



August 18, 2021

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 Section 6(e) of the hot water district heating franchise (City Ordinance No. 07-1108, §§ 1 and 2, adopted December 12, 2007), District Energy St. Paul, Inc., hereby files notice of the rates to be charged to district heating customers effective October 1, 2021.

These rates were determined in accordance with the Hot Water Delivery Agreement and approved unanimously by District Energy St. Paul's Board of Directors on June 10, 2021. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:	Demand:	\$5.80 per kilowatt per month
	Energy:	\$20.40 per megawatt-hour
Single & Transition Rate:		\$0.0613 per kilowatt-hour

District Energy St. Paul 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 ENERGY ST. PAUL INC.

Kenneth W. Smith
President

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

cc: City Council Members
John McCarthy, Financial Services
Lyndsey Olson, City Attorney
Saint Paul BOMA

District Energy Board

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heating rates shall be effective beginning with the billing month of **October 2021** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$5.80 per kilowatt per month
Energy	\$20.40 per megawatt-hour

Single Rate: \$0.0613 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 2018 and shall remain in effect until superseded.

DISTRICT ENERGY ST. PAUL, INC.
District Heating Service Charges
Effective October 2021

Pursuant to Sections 8.2 and 8.5 of the Hot Water Delivery Agreement as amended, the following rates are established for performance of specific services more properly charged to an individual Customer than to all district heating 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 heating service after shutoff by District Energy:

Customer demand under 100 kW: \$100.00
Customer demand 100 kW or over: \$500.00

2. Damage to District Energy's district heating 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 Energy's district heating system water:

The sum of the following:

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

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

(c) Service charge of \$100.00/hour.

Note: Drainage of system water creates an unsafe condition 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 heating 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 excess hot water return temperature above 160 degrees Fahrenheit during the billing periods from November through March:

Hot Water return temperature in excess of 160 degrees Fahrenheit from a Customer's building indicates the building's heating systems are inefficiently utilizing the Hot Water thermal energy delivered by District Energy, increasing the amount of energy that must be delivered to the Customer's Point of Delivery by District Energy. If the temperature of Hot Water returned from Customer's Building Heating System to Customer's Point of Delivery exceeds 160 degrees Fahrenheit during the months of November through March, Customer's Demand Charge for such year may be increased by District Energy by an amount appropriate to reflect the increased rate of Hot Water delivered to Customer during such time.

