



DISTRICT COOLING
ST. PAUL™
COOL GREEN & CLEAN™

District Cooling St. Paul, Inc.
Hans O. Nyman Energy Center
76 Kellogg Boulevard West
St. Paul, MN 55102-1611

Tel: 651.297.8955
Fax: 651.221.0353
www.districtenergy.com

August 18, 2011

Shari Moore
City Clerk
310 City Hall
15 Kellogg Boulevard West
Saint Paul, MN 55102

Re: District Cooling Rates

Dear Ms. Moore:

Pursuant to Section 11 E. of the district cooling franchise (City Ordinance No. 07-1109, §§ 1 and 2, adopted December 12, 2007), District Cooling St. Paul, Inc., hereby files notice of the rates to be charged to district cooling customers effective October 1, 2011.

These rates were determined in accordance with the District Cooling Service Agreement and approved unanimously by District Cooling's Board of Directors, including a customer representative, on June 17, 2011. As detailed on the enclosed exhibit, the new rates are:

Demand:	\$26.69 per ton per month
Energy:	\$0.087 per ton-hour

District Cooling will, of course, abide by the provisions of the City of Saint Paul's Ex Parte Ordinance set forth in Chapter 11 of the Administrative Code. Please contact me at 651.297.8955 if there are any questions.

Sincerely,
DISTRICT COOLING ST. PAUL INC.

Kenneth W. Smith
President

Enclosures: Rate Calculations Summary, Schedule A (Amended) and Attachment 1

cc: City Council Members
Todd Hurley, Financial Services
Lori Lee, Financial Services
Sara Grewing, City Attorney
Matt Anfang, Saint Paul BOMA

District Cooling Board
William Mahlum, Esq.
Andrew Kasid, District Cooling
Joyce Anderson, District Cooling

**DISTRICT COOLING ST. PAUL, INC.
RATE CALCULATIONS SUMMARY**

	FY-2010		FY-2011		BUDGET		FORECAST		FY-2011		BUDGET		FY-2012		NET CHANGES						
	ACTUAL	BUDGET	ACTUAL	BUDGET	FY-2010	FY-2011	FY-2011	FY-2011	FY-2011	FY-2011	FY-2011	FY-2012	FY-2012	FY-11B	FY-11B %	FY-12B (-)	FY-12B (-)	FY-11F	FY-11F %		
DEMAND CHARGE CALCULATION																					
OPERATION & MAINTENANCE EXPENSES	\$2,407,802	\$2,447,635	\$2,709,751	\$2,829,462	\$2,447,635	\$2,709,751	\$2,829,462	\$2,829,462	\$2,829,462	\$2,829,462	\$2,829,462	\$2,829,462	\$2,829,462	\$381,827	15.6%	\$119,712	\$119,712	\$119,712	\$119,712	4.4%	
GENERAL & ADMINISTRATIVE EXPENSES	912,043	939,238	960,045	942,874	939,238	960,045	942,874	942,874	942,874	942,874	942,874	942,874	942,874	3,635	0.4%	(17,171)	(17,171)	(17,171)	(17,171)	-1.8%	
RESEARCH, DEVELOPMENT & ENGINEERING	31,911	24,000	21,102	55,000	24,000	21,102	55,000	55,000	55,000	55,000	55,000	55,000	55,000	31,000	129.2%	33,898	33,898	33,898	33,898	160.6%	
NET CASH DEBT SERVICE	4,665,221	4,962,803	3,127,967	4,859,980	4,962,803	3,127,967	4,859,980	4,859,980	4,859,980	4,859,980	4,859,980	4,859,980	4,859,980	(102,823)	-2.1%	1,732,013	1,732,013	1,732,013	1,732,013	55.4%	
CHANGE IN WORKING CAPITAL	(5,047,901)	(2,465,847)	(535,558)	(2,732,793)	(2,465,847)	(535,558)	(2,732,793)	(2,732,793)	(2,732,793)	(2,732,793)	(2,732,793)	(2,732,793)	(2,732,793)	(266,945)	10.8%	(2,197,235)	(2,197,235)	(2,197,235)	(2,197,235)	410.3%	
CAPITAL EXPENDITURES	4,938,869	2,407,409	2,030,202	2,486,918	2,407,409	2,030,202	2,486,918	2,486,918	2,486,918	2,486,918	2,486,918	2,486,918	2,486,918	79,509	3.3%	456,716	456,716	456,716	456,716	22.5%	
BAD DEBT EXPENSE-DEMAND	(4,431)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0	0.0%	0	0	0	0	0.0%	
FORFEITED DISCOUNTS-DEMAND	(24,896)	(33,130)	(21,700)	(33,650)	(33,130)	(21,700)	(33,650)	(33,650)	(33,650)	(33,650)	(33,650)	(33,650)	(33,650)	(520)	1.6%	(11,950)	(11,950)	(11,950)	(11,950)	55.1%	
TOTAL DEMAND RELATED COSTS	7,878,617	8,302,108	8,311,808	8,427,791	8,302,108	8,311,808	8,427,791	8,427,791	8,427,791	8,427,791	8,427,791	8,427,791	8,427,791	125,683	1.5%	115,983	115,983	115,983	115,983	1.4%	
LESS: OTHER (REVENUE) OR COSTS	(53)	(40)	0	0	(40)	0	0	0	0	0	0	0	0	40	-100.0%	0	0	0	0	-	
LESS: NEW DEBT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	0	0	0	0	-	
NET DEMAND REVENUE REQUIREMENT	\$7,878,563	\$8,302,068	\$8,311,808	\$8,427,791	\$8,302,068	\$8,311,808	\$8,427,791	\$8,427,791	\$8,427,791	\$8,427,791	\$8,427,791	\$8,427,791	\$8,427,791	\$125,723	1.5%	\$115,983	\$115,983	\$115,983	\$115,983	1.4%	
DIVIDED BY AGGREGATE DEMAND (TONS)	25,586.4	26,305.7	26,336.5	26,313.8	26,305.7	26,336.5	26,313.8	26,313.8	26,313.8	26,313.8	26,313.8	26,313.8	26,313.8	8	0.0%	(23)	(23)	(23)	(23)	-0.1%	
DIVIDED BY 12 EQUALS DEMAND RATE (\$/TON/MO)	\$25.66	\$26.30	\$26.30	\$26.69	\$26.30	\$26.30	\$26.69	\$26.69	\$26.69	\$26.69	\$26.69	\$26.69	\$26.69	\$0.39	1.5%	\$0.39	\$0.39	\$0.39	\$0.39	1.5%	
% CHANGE VS. FY-11 BUDGET																					1.5%

