing statement whether or not service is suspended, interrupted, interfered with, reduced, curtailed, or terminated in whole or in part.

8. INFRASTRUCTURE COSTS AND CONSTRUCTION.

8.1. Infrastructure Modification Plans. SPU, in its discretion, will determine the necessary Infrastructure Modifications, including without limitation the facilities and work necessary to provide electric service to the Project. The Infrastructure Modifications must follow SPU's requirements, including without limitation, requirements for design, competitive bidding, procurement, construction, and technical requirements.

8.2. Infrastructure Ownership. SPU will solely own and operate the Infrastructure Modifications upon completion. The Infrastructure Modifications, and services provided in connection therewith, may include components that are used to serve users other than the Customer and/or the Project.

8.3. Cooperation. The Customer shall fully cooperate with SPU in planning and implementing the Infrastructure Modifications by, among other things, providing detailed specifications and information needed to plan the Infrastructure Modifications and determine the costs of completion thereof.

8.4. Customer Facilities. The Customer shall be responsible, at its own cost, for enabling the Project to receive electric service at the Delivery Points, including without limitation, providing primary metered service and all downstream equipment according to SPU's "Requirements for 15 KV Class Primary Voltage Service Policy," as may be revised, and other standard terms, conditions, and policies for providing primary metered electric service.

8.5. Infrastructure Costs. The actual costs to complete the Infrastructure Modifications (the "Infrastructure Costs") shall include without limitation: the actual fees, costs, charges, expenses, etc. associated with, necessary for, and incurred for design, engineering, planning, purchasing equipment, facilities, and materials, labor, professional services, restoration, easement rights, acquisition, installation, and construction of the Infrastructure Modifications. For the avoidance of doubt, the Infrastructure Costs include the construction costs of the West Shakopee Substation itself, including feeder line(s) or other equipment from this substation to the Customer's Point(s) of Delivery.

- **(a)** Infrastructure Costs for Infrastructure Modifications at or immediately connected to the Project shall be known as "On-Site Costs."
- **(b)** Infrastructure Costs for Infrastructure Modifications not located at nor immediately connected to the Project shall be known as "Off-Site Costs."

8.6. Customer Responsibility. The Customer shall pay SPU 100% of the Infrastructure Costs as an agreed-upon capital contribution in aid of construction as set forth herein.

8.7. SPU Estimate. SPU has estimated the Customer's responsibility of the Infrastructure Costs under Section 8.6 as further detailed in Exhibit A. The Customer has approved SPU's initial estimate in Exhibit A. The Customer acknowledges and agrees that: (i) the estimated Infrastructure Costs are purely estimates and do not reflect the real, actual, payable costs to be incurred for the Infrastructure Modifications; (ii) the estimated costs in Exhibit A are subject to change over time; and (iii) the Customer is responsible for the actual cost of Infrastructure Costs, subject to a true-up process described in Section 8.10.

8.8. Payment for Infrastructure Costs. The Customer shall arrange for payment of funds to SPU equal to the Infrastructure Costs set forth in the payment schedule set forth in this section. The first payment is due October 15,2026. The detailed description is set forth in Exhibit A. The Customer shall make payments to SPU in same-day funds for Infrastructure Costs according to the following payment schedule:

Due Date	Amount
10/15/2026	$2,880,000.00
1/15/2027	$4,014,000.00
6/15/2027	$4,200,000.00
Total Infrastructure Costs	**$11,094,000.00**

8.9. Funds for Infrastructure Costs. Payments received by SPU will initially be recorded to the applicable Customer work orders for Project tracking purposes and subsequently reclassified to an advancement account for financial reporting. Amounts will be trued up as provided in Section 8.10. Delinquent payments are subject to the late fees and service Disconnect under Sections 5.5 and 7.3. SPU will draw down any funds in the separate account in its sole discretion to advance Infrastructure Modifications and to arrange utility service to the Project. SPU will not order materials or incur any expense for Infrastructure Costs or the Project until Customer has made the required timely payment under the payment schedule in Section 8.8.

