

**UNDERGROUND DISTRIBUTION AGREEMENT**

AGREEMENT Made this \_\_\_\_\_ day of \_\_\_\_\_, 2020, between  
The City of Shakopee’s Public Utilities Commission, hereinafter called Shakopee Public Utilities  
Commission and  
  
hereinafter called Developer/Customer,

WHEREAS, Shakopee Public Utilities Commission has been requested to provide an  
underground electric distribution system to serve certain properties hereinafter called  
\_\_\_\_\_, located on the following described real estate, situated in the  
City of Shakopee, County of Scott, State of Minnesota, to wit:

NOW, THEREFORE, In consideration of the mutual covenants and agreements  
hereinafter contained to be kept and performed, the parties hereto agree as follows:

**I. General:**

1. Subject to all the terms and conditions hereinafter contained Shakopee Public Utilities Commission shall install, own, operate and maintain all facilities necessary to provide an underground electric distribution system to serve the plat attached hereto as Exhibit “A”, or the above described real estate. The input end of the underground service connection shall be deemed the terminus of the customer’s wiring.

2. Shakopee Public Utilities Commission shall endeavor to coordinate the installation of said underground system with the activities of the Developer/Customer in the area to be served: provided, however, Shakopee Public Utilities Commission shall not be required to install said underground system in segments smaller or larger than considered economically feasible. Shakopee Public Utilities Commission shall not be responsible for any damages resulting from delay in completing the installation of the underground system contemplated herein, whether such delay is due to casualty, labor dispute, weather or other similar or dissimilar cause beyond the reasonable control of Shakopee Public Utilities Commission.

3. Prior to the installation of said system, owner of the property shall at no cost or expense to Shakopee Public Utilities Commission, grant such easement rights as Shakopee Public Utilities Commission may require for the installation, operation, and maintenance of said system.

4. Prior to the time the installation of any segment of said underground system is commenced by Shakopee Public Utilities Commission, Developer/Customer shall establish grades in the easement strip which shall not be above, or more than four (4) inches below, the finished grade. Before trenching operations are started by Shakopee Public Utilities Commission:

- (a). The route of said underground system shall be accessible to Shakopee Public Utilities Commission equipment, and
- (b). All obstructions shall be removed from such route by Developer/Customer at no cost or expense to Shakopee Public Utilities Commission, and
- (c). Marker stakes at lot corners shall be placed by Developer/Customer at intervals designated by Shakopee Public Utilities Commission, and
- (d). No street lights shall be installed until streets are to grade and staked, and curb work is complete.

5. Shakopee Public Utilities Commission will make final connections of its facilities to the terminus (as defined in Paragraph 1 hereof) of each customer's wiring.

6. In consideration of Shakopee Public Utilities Commission installing and owning the underground system as described in Paragraph 1, Developer/Customer agrees to pay to Shakopee Public Utilities Commission, on or before the completion of such installation, at such time as the actual cost can be determined, in cash, a sum equal to 75% of the total materials cost (this percentage figure represents the Utilities estimated cost differential between the cost of an overhead distribution system as opposed to the cost of an underground distribution system), plus any and all permit fees associated with installation of utilities within public right of way and easements. Prior to the Shakopee Public Utilities Commission entering into a contract for the installation of such underground distribution system the Developer/Customer will deposit cash with the Shakopee Public Utilities Commission in an amount of 75% of the total materials cost as estimated, to assure performance. At such time as the final cost is determined, adjustments shall be made so that the cost to the Developer/Customer will be 75% of the total materials cost. Upon receipt of a bill documenting final costs, the Developer/Customer will pay Shakopee Public Utilities Commission such amount by which 75% of actual materials cost exceeds the Developer's/Customer's deposit(s), plus such additional amount to cover any unpaid costs described in Section I paragraphs 7, 8, 9 and 10 below. Shakopee Public Utilities Commission will refund to the Developer/Customer such amount that the Developer's/Customer's deposit(s) exceeds the total of 75% of actual material costs plus any costs described in Section I paragraphs 7, 8, 9 and 10 below. No interest will be paid on any such deposit(s).

7. Street lighting will be installed in type and number per Shakopee Public Utilities Commission specifications and the current City of Shakopee Street Lighting Policy in effect at the time of installation. The approximate cost will be as listed below per light to cover costs of purchasing, installation, operation, and maintenance (relamping) for 3 years.

\$1,455.00	On Local Streets
\$3,050.00/\$4,130.00	On Collector Streets without Group Control/with Breakaway Pole & Base
\$3,665.00/\$4,745.00	On Collector Streets with Group Control/with Breakaway Pole & Base

The Developer/Customer shall deposit \$\_\_\_\_\_ with Shakopee Public Utilities Commission to assure performance.

8. Developer/Customer shall be subject to an additional winter construction charge of up to \$6.00 per trench foot for underground facilities installed between October 15 and April 15. The Developer/Customer will deposit with Shakopee Public Utilities Commission an amount to cover such winter construction charge based on the estimated trenching required. Final determination of whether sufficient frost exists and to what extent it affects the cost of installation will be made by the Utilities Line Superintendent. However, if the Developer/Customer has met all requirements necessary to accept service and has signed an underground agreement or order, paid the deposit(s) described above in Section I paragraphs 6

and 7, and notified Shakopee Public Utilities Commission in writing prior to October 1<sup>st</sup> that the proper grades have been established and the site is ready to accept electrical service, winter construction charges will be waived.

