

MEMORANDUM

To: ADMINISTRATIVE COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: August 22, 2023

From: Peter M. Klein 

Subject: ENERGY PARK UTILITY COMPANY FRANCHISE APPROVAL OF RATES
RESOLUTION NO. 4750

Action Requested:

Approval of Schedule A – Energy Park Utility Company (EPUC) rates effective October 1, 2023.

Background:

The EPUC Franchise Ordinance Section 6(e) requires the Port Authority Board to approve any changes in the schedule of rates and charges. The rates typically change each year based on the budgeted costs of operating EPUC. The customers of EPUC acknowledged the Franchise Agreement and the periodic change in rates in the First Amendment to the Hot and Chilled Water Service Agreement. The rates effective October 1, 2023, reflect the budgeted costs for 2023-2024.

The Port Authority entered into a long-term lease at the end of 2021, with a subsidiary of District Energy Saint Paul, to manage and operate EPUC. The Port Authority maintained control of setting future rates and the Port Authority Board is required to approve all rate changes. That is what this action accomplishes.

Proposal:

Attached please find Schedule A, which includes a complete list and the methodology for establishing the new rates effective October 1, 2023. In summary, new rates will be:

	<u>Current Charges</u>	<u>Proposed Charges 10/01/2023</u>	<u>% Change</u>
Demand Charge (\$/MMBtu/Mo):			
Heating Demand Charge	\$1,797.00	\$1,851.00	3.00%
Chilled Water Demand Charge	\$1,892.00	\$1,949.00	3.00%
Hot Water Commodity Charge Base (\$/MMBtu)	\$ 3.80	\$ 3.80	0.00%
Chilled Water Commodity Charge Base (\$/MMBtu)	\$ 3.73	\$ 3.73	0.00%
Fuel Adjustment Charge – Difference Between Actual Cost and Base Variable Cost (\$/MMBtu)		Varies	

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Rate increases from 2013 – 2023 have ranged from 1.74% to 4.2% with an average increase of 2.90%. The last rate increase took effect on October 1, 2022.

Recommendation:

We recommend approval of Schedule A – Energy Park Utility Company (EPUC) rates effective October 1, 2023.

Attachments: Schedule A
 Resolution