8.10. True-Up Process. During the planning and construction period of the Infrastructure Modifications, SPU shall compare, on an annual basis, the actual Infrastructure Costs incurred as compared to estimated Infrastructure Costs in Exhibit A. If the projected Infrastructure Costs do not substantially correspond with actual costs, or if at any time during the Contract Year there are or are expected to be extraordinary costs substantially affecting costs, SPU shall notify the Customer of any billing adjustments as may be applicable to the remainder of such Contract Year. If the actual Infrastructure Costs are lower than the estimated costs, SPU shall notify the Customer and apply any remaining overage as a credit to the next installment of Infrastructure Costs, unless mutually agreed by the Parties to proceed otherwise. If necessary, SPU shall provide revised estimates to the Customer of Infrastructure Costs, substantial changes in construction schedules, plans, or specifications. Upon completion of the Infrastructure Modifications, SPU shall complete a final true-up as to actual costs and amounts due from or to the Customer.

8.11. Access; Easements. The Customer shall allow SPU access reasonably necessary to install, construct, operate, maintain, upgrade, and replace facilities used to provide service to the Project. The Parties acknowledge and agree that SPU shall require easements on, over, or under the property of the Project for these purposes and the Parties shall cooperate, including preparation and signature of easements (without additional cost to SPU) and documents reasonably necessary for these purposes, each Party bearing its own expenses.

8.12. **Project Termination.** If the Customer does not proceed with the Project, SPU is not obligated to return any of the dollars that SPU has already spent or encumbered as Infrastructure Costs for the Project. The Customer will be responsible for windup and/or decommissioning costs. SPU will provide a final accounting of the Infrastructure Costs.

8.13. **Off-Site Cost Rebate Payments.**

(a) The Customer may earn up to five (5) "Rebate Payments," which payments shall each be in the amount of 10% of the Off-Site Costs, with the total value of all Rebate Payments capped at fifty percent (50%) of the Off-Site Costs.

(b) Eligibility for Rebate Payments will be individually measured in accordance with the following measurement schedule:

Rebate Payment No.	Measurement Period
No. 1	Calendar year 2029
No. 2	Calendar year 2030
No. 3	Calendar year 2031
No. 4	Calendar year 2032
No. 5	Calendar year 2033

(c) The Customer may earn the right to a Rebate Payment from SPU if the Customer satisfies the following "Eligibility Conditions" during the applicable Measurement Period identified above:

i. Compliance Metrics. The Customer must be in compliance with all terms, conditions, and agreements with SPU, including without limitation, maintaining timely payment for services and all other terms of this Agreement for the duration of the applicable Measurement Period.

ii. Usage Metrics. The Customer must fulfill the following usage benchmarks during the applicable Measurement Period:

Rebate Payment No.	Measurement Period	Usage Benchmark Condition
No. 1	Calendar year 2029	Minimum Load of 20 MW in 2029 with an 80% Load Factor
No. 2	Calendar year 2030	Minimum Load of 20 MW in 2030 with an 80% Load Factor
No. 3	Calendar year 2031	Minimum Load of 20 MW in 2031 with an 80% Load Factor
No. 4	Calendar year 2032	Minimum Load of 20 MW in 2032 with an 80% Load Factor
No. 5	Calendar year 2033	Minimum Load of 20 MW in 2033 with an 80% Load Factor

(d) SPU shall determine whether the Customer has earned a Rebate Payment by evaluating whether the Customer satisfied the applicable Eligibility Conditions during the applicable Measurement Period. Such evaluation shall be done on an annual basis and completed on or before 30 days after the end of the applicable Measurement Period. If the Customer fails to satisfy all of the applicable Eligibility Conditions during the applicable Measurement Period, then the Customer forfeits and is not entitled to the applicable Rebate Payment for that Measurement Period, irrespective of future performance.

