

MEMORANDUM

To: BOARD OF COMMISSIONERS

Meeting Date: August 23, 2022

From: Peter M. Klein 

Subject: **ENERGY PARK UTILITY COMPANY FRANCHISE APPROVAL OF RATES
RESOLUTION NO. 4727**

Action Requested:

Approval of Schedule A – Energy Park Utility Company (EPUC) rates effective October 1, 2022.

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, 2022, reflect the budgeted costs for 2022-2023.

Proposal:

Attached please find Schedule A, which includes a complete list and the methodology for establishing the new rates effective October 1, 2022. In summary, new rates will be:

	<u>Current Charges</u>	<u>Proposed Charges 10/01/2022</u>	<u>% Change</u>
Demand Charge (\$/MMBtu/Mo):			
Heating Demand Charge	\$1,753.00	\$1,797.00	2.50%
Chilled Water Demand Charge	\$1,846.00	\$1,892.00	2.50%
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	

Rate increases from 2013 – 2021 have ranged from 1.74% to 4.2% with an average increase of 3.09%.

Recommendation:

We recommend approval of the Schedule A - Rates and Charges.

Attachments: Schedule A
Resolution

SCHEDULE A (AMENDED)
to
ENERGY PARK UTILITY COMPANY FRANCHISE
granted to the
SAINT PAUL PORT AUTHORITY
by the
CITY OF SAINT PAUL

(C.F. No. 05-344, § 2, 5-11-05; Ord No. 10-59, § 1, 1-12-11; Ord 16-11, § 1, 6-22-16; Ord 21-44, § 1, 11-10-21)

COMPANY CHARGES: Pursuant to the Energy Park Utility Company Franchise, the following rates shall be effective beginning October 1, 2022 and shall remain in effect until superseded:

FIXED CUSTOMER CHARGE: Customer Charge \$100.00 per month per Customer.

DEMAND CHARGE: Beginning on October 1, 2022, the Demand Charge portion of the Hot Water and Chilled Water rate schedules shall be as follows:

i)	Budgeted Operating Expenses (10/1/22 to 9/30/23)	\$1,012,323
ii)	All Debt Service Costs and Requirements	903,379
iii)	Fixed Reimbursement	<u>0</u>
	Subtotal	\$1,915,702
	Multiplied By	1
iv)	Budgeted demand revenues before Reserve for Repairs, Replacements, Modifications, and Expansions	\$1,915,702
	Divided By	<u>92.07%</u>
	Budgeted Total Demand Revenues	\$2,080,702
	Divided by Budgeted Cooling Energy Demand (Total MMBtuh)	<u>593.292</u>
	Chilled Water Demand Charge (\$ per MMBtuh per Month)	\$1,892.00
	Divided by Budgeted Heating Energy Demand (Total MMBtuh)	<u>533.076</u>
	Heating Demand Charge (\$ per MMBtuh per Month)	\$1,797.00

COMMODITY CHARGE: The Hot Water Commodity Charge is \$3.80 per MMBtu, and the Chilled Water Commodity Charge is \$3.73 per MMBtu.

FUEL ADJUSTMENT CHARGE: The commodity portion of the Hot Water and Chilled Water rate schedules will be adjusted upward or downward each month based on the difference between actual variable costs and base variable costs. (The base variable costs built are \$3.80 per MMBtu for Hot Water and \$3.73 per MMBtu for Chilled Water.) Actual variable costs will be computed each month by dividing the cost of fuel (electricity, gas, oil, propane and any other fuel) plus water treatment expenses to operate the central energy plant by sales made during the corresponding month. The fuel adjustment charge applied to each customer's bill will be the difference between actual variable costs and base variable costs (expressed dollars per MMBtu) multiplied by that customer's heating or cooling energy use during the corresponding month. Actual variable costs for the current month will not be known at the time of billing; and, therefore, for the purpose of computing the fuel adjustment charge, actual variable costs shall be deemed to be the average monthly actual variable costs over the preceding twelve (12) months.

ADMINISTRATIVE SERVICES CHARGE: The Administrative Services Charge shall be established pursuant to the Energy Park Utility Company Franchise.

BILLING ADMINISTRATIVE SERVICE CHARGE: The Billing Administrative Service Charge is that part of the rate schedule to be paid by Customers who desire to have their total monthly bill subdivided and billed directly to tenants based on allocation factors or submeters. The Billing Administrative Service Charge is \$75.00 per month per bill.

LATE FEE: The Company may charge a late payment penalty of five (5) percent of the total amount due which may be added to bills which are not paid within twenty-one (21) days of the billing date.

SURCHARGE: All rates for providing Chilled Water and Hot Water services will be subject to the City of Saint Paul franchise fee and other appropriate state and local taxes. Residential, commercial and industrial bills shall be subject to separate charges.