ENERGY CHARGE CALCULATION	
FUELS, THERMAL ENERGY & OTHER	\$17,518
ENERGY (ASSESSMENT) / REFUND	87,246
ELECTRICITY	3,249,097
BAD DEBT EXPENSE-ENERGY	(2,222)
FLOW PENALTY/CREDIT	(67,668)
FORFEITED DISCOUNTS-ENERGY	(6,706)
TOTAL ENERGY RELATED COSTS	\$3,277,264
DIVIDED BY TOTAL ENERGY SALES	39,183,636
EQUALS ENERGY RATE (\$/TON-HR)	\$0.084
% CHANGE VS. FY-11 BUDGET	

AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS	
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.257
PLUS ENERGY RATE (\$/TON-HR)	0.084
EQUALS SINGLE RATE (\$/TON-HR)	\$0.341
% CHANGE VS. FY-11 BUDGET	

ENERGY CHARGE CALCULATION	
FUELS, THERMAL ENERGY & OTHER	\$46,532
ENERGY (ASSESSMENT) / REFUND	0
ELECTRICITY	51,414
BAD DEBT EXPENSE-ENERGY	(10,000)
FLOW PENALTY/CREDIT	75,000
FORFEITED DISCOUNTS-ENERGY	(15,428)
TOTAL ENERGY RELATED COSTS	\$147,518
DIVIDED BY TOTAL ENERGY SALES	875,152
EQUALS ENERGY RATE (\$/TON-HR)	\$0.002
% CHANGE VS. FY-11 BUDGET	

AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS	
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.263
PLUS ENERGY RATE (\$/TON-HR)	0.085
EQUALS SINGLE RATE (\$/TON-HR)	\$0.348
% CHANGE VS. FY-11 BUDGET	

SCHEDULE A (AMENDED)
to
DISTRICT COOLING FRANCHISE
granted to
DISTRICT COOLING ST. PAUL, INC.
(f/k/a/ District Energy Services, Inc.)
by the
CITY OF ST. PAUL
(Ordinance No. 07-1109, §§ 1 and 2, adopted December 12, 2007)

RATES: The following rates shall be effective beginning with the billing month of October 2011 and shall remain in effect until superseded:

Demand: \$26.69 per ton per month

Energy: \$0.087 per ton-hour

PROMPT PAYMENT PROVISION: A charge of 5 percent will be added to the net bill computed at the rates shown above, which charge shall constitute a discount from the gross bill for payment within the discount period, all as more specifically provided in the District Cooling Service Agreement.

FUEL ADJUSTMENT: As provided in the District Cooling Service Agreement, the energy charge may be appropriately adjusted (i.e., spread over the remaining months in the fiscal year) from time to time during the fiscal year to cover cost increases (or decreases) occurring subsequent to the establishment of projected energy-related costs for such period regarding energy purchased by District Cooling St. Paul, Inc., to the extent such costs are in excess of (or below) those costs projected by District Cooling St. Paul, Inc. in establishing the energy charge for such period.

SURCHARGE: A City franchise fee surcharge of 3.5 percent will be added to the gross and net monthly bills computed under this rate schedule except as otherwise provided by law.

SERVICE CHARGES: The attached service charges shall be effective beginning with the billing month of October 2011 and shall remain in effect until superseded.

**DISTRICT COOLING ST. PAUL, INC.
Service Charges Effective October 2011**

Pursuant to Sections 8.3 and 8.4 of the District Cooling Service Agreement as amended, the following rates are established for performance of specific services more properly charged to an individual Customer than to all Customers as a whole. Service charges are payable within 30 days of billing and are in addition to Demand Charges and Energy Charges.

1. **Restoration of service after shutoff by District Cooling:**

Flat charge: \$200.00

2. **Damage to district cooling system equipment:**

Actual cost of repair or replacement as determined by District Cooling plus service charge of \$50.00.

3. **Unauthorized drainage of district cooling system water:**

The sum of the following:

(a) Estimated quantity of water lost times combined water and sewage rate and prorated water treatment cost paid by District Cooling during period of drainage;

(b) Estimated thermal energy value of water lost times applicable Energy Rate; and

(c) Service charge of \$85.00/hour.

Note: Drainage of system water may cause harm to other Customers and is cause for suspension of service until corrected.

4. **Service calls made at Customer's request by District Cooling personnel for problems found to be in Customer's and not District Cooling's equipment:**

Between 8:00 a.m. and 3:30 p.m. on Monday through Friday (excluding holidays observed by District Cooling): \$85.00/hour

All other times: \$125.00/hour

5. **Charge for chilled water flow exceeding 110 gallons per ton-hour during June, July, August or September billing period:** \$0.60 per thousand gallons above 103 gallons per ton-hour.

6. **Credit for chilled water flow below 75 gallons per ton-hour during June, July, August or September billing period:** (\$0.60) per thousand gallons below 103 gallons per ton-hour.