(e) In the event and to the extent SPU determines that the Customer has satisfied all of the applicable Eligibility Conditions for the applicable Measurement Period, and the Customer has earned the applicable Rebate Payment, then SPU will make the applicable Rebate Payment to the Customer on or before sixty (60) days after the end of the applicable Measurement Period.

8.14. **SPU Policies/Requirements**. All expenditures made by SPU on behalf of the Customer or the Project must comply with SPU's policies and applicable requirements, including without limitation municipal competitive bidding, procurement, and the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13.

9. CERTAIN OBLIGATIONS OF THE CUSTOMER.

9.1. **Local Approvals.** The Project is subject to all typical and customary local approvals, including, but not limited to: comprehensive plan, zoning, subdivision, noise, environmental, historic preservation approval process, traffic management plans, inspections, site plan and design reviews, conditional use permits, variances, and other applicable zoning and land use approvals. The Customer shall use reasonable best efforts to obtain all required Project approvals.

9.2. **Customer Facilities Responsibility.** The Customer shall maintain, repair, and replace its facilities in good condition and repair at all times under this Agreement. The Customer shall comply with all applicable permits, state, federal, and local laws and requirements. The Customer shall give SPU access at all reasonable times to allow SPU to inspect the Customer's facilities and interconnection with SPU's system to confirm compliance with the requirements of this Section.

9.3. **Water Usage Limitations.** The Customer and Project are expressly prohibited from using ongoing water services for any cooling or other non-domestic purposes related to the Project. The Project must contain a closed loop cooling system that may include an initial fill. SPU shall provide the Project with domestic water services, pursuant to a separate agreement, at the capacity assessed by the Metropolitan Council through its sewer availability charge determination and in accordance with SPU's standard terms, conditions, and/or policies, including without limitation SPU's Water Policy Manual. The Customer shall reasonably cooperate with SPU to assure compliance with this Section.

9.4. **Compliance with Applicable Laws.** The Customer must comply with all applicable laws, including without limitation, SPU utility service requirements, MISO requirements, and federal, state, and local laws (including, without limitation, City zoning, permit, and noise requirements).

9.5. **Transmission Study.** The Parties acknowledge and agree that transmission or system impact studies are not required for SPU to serve the Project load up to 20-megawatts. A transmission system impact study was completed at a cost of Fifteen thousand ($15,000) and will be added to the cost of the Project. If additional transmission upgrades are required as a result of the study those costs shall be paid for by the Customer.

10. [Intentionally Omitted.]

11. REPRESENTATIONS AND WARRANTIES BY CUSTOMER. The Customer represents and warrants as of the Effective Date that:

11.1. It is a limited liability company duly organized, validly existing and in good standing under the laws of Minnesota and has all requisite power and authority (corporate and otherwise) and has made all registrations and filings (if any) required under the laws of the State of Minnesota to own its property and to carry on its business as now conducted and as intended to be conducted under this Agreement, and to enter into and carry out the terms of this Agreement.

11.2. The execution and delivery of this Agreement by the Customer and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary board, shareholder, or other company action on behalf of the Customer, and the Customer is not subject to any charter, bylaw, lien or encumbrance, agreement, instrument, order or decree of any court or governmental body (other than any required governmental approval) which would prevent the consummation of the transactions contemplated by this Agreement.

11.3. The execution, delivery, and performance of this Agreement by the Customer do not and will not violate any material statute, ordinance, or governmental rule or regulation applicable to the Customer, or result in a breach or constitute a default under any indenture or agreement to which it is a party or by which it or its property may be bound.

11.4. This Agreement has been duly executed and delivered by the Customer, and this Agreement and such instruments executed as the result thereof shall, constitute legal, valid, and binding obligations of the Customer enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

11.5. No further consent, approval, permit, license, or authorization of any governmental body is required in connection with the execution, delivery and performance of this Agreement by the Customer.