9. Developer/Customer shall pay all additional installation costs incurred by Shakopee Public Utilities Commission because of (a) delays caused by Developer/Customer, (b) soil conditions that impair the installation of underground facilities, such as rock formations, (c) paving of streets, alleys, parking lots, or other areas prior to the installation of the underground facilities, or (d) unique characteristics, as defined by Shakopee Public Utilities Commission, that cause the installation costs to exceed an amount justified by the expected load.

10. Developer/Customer shall pay the cost of any subsequent relocations or rearrangement of any portion of Shakopee Public Utilities Commission underground facilities made to accommodate Developer/Customer needs or because Developer/Customer alters the grade.

11. This agreement shall be in lieu of any other provision of Shakopee Public Utilities Commission's which may pertain to the payment of excess costs associated with the installation of underground service.

12. Developer/Customer shall not assign this agreement without written consent of the Shakopee Public Utilities Commission.

13. All wiring beyond the service connection shall be the responsibility of the customer.

## **II Underground Distribution, Residential Not Including Apartment Buildings:**

1. All of the terms of Section I (General) shall apply, with the exception that the underground fee shall be \$657.00 per lot in single-family and twin home developments and \$376.00 per living unit in multi-family developments, not including apartment buildings, in lieu of the underground fee of 75% of material cost, as detailed in Section I paragraph 6.

2. The service connection shall be located at a point on the property line designated by Shakopee Public Utilities Commission.

## **III Underground Distribution, Non-Residential Including Apartment Buildings:**

1. All of the terms of Section I (General) shall apply, with the exception that the Developer's responsibilities shall extend only as far as described in Section III paragraph #2 and that the Customer, or Owner of a particular piece of property, shall be responsible for that portion as described in Section III paragraph #3.

2. The responsibility of the Developer starts at the first point at which the new underground distribution system connects to the existing distribution system (overhead or underground), extends through the point on the property line at which the Shakopee Public Utilities Commission determines to make the service entry point to each particular piece of property, and ends at the second point at which the new underground distribution system connects to the existing distribution system (overhead or underground). This includes all equipment up to and including any pad mount switch or termination cabinet and necessary connecting modules to which terminations are connected.

3. The responsibility of the Customer, or Owner of each particular piece of property, starts with the point on the property line at which the Shakopee Public Utilities Commission determines to make the service entry point to that particular piece of property and extends through the underground service connection which shall be deemed to be the secondary terminals of the transformer, and ends at the point on the property line at which Shakopee Public Utilities Commission determines to make the service exit point. This includes all terminations, protective devices, and other equipment installed for that customer's service.

4. For single parcels with large KW demand loads, defined to be those KW demand loads either requiring a single transformer larger than 1,500 KVA capacity or multiple transformers with combined capacity larger than 1,500 KVA with secondary service at 480 volts three phase or a primary voltage service at 13.8 KV or 12.47 KV three phase, the Customer may be required to enter into a separate minimum monthly demand purchase agreement whose terms shall include:

- (a). A minimum monthly demand charge equal to 50% of the transformer nameplate KVA capacity, or equivalent for primary service, multiplied by the minimum required power factor of 90% multiplied by the utilities current demand rate in \$/KW (0.50 x transformer nameplate KVA x 0.90 x \$/KW). The minimum monthly demand charge shall be billed and paid each month that the Customer's normal billing demand based on usage is less than the calculated minimum monthly demand charge for a minimum period of time, typically to be 60 months, and
- (b). Customer shall provide financial security to assure payment of the charges described in (a) which shall be either a cash deposit, certified bond or an irrevocable letter of credit equal in value to an amount determined to be the minimum monthly demand charge as calculated in (a) multiplied by a factor of twelve months, and
- (c). The financial security described in (b) shall remain in force and on deposit with the Shakopee Public Utilities Commission for the duration of the agreement.

Examples using 2017 demand rate of \$9.00/KW	2,500 KVA capacity <u>x 0.50</u> 1,250 KVA <u>x 0.90</u> 1,125 KW <u>x \$9.00/KW</u>	2,000 KVA capacity <u>x 0.50</u> 1,000 KVA <u>x 0.90</u> 900 KW <u>x \$9.00/KW</u>
Minimum monthly demand charge	\$10,125.00	\$8,100.00
Required financial security amount	\$10,125.00 <u>x 12</u> \$121,500	\$8,100.00 <u>x 12</u> \$97,200

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

WITNESSED

CITY OF SHAKOPEE  
PUBLIC UTILITIES COMMISSION

By \_\_\_\_\_  
Signature

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name of Witness

JOHN R. CROOKS, UTILITIES MANAGER

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Developer/Customer

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip

WITNESSED

By \_\_\_\_\_  
Signature

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Date

Revised January 1, 2020