



September 2, 2025

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

Re: District Heating Service Rates

Dear Ms. Moore:

Pursuant to the hot water District Heating Franchise and previous notice filed August 19, 2025, District Energy St. Paul, Inc., hereby files its amended heating services Schedule A. The rates therein will be charged on all bills for hot water service beginning with the billing month of October 2025 and will remain in effect until superseded. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:	Demand:	\$6.63 per kilowatt per month
	Energy:	\$29.00 per megawatt-hour

Single & Transition Rate:	\$0.0758 per kilowatt-hour
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This is a routine annual rate adjustment as envisioned by the franchise and the Hot Water Delivery Agreement. Please contact me at 651.297.8955 if there are any questions.

Sincerely,

Luke Gaalswyk
President

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

cc: City Council Members
Laura Logsdon, Interim Director, Financial Services
Sarah Brown, Treasurer, Financial Services
Lyndsey Olson, City Attorney
District Energy St. Paul Board
Andrew Kasid, Executive VP, CFO District Energy St. Paul, Inc.
Saint Paul BOMA

SCHEDULE A (AMENDED)
to
HOT WATER FRANCHISE
granted to
DISTRICT ENERGY ST. PAUL, INC.
(f/k/a/ District Heating Development Co.)
by the
CITY OF ST. PAUL
(Ordinance No. 07-1108, §§ 1 and 2, adopted December 12, 2007 and
Ordinance 13-45, § 1, adopted September 25, 2013)

RATES: The following district heating rates shall be effective beginning with the billing month of **October 2025** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$6.63 per kilowatt per month
Energy	\$29.00 per megawatt-hour

Single Rate: \$0.0758 per kilowatt-hour

SNOWMELT DEMAND RATE: The Snowmelt Demand Rate is 50 percent of the Hot Water Demand Rate per kilowatt per month.

SECONDARY HEAT DEMAND RATE: The Secondary Heat Demand Rate is 50 percent of the Hot Water Demand Rate per kilowatt per month for Thermal Energy provided from the Hot Water return line or other heated water source.

TRANSITION RATE: The Transition Rate is the Single Rate charge per kilowatt-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 hot 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 rate 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 Hot Water Delivery Agreement.

FUEL ADJUSTMENT: As provided in the Hot Water Delivery 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 district heating 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 fee surcharge of 8.7 percent will be included in 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 2025 and shall remain in effect until superseded.

DISTRICT ENERGY ST. PAUL, INC.
District Cooling Service Charges
Effective October 2025

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. - HEATING SERVICES

RATE CALCULATIONS SUMMARY

		FY-2025			NET CHANGES			
	ACTUAL FY-2024	BUDGET FY-2025	FORECAST FY-2025	BUDGET FY-2026	FY-26B (-) FY-25B	FY-26B (-) FY-25B %	FY-26B (-) FY-25F	FY-26B (-) FY-25F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$5,633,142	\$6,003,158	\$5,580,123	\$5,633,174	(\$369,984)	-6.2%	\$53,051	1.0%
GENERAL & ADMINISTRATIVE EXPENSES	3,071,149	2,804,040	2,946,097	2,716,027	(88,013)	-3.1%	(230,070)	-7.8%
NET CASH DEBT SERVICE	4,511,330	4,292,930	4,195,532	4,245,377	(47,552)	-1.1%	49,846	1.2%
CHANGE IN ASSETS & LIABILITIES	(1,300,986)	(826,293)	(510,330)	(191,816)	634,477	-76.8%	318,514	-62.4%
NET PLANT, PROPERTY & EQUIPMENT	2,261,588	2,253,000	2,540,079	2,410,000	157,000	7.0%	(130,079)	-5.1%
BAD DEBT EXPENSE-DEMAND	50,161	0	121,872	0	0		(121,872)	-100.0%
FORFEITED DISCOUNTS-DEMAND	<u>(48,904)</u>	<u>(60,000)</u>	<u>(47,003)</u>	<u>(65,000)</u>	<u>(5,000)</u>	<u>8.3%</u>	<u>(17,997)</u>	<u>38.3%</u>
TOTAL DEMAND RELATED COSTS	14,177,480	14,466,834	14,826,370	14,747,762	280,928	1.9%	(78,608)	-0.5%
OTHER (REVENUE) OR COSTS	(208,877)	(176,692)	(189,973)	(188,300)	(11,608)	6.6%	1,673	-0.9%
NEW DEBT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	-	<u>0</u>	-
NET DEMAND REVENUE REQUIREMENT	\$13,968,603	\$14,290,142	\$14,636,397	\$14,559,462	\$269,320	1.9%	(\$76,935)	-0.5%
DIVIDED BY AGGREGATE DEMAND (KW)	185,358	185,000	189,394	183,000	(2,000)	-1.1%	(6,395)	-3.4%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/KW/MO)	\$6.28	\$6.44	\$6.44	\$6.63	\$0.19	3.0%	\$0.19	3.0%
% CHANGE FROM FY-25 FORECAST				3.0%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	\$7,816,201	\$9,006,129	\$8,658,487	\$9,050,018	\$43,889	0.5%	\$391,531	4.5%
ENERGY (ASSESSMENT) / REFUND	(310,571)	98,475	446,544	238,220	139,745	141.9%	(208,324)	-46.7%
ELECTRICITY	327,329	460,396	395,152	459,386	(1,010)	-0.2%	64,234	16.3%
BAD DEBT EXPENSE-ENERGY	32,803	15,000	79,846	32,376	17,376	115.8%	(47,470)	-59.5%
FORFEITED DISCOUNTS-ENERGY	<u>(48,904)</u>	<u>(60,000)</u>	<u>(47,003)</u>	<u>(65,000)</u>	<u>(5,000)</u>	<u>8.3%</u>	<u>(17,997)</u>	<u>38.3%</u>
TOTAL ENERGY REVENUES	\$7,816,857	\$9,520,000	\$9,533,027	\$9,715,000	\$195,000	2.0%	\$181,973	1.9%
DIVIDED BY TOTAL ENERGY SALES	292,731	340,000	331,549	335,000	(5,000)	-1.5%	3,451	1.0%
TOTAL ENERGY CHARGES (\$/MWH)	\$26.70	\$28.00	\$28.75	\$29.00	\$1.00	3.6%	\$0.25	0.9%
% CHANGE FROM FY-25 FORECAST				0.9%				
<u>SINGLE RATE CALCULATION</u>								
DEMAND RATE (\$/KW/MO) X 12 / 1700	\$0.0443	\$0.0455	\$0.0455	\$0.0468	\$0.0013	2.9%	\$0.0013	2.9%
PLUS ENERGY CHARGES (\$/MWH) / 1000	<u>0.0267</u>	<u>0.0280</u>	<u>0.0288</u>	<u>0.0290</u>	<u>0.0010</u>	<u>3.6%</u>	<u>0.0003</u>	<u>0.9%</u>
EQUALS SINGLE RATE (\$/KWH)	\$0.0710	\$0.0735	\$0.0742	\$0.0758	\$0.0023	3.2%	\$0.0016	2.1%
% CHANGE FROM FY-25 FORECAST				2.1%				