11.6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the Customer, threatened against or affecting the Customer as to the execution, delivery, validity, performance, or enforceability of this Agreement.

11.7. No event has occurred and is continuing which would constitute, or upon the passage of time or the giving of notice or both could constitute, directly or indirectly, a default as to the Customer under this Agreement.

11.8. Neither the Customer nor any Affiliate of the Customer has taken any action which would give rise to a valid claim against SPU for a brokerage commission, finder's fee, or other like payment.

11.9. The Customer is and will continue to be solvent throughout the Term of this Agreement, including without limitation:

- **(a)** the Customer's entry into this Agreement will not cause the Customer to be insolvent;
- **(b)** the Customer is not insolvent as defined in the Bankruptcy Code, 11 U.S.C. §101, et seq.;
- **(c)** the Customer does not contemplate filing a petition in bankruptcy or for an arrangement or reorganization, nor are there any threatened or actual bankruptcy or insolvency proceedings against the Customer;
- **(d)** the Customer is and at all times during the Term of this Agreement will be able to pay its debts as they mature and become due and payable; and
- **(e)** the reasonable salable value of each of the Customer's assets exceeds the aggregate amount of the Customer's debts and liabilities, whether actual or contingent.

11.10. The Customer is a sufficiently capitalized operating entity capable of independently performing its obligations under this Agreement and paying its debts in the ordinary course of business, including without limitation:

- **(a)** the Customer shall not maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain, or identify its individual assets from those of any Affiliate; and
- **(b)** the Customer is financially independent of any Affiliate and financially able to perform its obligations under this Agreement through its own business operations.

11.11. To the best of the Customer's knowledge, neither the statements or representations made in this Agreement, nor any financial statement of the Customer, nor any statement, list, certificate, or other information furnished or to be furnished on behalf of the Customer to SPU in connection with this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not materially misleading.

12. REPRESENTATIONS AND WARRANTIES BY SPU. SPU represents and warrants as of the Effective Date that:

12.1. SPU is a municipal utilities commission duly established and existing under the laws of the State of Minnesota. SPU has the power and authority under the law to own its property and to carry on its business as now conducted and to enter into and to carry out the terms of this Agreement.

12.2. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary approval on behalf of SPU, and SPU is not subject to any constitutional provision, statute, bylaw, lien or encumbrance of any kind, or any agreement, instrument, order or decree of any court or governmental body (other than any required governmental approval) which would prevent consummation of the transactions contemplated by this Agreement.

12.3. The execution, delivery, and performance of this Agreement by SPU does not or will not violate any material constitutional provision, statute, charter, ordinance, or governmental rule or regulation applicable to SPU, or result in a breach or constitute a default under any indenture or agreement to which SPU is a party or by which its properties may be bound.

12.4. This Agreement has been duly executed and delivered by SPU, and this Agreement does constitute legal, valid, and binding obligations of SPU enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

12.5. No further consent, approval, permit, license, or authorization of any governmental body or the voting public is required in connection with the execution, delivery, and performance of this Agreement by SPU.

12.6. There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of SPU, threatened against or affecting SPU contesting or affecting as to SPU the execution, delivery, validity, or enforceability of this Agreement.

12.7. No event has occurred and is continuing which would constitute, or upon the passage of time or the giving of notice or both could constitute, directly or indirectly, a default as to SPU under this Agreement.

13. DISCONNECT OF SERVICE.

13.1. SPU may refuse to connect, or may Disconnect service for good cause, including, but not limited to, violation of any of its service regulations, failure to provide the Performance Assurance when requested, failure to pay utility charges when due, theft or illegal diversion of the electricity, or upon receipt of written instructions from the proper authorities of the violation of municipal, state, or national electric codes.

13.2. Upon unauthorized use of electricity by the Customer during periods of ordered interruption, SPU, in its sole discretion, may, or its agent may, immediately Disconnect service.

