



September 2, 2025

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 the chilled water District Cooling Franchise and previous notice filed August 19, 2025, 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on all bills for chilled water service beginning with the billing month of October 2025 and will remain in effect until superseded. As detailed on the enclosed exhibit, the new rates are:

Two-Part Rate:

Demand:	\$34.53 per ton per month
Energy:	\$0.110 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,

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
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Water service shall be effective beginning with the billing month of **October 2025** and shall remain in effect until superseded:

Two-Part Rate:

Demand	\$34.53 per ton per month
Energy	\$0.110 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 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. - COOLING SERVICES

RATE CALCULATIONS SUMMARY

		FY-2025			NET CHANGES			
	ACTUAL	BUDGET	FORECAST	BUDGET	FY-26B (-)	FY-26B (-)	FY-26B (-)	FY-26B (-)
	FY-2024	FY-2025	FY-2025	FY-2026	FY-25B	FY-25B %	FY-25F	FY-25F %
<u>DEMAND CHARGE CALCULATION</u>								
OPERATION & MAINTENANCE EXPENSES	\$4,148,003	\$4,194,104	\$4,465,966	\$4,676,211	\$482,107	11.5%	\$210,245	4.7%
GENERAL & ADMINISTRATIVE EXPENSES	1,837,579	1,659,864	2,193,640	2,241,173	581,308	35.0%	47,533	2.2%
NET CASH DEBT SERVICE	3,796,168	4,009,977	4,143,386	4,355,095	345,118	8.6%	211,708	5.1%
CHANGE IN OTHER ASSETS & LIABILITIES	(369,904)	(17,123)	11,155,598	(5,768,639)	(5,751,516)	33590.1%	(16,924,237)	-151.7%
NET PLANT, PROPERTY & EQUIPMENT	942,022	755,000	5,185,848	6,860,000	6,105,000	808.6%	1,674,152	32.3%
BAD DEBT EXPENSE-DEMAND	5,864	0	67,031	0	0		(67,031)	-100.0%
FORFEITED DISCOUNTS-DEMAND	<u>(26,337)</u>	<u>(24,000)</u>	<u>(30,016)</u>	<u>(24,000)</u>	<u>0</u>	<u>0.0%</u>	<u>6,016</u>	<u>-20.0%</u>
TOTAL DEMAND RELATED COSTS	10,333,396	10,577,822	27,181,453	12,339,840	1,762,018	16.7%	(14,841,613)	-54.6%
OTHER (REVENUE) OR COSTS	92,941	89,458	91,727	90,960	1,502	1.7%	(767)	-0.8%
NEW DEBT	<u>0</u>	<u>0</u>	<u>(16,745,245)</u>	<u>0</u>	<u>0</u>	-	<u>16,745,245</u>	<u>-100.0%</u>
NET DEMAND REVENUE REQUIREMENT	\$10,426,337	\$10,667,280	\$10,527,935	\$12,430,800	\$1,763,520	16.5%	\$1,902,865	18.1%
DIVIDED BY AGGREGATE DEMAND (TONS)	26,045	26,000	25,660	30,000	4,000	15.4%	4,340	16.9%
DIVIDED BY 12 EQUALS DEMAND RATE (\$/TON/MO)	\$33.36	\$34.19	\$34.19	\$34.53	\$0.34	1.0%	\$0.34	1.0%
% CHANGE FROM FY-25 FORECAST				1.0%				
<u>ENERGY CHARGE CALCULATION</u>								
FUELS, THERMAL ENERGY & OTHER	\$25,150	\$22,800	\$15,179	\$22,800	\$0	0.0%	\$7,621	50.2%
ENERGY (ASSESSMENT) / REFUND	260,069	0	(238,278)	(0)	(0)	-	238,278	-100.0%
ELECTRICITY	3,546,934	4,177,393	3,973,095	4,506,957	329,564	7.9%	533,862	13.4%
BAD DEBT EXPENSE-ENERGY	5,925	10,000	23,644	10,000	0	0.0%	(13,644)	-57.7%
FLOW PENALTY/CREDIT	(87,472)	(25,000)	(25,000)	(25,000)	0	0.0%	0	0.0%
FORFEITED DISCOUNTS-ENERGY	<u>(8,098)</u>	<u>(4,193)</u>	<u>(5,281)</u>	<u>(4,757)</u>	<u>(564)</u>	<u>13.5%</u>	<u>524</u>	<u>-9.9%</u>
TOTAL ENERGY RELATED COSTS	\$3,742,508	\$4,181,000	\$3,743,359	\$4,510,000	\$329,000	7.9%	\$766,641	20.5%
DIVIDED BY TOTAL ENERGY SALES	36,110,382	37,000,000	37,810,537	41,000,000	4,000,000	10.8%	3,189,463	8.4%
EQUALS ENERGY RATE (\$/TON-HR)	\$0.104	\$0.113	\$0.099	\$0.110	(\$0.003)	-2.7%	\$0.011	11.1%
% CHANGE FROM FY-25 FORECAST				11.1%				
<u>AVERAGE OVERALL COST AT 1200 UTILIZATION HOURS</u>								
DEMAND RATE (\$/TON/MO) x 12 / 1200	\$0.3336	\$0.3419	\$0.3419	\$0.3453	\$0.003	1.0%	\$0.003	1.0%
PLUS ENERGY RATE (\$/TON-HR)	<u>\$0.1036</u>	<u>\$0.1130</u>	<u>\$0.0990</u>	<u>\$0.1100</u>	<u>(0.003)</u>	<u>-2.7%</u>	<u>0.011</u>	<u>11.1%</u>
EQUALS SINGLE RATE (\$/TON-HR)	\$0.4370	\$0.4550	\$0.4410	\$0.4550	\$0.000	0.0%	\$0.014	3.2%
% CHANGE FROM FY-25 FORECAST				3.2%				