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

	ACTUAL FY-2020	FY-2021		BUDGET FY-2022	NET CHANGES			
		BUDGET FY-2021	FORECAST FY-2021		FY-22B (-) FY-21B	FY-22B (-) FY-21B %	FY-22B (-) FY-21F	FY-22B (-) FY-21F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$4,940,954	\$5,024,223	\$5,325,266	\$5,523,804	\$499,580	9.9%	\$198,537	3.7%
GENERAL & ADMINISTRATIVE EXPENSES	2,147,073	2,246,250	2,151,898	2,155,613	(90,637)	-4.0%	3,715	0.2%
NET CASH DEBT SERVICE	4,901,613	4,816,305	5,407,005	5,213,438	397,133	8.2%	(193,567)	-3.6%
CHANGE IN ASSETS & LIABILITIES	(4,736,270)	(6,679,101)	(7,772,752)	(4,791,576)	1,887,525	-28.3%	2,981,177	-38.4%
NET PLANT, PROPERTY & EQUIPMENT	2,842,241	3,779,024	2,313,347	4,405,578	626,554	16.6%	2,092,231	90.4%
BAD DEBT EXPENSE-DEMAND	78,766	300,000	20,343	15,000	(285,000)	-95.0%	(5,343)	-26.3%
FORFEITED DISCOUNTS-DEMAND	(11,195)	(30,400)	(36,303)	(31,080)	(680)	2.2%	5,223	-14.4%
TOTAL DEMAND RELATED COSTS	10,163,182	9,456,301	7,408,804	12,490,777	3,034,475	32.1%	5,081,973	68.6%
LESS: OTHER (REVENUE) OR COSTS	(949,658)	(947,001)	(880,325)	(903,926)	43,075	-4.5%	(23,601)	2.7%
LESS: NEW DEBT	<u>2,921,000</u>	<u>3,651,500</u>	<u>5,845,225</u>	<u>843,709</u>	<u>(2,807,791)</u>	<u>-76.9%</u>	<u>(5,001,516)</u>	<u>-85.6%</u>
NET DEMAND REVENUE REQUIREMENT	\$12,134,524	\$12,160,800	\$12,373,705	\$12,430,560	\$269,760	2.2%	\$56,855	0.5%
DIVIDED BY AGGREGATE DEMAND (KW)	179,611	180,000	183,151	178,600	(1,400)	-0.8%	(4,551)	-2.5%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/KW/MO)	\$5.63	\$5.63	\$5.63	\$5.80	\$0.17	3.0%	\$0.17	3.0%
% CHANGE VS. FY-21 BUDGET				3.0%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	\$6,341,379	\$6,242,314	\$6,493,441	\$6,552,279	\$309,965	5.0%	\$58,838	0.9%
ENERGY (ASSESSMENT) / REFUND	93,927	150,170	191,410	0	(150,170)	-100.0%	(191,410)	-100.0%
ELECTRICITY	384,752	462,416	437,031	461,001	(1,415)	-0.3%	23,970	5.5%
BAD DEBT EXPENSE-ENERGY	25,868	140,500	64,970	15,000	(125,500)	-89.3%	(49,970)	-76.9%
FORFEITED DISCOUNTS-ENERGY	(11,195)	(30,400)	(36,303)	(31,080)	(680)	2.2%	5,223	-14.4%
TOTAL ENERGY REVENUES	\$6,834,730	\$6,965,000	\$7,150,549	\$6,997,200	\$32,200	0.5%	(\$153,349)	-2.1%
DIVIDED BY TOTAL ENERGY SALES	340,038	350,000	329,851	343,000	(7,000)	-2.0%	13,149	4.0%
ENERGY RATE (\$/MWH)	\$19.90	\$19.90	\$19.90	\$20.40	\$0.50	2.5%	\$0.50	2.5%
FUEL ADJUSTMENT RATE (\$/MWH)	<u>\$0.20</u>	<u>\$0.00</u>	<u>\$1.78</u>	<u>\$0.00</u>	<u>\$0.00</u>		<u>(\$1.78)</u>	<u>-100.0%</u>
TOTAL ENERGY CHARGES (\$/MWH)	\$20.10	\$19.90	\$21.68	\$20.40	\$0.50	2.5%	(\$1.28)	-5.9%
% CHANGE VS. FY-21 BUDGET				2.5%				
<u>SINGLE RATE CALCULATION</u>								
DEMAND RATE (\$/KW/MO) X 12 / 1700	\$0.0397	\$0.0397	\$0.0397	\$0.0409	\$0.0012	3.0%	\$0.0012	3.0%
PLUS ENERGY CHARGES (\$/MWH) / 1000	<u>0.0201</u>	<u>0.0199</u>	<u>0.0217</u>	<u>0.0204</u>	<u>0.0005</u>	<u>2.5%</u>	<u>(0.0013)</u>	<u>-5.9%</u>
EQUALS SINGLE RATE (\$/KWH)	\$0.0598	\$0.0596	\$0.0614	\$0.0613	\$0.0017	2.9%	(\$0.0001)	-0.1%
% CHANGE VS. FY-21 BUDGET				2.9%				



August 18, 2021

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

Re: District Cooling Service 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 Energy St. Paul, Inc. hereby files notice of the rates to be charged to district cooling customers effective October 1, 2021.

These rates were determined in accordance with the District Cooling Service Agreement and approved unanimously by District Energy St. Paul's Board of Directors on June 10, 2021. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:

Demand: \$30.85 per ton per month
Energy: \$0.094 per ton-hour

Transition Rate: \$0.403 per ton-hour

District Energy St. Paul 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 ENERGY ST. PAUL INC.

Kenneth W. Smith
President

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

cc: City Council Members
District Energy Board
John McCarthy, Director, 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 2021** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$30.85 per ton per month
Energy	\$0.094 per ton-hour

Transition Rate: \$0.403 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 2021 and shall remain in effect until superseded.

DISTRICT ENERGY ST. PAUL, INC.
District Cooling Service Charges
Effective October 2021

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**

	ACTUAL FY-2020	FY-2021		BUDGET FY-2022	NET CHANGES			
		BUDGET FY-2021	FORECAST FY-2021		FY-22B (-) FY-21B	FY-22B (-) FY-21B %	FY-22B (-) FY-21F	FY-22B (-) FY-21F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$3,926,600	\$3,889,541	\$3,787,211	\$3,846,359	(\$43,182)	-1.1%	\$59,148	1.6%
GENERAL & ADMINISTRATIVE EXPENSES	1,611,583	1,597,094	1,483,926	1,360,134	(236,960)	-14.8%	(123,792)	-8.3%
NET CASH DEBT SERVICE	4,428,203	4,415,915	4,723,176	4,407,906	(8,009)	-0.2%	(315,271)	-6.7%
CHANGE IN OTHER ASSETS & LIABILITIES	(641,364)	(2,290,714)	(2,898,627)	(976,086)	1,314,628	-57.4%	1,922,541	-66.3%
NET PLANT, PROPERTY & EQUIPMENT	(24,551)	1,109,870	219,515	1,398,421	288,551	26.0%	1,178,906	537.0%
BAD DEBT EXPENSE-DEMAND	74,673	300,000	41,097	12,000	(288,000)	-96.0%	(29,097)	-70.8%
FORFEITED DISCOUNTS-DEMAND	(3,270)	(10,087)	(15,729)	(10,136)	(50)	0.5%	5,592	-35.6%
TOTAL DEMAND RELATED COSTS	9,371,874	9,011,620	7,340,570	10,038,598	1,026,978	11.4%	2,698,027	36.8%
LESS: OTHER (REVENUE) OR COSTS	58,999	62,100	74,297	97,700	35,600	57.3%	23,403	31.5%
LESS: NEW DEBT	303,000	1,013,000	2,503,070	0	(1,013,000)	-100.0%	(2,503,070)	-100.0%
NET DEMAND REVENUE REQUIREMENT	\$9,733,873	\$10,086,720	\$9,917,938	\$10,136,298	\$49,578	0.5%	\$218,360	2.2%
DIVIDED BY AGGREGATE DEMAND (TONS)	27,703	28,000	27,531	27,381	(619)	-2.2%	(151)	-0.5%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/TON/MO)	\$29.28	\$30.02	\$30.02	\$30.85	\$0.83	2.8%	\$0.83	2.8%
% CHANGE VS. FY-21 BUDGET				2.8%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	\$27,689	\$52,500	\$100,458	\$52,500	(\$0)	0.0%	(\$47,958)	-47.7%
ENERGY (ASSESSMENT) / REFUND	127,810	(186,685)	(193,205)	(134,618)	52,067		58,587	-30.3%
ELECTRICITY	2,706,246	4,024,459	3,497,201	3,766,812	(257,647)	-6.4%	269,611	7.7%
BAD DEBT EXPENSE-ENERGY	32,149	50,000	(10,082)	10,000	(40,000)	-80.0%	20,082	-199.2%
FLOW PENALTY/CREDIT	(76,258)	(25,000)	(25,000)	(25,000)	0	0.0%	0	0.0%
FORFEITED DISCOUNTS-ENERGY	(210)	(3,934)	(3,659)	(3,694)	240	-6.1%	(35)	1.0%
TOTAL ENERGY RELATED COSTS	\$2,817,424	\$3,911,340	\$3,365,714	\$3,666,000	(\$245,340)	-6.3%	\$300,286	8.9%
DIVIDED BY TOTAL ENERGY SALES	32,884,752	41,610,000	37,305,103	39,000,000	(2,610,000)	-6.3%	1,694,897	4.5%
EQUALS ENERGY RATE (\$/TON-HR)	\$0.086	\$0.094	\$0.090	\$0.094	\$0.000	0.0%	\$0.004	4.2%
% CHANGE VS. FY-21 BUDGET				0.0%				
<u>AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS</u>								
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.293	\$0.300	\$0.300	\$0.309	\$0.008	2.8%	\$0.008	2.8%
PLUS ENERGY RATE (\$/TON-HR)	0.086	0.094	0.090	0.094	0.000	0.0%	0.004	4.2%
EQUALS SINGLE RATE (\$/TON-HR)	\$0.378	\$0.394	\$0.390	\$0.403	\$0.009	2.3%	\$0.013	3.3%
% CHANGE VS. FY-21 BUDGET				2.3%				