13.3. If SPU, in its sole discretion, determines a safety issue or system emergency, SPU or its agent may immediately Disconnect service to the Customer.

14. DEFAULT AND REMEDIES; EARLY TERMINATION; LIABILITY.

14.1. Event of Default. Each of the following shall constitute a default ("Event of Default") under this Agreement:

- **(a)** The failure of the Customer to make any payment in full when due under this Agreement after fifteen (15) Business Days written notice;

- **(b)** The Customer's violation or failure to perform, observe, or abide by any Obligations, other than as provided in 14.1(a), and upon SPU's demand to the Customer, the failure to cure within thirty (30) days of written notice from SPU;

- **(c)** A Party (i) shall institute voluntary insolvency proceedings under Title 11 of the United States Code in bankruptcy, or other applicable insolvency laws, (ii) involuntary insolvency proceedings under Title 11 of the United States Code in bankruptcy, or other applicable insolvency laws, shall be instituted against a Party that are not dismissed or discharged within ninety (90) days thereafter, (iii) any proceedings shall be instituted by or against a Party under any law relating to insolvency or bankruptcy reorganization, and in the case of an involuntary proceeding, that is not discharged within ninety (90) days after filing, (iv) a trustee or receiver shall be appointed for a Party by any court of competent jurisdiction, or (v) shall make a general assignment for the benefit of its creditors;

- **(d)** If the Customer provides written notice of permanent cessation of material data center operations, and after the Parties meet and confer within five (5) Calendar days to determine a mutually agreed upon wind-down period not to exceed twelve (12) months, and the Customer fails to provide Performance

Assurance for Section 14.6 within thirty (30) Calendar Days; or

(e) Any representation or warranty made by a Party in this Agreement shall prove to have been incorrect when made, in any material respect.

14.2. Costs Relating to Default. Whenever there occurs any default, any condition or state of affairs which with the lapse of time or the giving of notice could result in an Event of Default, or an actual Event of Default, and if SPU employs attorneys, engineers, financial advisors, or other consultants, or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any term, condition, or promise on the part of the Customer under this Agreement, the Customer agrees that it shall pay SPU any and all expenses and costs incurred by SPU. The Customer further agrees that it shall, within thirty (30) Calendar Days of written demand by SPU, pay to SPU the costs and such other expenses so incurred by SPU.

14.3. Immediate Action. In the event of the Customer's failure to cease interruptible service or if SPU, in its sole discretion, determines the existence of a safety issue or system emergency, SPU or its agent shall be entitled to immediately, without further notice, Disconnect the Customer's service.

14.4. Other Remedies. Upon the occurrence of an Event of Default, the Non-Defaulting Party shall have the immediate right to exercise any and all remedies for enforcement of this Agreement, including without limitation:

(a) any remedy afforded hereunder or by applicable law;

(b) seek specific performance or other equitable relief;

(c) sue for any monetary amount owed;

(d) appoint a receiver;

(e) Disconnect service as provided in this Agreement;

(f) Draw down or collect against any Performance Assurance, in whole or in part, in SPU's discretion; and

(g) terminate this Agreement, as provided in Section 14.6.

14.5. Remedies Cumulative; Limitation on Remedies; Waiver. All rights and remedies set forth in this Agreement are cumulative and in addition to the Parties' rights and remedies at law or in equity, subject, however, to any limitation on damages, fees and costs as provided for in this Agreement. A Party's exercise of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. A Party's delay or failure to exercise or enforce any rights or remedies shall not constitute a waiver of any such rights, remedies, or obligations. No Party shall be deemed to have waived any default unless such waiver is expressly set forth in an instrument signed by such Party. If a Party waives in writing any default, then such waiver shall not be construed as a waiver of any covenant or condition set forth in this Agreement, except as to the specific circumstances described in such written waiver. Neither payment of a lesser amount than the sum due hereunder, nor endorsement or statement on any check or letter accompanying such payment shall be deemed an accord and satisfaction, and the other Party may accept the same without prejudice to the right to recover the balance of such sum or to pursue any other remedy. No Party shall be liable to the other Party for consequential or special damages.

