



**DISTRICT ENERGY
ST. PAUL™**

AA/EEO Employer/M/F/Veterans/Disability

Hans O. Nyman Energy Center
76 Kellogg Boulevard West
Saint Paul, MN 55102 - 1611

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September 11, 2024

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

RECEIVED
SEP 11 2024
CITY CLERK

Re: District Cooling Service Rates

Dear Ms. Moore:

Pursuant to the chilled water District Cooling Franchise and previous notice filed August 15, 2024, District Energy St. Paul, Inc., hereby files its amended cooling services Schedule A. The rates therein will be charged on all bills for chilled water service beginning with the billing month of October 2024 and will remain in effect until superseded. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:

Demand: \$34.19 per ton per month
Energy: \$0.113 per ton-hour

Transition Rate:

\$0.455 per ton-hour

This is a routine annual rate adjustment as envisioned by the franchise and the District Cooling Service Agreement. Please contact me at 651.297.8955 if there are any questions.

Sincerely,
DISTRICT ENERGY ST. PAUL INC.

Kenneth W. Smith
President

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

cc: City Council Members
District Energy Board
John McCarthy, Director, Office of Financial Services
Sarah Brown, Treasurer, Office of Financial Services
Lyndsey Olson, City Attorney
Saint Paul BOMA

SCHEDULE A (AMENDED)
to
DISTRICT COOLING FRANCHISE
granted to
DISTRICT ENERGY ST. PAUL, INC.
by the
CITY OF ST. PAUL
(Ordinance No. 07-1109, §§ 1 and 2, adopted December 12, 2007 and
Ordinance 13-45, § 1, adopted September 25, 2013)

RATES: The following rates for the Chilled Water service shall be effective beginning with the billing month of **October 2024** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$34.19 per ton per month
Energy	\$0.113 per ton-hour

Transition Rate: \$0.455 per ton-hour

TRANSITION RATE: The Transition Rate is the single rate charge per ton-hour of energy usage, subject to utilization hour adjustments, due to exceptional circumstances where a Customer building is undergoing major modifications that substantially and temporarily reduce chilled water service requirements, Customer and District Energy may agree to a single rate for the transition period.

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 Energy St. Paul, Inc. for the Chilled Water service, to the extent such costs are in excess of (or below) those costs projected by District Energy St. Paul, Inc. in establishing the energy charge for such period.

SURCHARGE: A City franchise fee surcharge of 3.51965 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 2024 and shall remain in effect until superseded.

DISTRICT ENERGY ST. PAUL, INC.
District Cooling Service Charges
Effective October 2024

Pursuant to Sections 8.3 and 8.4 of the District Cooling Service Agreement as amended, the following district cooling 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 district cooling service after shutoff by District Energy:**

Flat charge: \$500.00

2. **Damage to District Energy's district cooling system equipment:**

Actual cost of repair or replacement as determined by District Energy plus service charge of \$100.00/hour.

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 Energy during period of drainage;

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

(c) Service charge of \$100.00/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 Energy personnel for problems found to be in Customer's and not District Energy's district cooling equipment:**

Between 8:00 a.m. and 3:30 p.m. on Monday through Friday (excluding holidays observed by District Energy): \$100.00/hour

All other times: \$200.00/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 75 gallons per ton-hour to a floor of 32 gallons per ton-hour for the credit.

**DISTRICT ENERGY ST. PAUL, INC. - COOLING SERVICES
RATE CALCULATIONS SUMMARY**

	<u>ACTUAL</u> <u>FY-2023</u>	<u>FY-2024</u>		<u>BUDGET</u> <u>FY-2025</u>	<u>NET CHANGES</u>			
		<u>BUDGET</u>	<u>FORECAST</u>		<u>FY-25B (-)</u>	<u>FY-25B (-)</u>	<u>FY-25B (-)</u>	<u>FY-25B (-)</u>
		<u>FY-2024</u>	<u>FY-2024</u>		<u>FY-24B</u>	<u>FY-24B %</u>	<u>FY-24F</u>	<u>FY-24F %</u>
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$3,979,162	\$3,903,680	\$3,908,345	\$4,194,104	\$290,424	7.4%	\$285,759	7.3%
GENERAL & ADMINISTRATIVE EXPENSES	1,782,931	1,565,704	1,859,169	1,659,864	94,160	6.0%	(199,305)	-10.7%
NET CASH DEBT SERVICE	4,297,676	4,121,199	3,988,611	4,141,549	20,350	0.5%	152,938	3.8%
CHANGE IN OTHER ASSETS & LIABILITIES	(2,161,090)	(89,817)	33,895	(148,695)	(58,878)	65.6%	(182,591)	-538.7%
NET PLANT, PROPERTY & EQUIPMENT	236,695	535,000	565,910	755,000	220,000	41.1%	189,090	33.4%
BAD DEBT EXPENSE-DEMAND	4,235	0	(4,586)	0	0		4,586	-100.0%
FORFEITED DISCOUNTS-DEMAND	<u>(26,240)</u>	<u>(10,653)</u>	<u>(28,152)</u>	<u>(24,000)</u>	<u>(13,347)</u>	<u>125.3%</u>	<u>4,152</u>	<u>-14.7%</u>
TOTAL DEMAND RELATED COSTS	8,113,369	10,025,113	10,323,192	10,577,822	552,710	5.5%	254,630	2.5%
LESS: OTHER (REVENUE) OR COSTS	83,389	93,280	93,520	89,458	(3,822)	-4.1%	(4,063)	-4.3%
LESS: NEW DEBT	<u>1,969,192</u>	<u>535,000</u>	<u>0</u>	<u>0</u>	<u>(535,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>-</u>
NET DEMAND REVENUE REQUIREMENT	\$10,165,950	\$10,653,393	\$10,416,713	\$10,667,280	\$13,887	0.1%	\$250,567	2.4%
DIVIDED BY AGGREGATE DEMAND (TONS)	26,408	26,612	26,021	26,000	(612)	-2.3%	(21)	-0.1%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/TON/MO)	\$32.08	\$33.36	\$33.36	\$34.19	\$0.83	2.5%	\$0.83	2.5%
% CHANGE FROM FY-24 FORECAST				2.5%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	(\$1,331,570)	(\$1,488,333)	(\$1,445,281)	(\$1,620,826)	(\$132,493)	8.9%	(\$175,545)	12.1%
ENERGY (ASSESSMENT) / REFUND	72,246	0	310,732	0	(0)	-	(310,732)	-100.0%
ELECTRICITY	4,042,052	4,044,876	3,870,326	4,152,393	107,517	2.7%	282,067	7.3%
BAD DEBT EXPENSE-ENERGY	1,335,868	1,498,333	1,451,288	1,630,826	132,493	8.8%	179,538	12.4%
FLOW PENALTY/CREDIT	29,054	19,200	21,075	22,800	3,600	18.8%	1,725	8.2%
FORFEITED DISCOUNTS-ENERGY	<u>(7,568)</u>	<u>(4,076)</u>	<u>(7,185)</u>	<u>(4,193)</u>	<u>(117)</u>	<u>2.9%</u>	<u>2,992</u>	<u>-41.6%</u>
TOTAL ENERGY RELATED COSTS	\$4,140,082	\$4,070,000	\$4,200,955	\$4,181,000	\$111,000	2.7%	(\$19,955)	-0.5%
DIVIDED BY TOTAL ENERGY SALES	37,733,214	37,000,000	37,920,937	37,000,000	0	0.0%	(920,937)	-2.4%
EQUALS ENERGY RATE (\$/TON-HR)	\$0.110	\$0.110	\$0.111	\$0.113	\$0.003	2.7%	\$0.002	2.0%
% CHANGE FROM FY-24 FORECAST				2.0%				
<u>AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS</u>								
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.3208	\$0.3336	\$0.3336	\$0.3419	\$0.008	2.5%	\$0.008	2.5%
PLUS ENERGY RATE (\$/TON-HR)	<u>0.1097</u>	<u>0.1100</u>	<u>0.1108</u>	<u>0.1130</u>	<u>0.003</u>	<u>2.7%</u>	<u>0.002</u>	<u>2.0%</u>
EQUALS SINGLE RATE (\$/TON-HR)	\$0.4310	\$0.4440	\$0.4440	\$0.4550	\$0.011	2.5%	\$0.011	2.5%
% CHANGE FROM FY-24 FORECAST				2.5%				