14.6. Early Termination. If a Party (the "Defaulting Party") undergoes an Event of Default under this Agreement pursuant to Section 14.1(a), (c), or (d), the other Party (the "Non-Defaulting Party") shall have the right: (a) to designate a day, at least fifteen (15) Calendar days from the day such notice is effective, as an early termination date ("Early Termination Date"); (b) to terminate the Agreement between the Parties, effective as of the Early Termination Date; (c) to withhold any payments due to the Defaulting Party under this Agreement, until such time as amounts due under this Agreement are reconciled in accordance with the provisions set forth herein; and (d) to immediately suspend performance due under this Agreement.

(a) Termination Payment. Following delivery of notice of the Early Termination Date, the Non-Defaulting Party shall calculate, in a commercially reasonable manner:

i. all amounts owed by the Defaulting Party to the Non-Defaulting Party through the Early Termination Date;

ii. the Non-Defaulting Party's costs and expenses of collection, including reasonable attorneys' fees, actually incurred by the Non-Defaulting Party with respect to the Event of Default; and

iii. if the Customer is the Defaulting Party, an amount equal to $1,000,000 per Contract Year multiplied by the years (or months, if partial Contract Year) remaining in the Initial Term of the Agreement (the "Termination Payment").

(b) **Timing.** The amount(s) calculated pursuant to subsection 14.6(a) shall be due within ten (10) Business Days after the date the Defaulting Party receives written notice of such amount(s).

(c) Dispute Process. If the Defaulting Party disputes the Non-Defaulting Party's calculation under Section 14.6(a), in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the calculated amount, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that where the Termination Payment is due, the Defaulting Party shall first transfer Performance Assurance to the Non-

Defaulting Party in an amount equal to the Non-Defaulting Party's calculation of the Termination Payment.

14.7. Responsibilities Following Expiration or Termination. Upon the termination or expiration of this Agreement, in addition to such rights and responsibilities enumerated elsewhere in this Agreement, the grant of any and all right and interest to Customer to the supply of power and energy shall cease, and the Parties shall immediately prepare any commercially reasonably documents or filings and perform all other acts necessary to transfer all such rights and interests to SPU.

14.8. Immunity. Nothing contained in this Agreement shall in any way affect or impair SPU's immunity or the immunity of its commissioners, officials, employees, agents, attorneys, consultants, or independent contractors, whether on account of official immunity, legislative immunity, statutory immunity, discretionary immunity or otherwise. Nothing contained in this Agreement, including any provisions regarding obtaining insurance or otherwise being insured, shall in any way affect or impair the limitations on SPU's liability or the liability of SPU's commissioners, officials, employees, agents, attorneys, consultants, or independent contractors set forth in Minnesota Statutes, Chapter 466, as such statute may be amended, modified, or replaced from time to time. By entering into this Agreement, SPU does not waive any rights, protections, or limitations provided to SPU or its commissioners, officials, employees, agents, attorneys, consultants, or independent contractors under the various rules of governmental immunity or under Minnesota Statutes, Chapter 466, as such statute may be amended, modified, or replaced from time to time.

14.9. Responsibilities. Each Party shall be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof. The Customer, its successors, and assigns, shall be solely responsible and liable for the Customer's obligations under the terms of this Agreement. The failure by the Customer to meet such obligations shall not create or give rise to any claim, liability, or obligation of SPU.

15. NOTICE; DATA.

15.1. Notice. Any notice, election or other correspondence required or permitted under this Agreement shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered by letter, personal service, facsimile, or other documentary form to the authorized representative of the Parties designated below:

IF TO SPU:

Shakopee Public Utilities Commission
Attn: General Manager
255 Sarazin Street
Shakopee, MN 55379
Phone: